



Tiny-tot Holden the thin end of off-road wedge

Cruze hot to tot

By BRUCE NEWTON

AFTER years of gnashing its teeth as others made money, Holden will finally enter the compact four-wheel drive market on July 1, albeit at the least popular end of the segment.

Its weapon is the Cruze, a re-badged, re-styled, re-engineered and re-named Suzuki Ignis small car with a viscous-coupled on-demand four-wheel drive system.

The five-seat, five-door hatchback will take on the Daihatsu Terios and Suzuki Jimny at the tiny-tot end of the 4WD market, but is too small to pose any serious threat to the likes of the Honda CR-V, Toyota RAV4 and Subaru Forester.

The Cruze represents very much the thin end of the wedge for Australia's number one car seller, which promises a whole family of four-wheel drive vehicles over the next 18 months, including

derivatives of the Commodore-based Cross8 revealed at the Melbourne motor show in March.

Despite the paucity of sales this low in the 4WD market, Holden has pitched the Cruze in with a highly competitive pricing and equipment level, and forecast 3400 sales in its first full year on sale in 2003.

Compare that to Terios, which achieved 1863 sales in 2001 and the Jimny's mere 874 buyers last year.

But Holden is also widening its aim, looking to put a dent in the sales of light cars like the Ford Ka, Toyota Echo, Daihatsu YRV and its donor sibling, the Ignis.

To do that, Holden is offering a single model Cruze, powered by a 1.5-litre, four-cylinder, DOHC 16-valve engine and priced at \$19,990 when fitted with a five-speed manual transmis-

sion, or \$21,990 with the optional four-speed automatic.

It took a lot of work to achieve that pricing. Initially scheduled for a March launch, Cruze was delayed until mid-year as Holden and Suzuki haggled over transfer pricing.

The fact that Cruze's 180mm ride height guaranteed it the cheaper commercial vehicle 5 per cent import tariff would have helped with this issue.

This pricing also emphasises the yawning gap in Holden's 4WD line-up. From here, the next step to stay in a Holden is the medium-sized Frontera wagon at \$36,840.

Standard equipment on the Cruze includes air-conditioning, alloy wheels, fog lights, a full bodykit, four-speaker CD audio system, dual airbags, power windows, central locking, a cargo cover and roof rails.

Optional for \$700 is ABS with EBD for the disc/drum brake set-up, and metallic paint for \$240.

By comparison, the Terios is sold as a DX and SX, with prices running from \$18,790 to \$22,850. The DX has dual airbags, air-conditioning and a CD player, but only the SX can boast central locking, power front windows, roof rails and alloy wheels.

Continued next page



Peter Henley

STIRRED BUT NOT SHAKEN

GE Capital has taken over at AGC in one of the most significant changes in the strategic picture for auto retail finance in Australia. In a wide ranging interview with Peter Henley, the chief of GE Capital Automotive Financial Services, industry analyst John Mellow finds out that the DNA of AGC is about to change.

Report – Pages 5-6





UP CLOSE on PERSONNEL



■ Peter Horbury

DESIGN DIRECTOR

FORD Motor Co. has appointed Peter Horbury its new executive director of design for the Premier Automotive Group, effective immediately. Mr Horbury will run the styling departments for Jaguar, Land Rover, Aston Martin and Volvo, while reporting to Richard Parry-Jones, Ford's group vice-president of global product development, and Ford vice-president of design J. Mays. Mr Horbury was previously design director of Volvo Car Corporation, overseeing studios in Sweden, Spain and California.

AUDI SOWS OATES

AUDI Australia has appointed Philip Oates regional sales manager in Victoria. He will also be responsible for South Australia and Tasmania. Mr Oates previously worked for 12 years with Honda.

CHAIRMAN TO THE BOARD

MITSUBISHI Motors Corp. has recruited Ford in Japan's chairman, Eiji Iwakuni, as a member of its board of directors. The appointment of Mr Iwakuni, who is expected to fill the vacancy resulting from the retirement of Hiroshi Yajima, will be formalised at the annual meeting of shareholders on June 25.

■ If you have any news to report on personnel movements in the industry, call Connie Scheibert on (03) 9598 6477 or send via e-mail to cscheibert@mellor.net

Cruze hot to tot

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The Jimny is the cheapest, with the base model manual-only JX coming in at \$17,990. While spartan, it has air-conditioning, a CD player and dual airbags as luxury features. The JLX adds power steering, power windows, remote central locking and roof rails. It retails for \$19,990, with an extra \$1500 for the automatic.

The Suzuki has a clear edge in specifications over both its rivals by being the only one with a set of low range gears for serious off-road work.

But both the Daihatsu and Suzuki have only 1.3-litre engines, which give up significant power and torque ground to the Holden.

The Fishermens Bend spin doctors are also working hard to emphasise the Cruze is much more than a re-badged Suzuki.

Holden Design created the original show car, called the YGM1, for the Tokyo motor show back in 1999, and the team at Asia Pacific Engineering has worked with both General Motors and Suzuki to bring the car to fruition. Incidentally, it is sold as the Chevrolet Cruze in Japan.

Holden conducted an intensive chassis development program. This involved developing a specific 15-inch wheel and tyre package, widening the track, damper tuning, spring selection, ride height modifications of the front MacPherson and beam-type rear suspension, and recalibration of the steering system.

■ First drive impressions of the Cruze will be published at www.goauto.com.au from this afternoon

TINY TOTS LINE-UP

	Cruze	Terios	Jimny
Power	74kW@6000rpm	63@6000rpm	60@5500rpm
Torque	138Nm@4500rpm	120@3200rpm	110@4500
Length	3625mm	3845mm	3625mm
Width	1640mm	1555mm	1600mm
Height	1605	1695mm	1670mm
Wheelbase	2360mm	2420mm	2250mm
Kerb weight	985kg	1000kg	1025kg



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Deal sought on Fiesta

WITH the Focus confirmed, Ford Australia's next target is its little brother, the Fiesta.

At the announcement last week that the Focus would take over from the Laser as Ford's small car offering toward the end of this year, Ford Australia president Geoff Polites confirmed the push to grab the new generation Fiesta were accelerating.

"I think we can put it together," he said of the continuing negotiations with Ford of Europe. "We are talking to them". Ironically, the same issue of supply that delayed the Australian launch of Focus to more than three years after it went on sale in Europe, appears to be the main impediment to securing the Fiesta. Certainly, currency is no longer the issue it once was with exchange rates easing, while Ford of Europe's own cost-cutting measures over the past 12-18 months have helped Ford Australia's cause.

"We've made no secret of the fact we'd like to get the B-car (Fiesta) out of Europe. Again, it's a capacity thing in Europe right now. We are still negotiating Ford of Europe's capacity position, but it would add a nice complement to it (Focus)," Mr Polites said.

But he said there had been no serious examination of the Fiesta's crossover spin-off, the Fusion, while the pretty StreetKa had been dismissed because it would be too expensive to retail in Australia.

■ Mr Polites personally backed the prospect of selling the 165kW Ford Focus RS in Australia, which goes on sale in Europe in July: "If you asked me personally, yes we would do 25 or 50 of them, whatever we could get away with. We haven't looked at it as a company because Ford of Europe isn't there yet. They have no idea what it is going to cost them, no idea what their availability is. They have no idea what their demand is. When they get all that sorted out, then quite clearly that's what we want to do."

■ Mr Polites hinted an Australian Rally Championship program for Focus was a chance, but indicated it was unlikely to happen in 2003.



Fiesta



New small car another step in fightback

Ford Focus on top spot

By BRUCE NEWTON

"ANOTHER step in our re-emergence as Australia's leading car company". That's how importantly Ford Australia president Geoff Polites ranks last week's confirmation that the European-built Focus small car will replace the venerable Laser here before the end of the year.

With the extensively refurbished Barra Falcon emerging in October and the all-new E265 cross-over vehicle also breaking cover early in 2004, Mr Polites can see his company emerging from the sales doldrums which have plunged it from clear market leader to third place in recent years.

That's because Ford's long-term view is that 75 per cent of the market will eventually be split equally between large cars, all-terrain wagons and the small car segment.

But Mr Polites has stopped short of publicly nominating a date by when he expects the Blue Oval to be back on top of the Australian sales pile.

"It takes time to put it all together doesn't it," Mr Polites said.

"It's not a one or two car thing, it's a long-term aim – not next week, not next year."

Mr Polites said his expectation was the Focus range would perform slightly better than the Laser, which has averaged 1280 sales per month for the first four months of 2002.

But he stopped short of predicting the Focus could match the segment-dominating Toyota Corolla and Holden Astra, which average sales between 2000 and 3000.

"We haven't set ourselves a leadership aspiration yet, we've got to learn to do this better," he said.

Mr Polites said there would be no sub-\$20,000 model, with the Focus range lining up very closely in pricing terms against the European-built Astra.

"I think what's happened is both Holden and Toyota have shown you can sell volume above 20 grand anyway, and we have to do that now," he said.

"To that extent the market has to move up a little bit. This (Focus) is too good a car to sell at \$19,990."

SMALL CAR FOCUS: [CLICK HERE](#)





Benz plots CLK sales coup

By MARTON PETTENDY and JUSTIN LACY

MERCEDES-BENZ Australia is predicting a big increase in coupe-buying showroom traffic when its all-new C209 CLK range goes on sale at the end of this month.

Expected to double the sales volumes achieved by the outgoing C208 CLK, the new W203 C-class based coupe will offer better value for money courtesy of increased levels of standard equipment and more competitive pricing.

"With more potential buyers and improved supply, we anticipate selling closer to 1000 units per year, compared with around 500 per year for the previous model," Mercedes-Benz Passenger Cars managing director Matthias Lührs said at this week's Australian CLK320 and CLK500 launch.

To achieve these ambitious sales targets, MBA hopes the new coupe will attract conquest sales in the order of 50 per cent. But it is unlikely the CLK will seriously challenge BMW's dominant 3 Series coupe line-up – unless the boost comes at the expense of its German rival exclusively.

In the past BMW has outsold Mercedes-Benz by about four to one in a coupe for coupe comparison. Last year Mercedes-Benz sold about 450 CLKs while BMW managed to shift over 1700 3 Series coupes.

To date this year the figures are even less flattering for the now superseded CLK – about 60 sales compared to 601 for the 3 Series.

But with a current order bank of over 400 customers, MBA is hoping all that will all change, particularly by late 2003 when the staggered release of CLK models is completed.

The CLK320 and CLK500 will be in dealerships from June 28 while the entry level CLK240 and CLK55 AMG will join the range by December. A four-cylinder CLK will bring Mercedes-Benz's midrange coupe line-up to five models by late next year.

Engine specifications for the volume-selling



CLK320 remain unchanged as it continues to employ the 160kW, 3.2-litre V6 powerplant used in many other Mercedes-Benz models.

CLK500 replaces CLK430, using the new 225kW/460Nm 5.0-litre V8 engine already seen in the S-class, M-class, SL-class, CL-class and soon to be launched E-class range. The 24-valve V8 offers a power increase of 20kW, or almost 10 per cent, over the 4.3-litre engine.

The new 2.6-litre engine CLK240 effectively replaces the four-cylinder CLK230 Kompressor, making its 125kW V6 the entry level powerplant for the new range, as the CLK200 Kompressor has also been discontinued from the Australian line-up, for now.

CLK55 AMG has also received an engine boost with its high performance 5.4-litre engine now producing 270kW, an increase of 15kW on the outgoing CLK55, to make it 0.2 seconds quicker from 0-100km/h (now 5.2 seconds).

All CLK models are fitted with an electroni-

cally controlled five-speed "Touchshift" automatic transmission, while the CLK55 also offers Formula One-style steering wheel gearshift controls and what Mercedes-Benz calls Speedshift (with advanced adaptive characteristics with active downshifting).

CLK240 and 320 models ride on 16-inch alloy wheels, while the CLK500 uses 17-inch alloys and the CLK55 AMG larger 18-inch items.

Standard equipment levels have been improved as some of the innovative technology systems filter through from the higher-spec SL, S-class and the new E-class – such as the COMAND control system (integrating audio, navigation, TV and telephone functions).

Other equipment introduced to the new CLK includes electric rear windows, headlamp assist, front seatbelt feeders, Thematic automatic climate control, a rain sensor, rear seatbelt pretensioners and force limiters, and a split-folding rear seat.

The safety package includes ABS, ESP (Electronic Stability Program), Brake Assist, adaptive front airbags with an occupant sensor for measuring passenger weight, side airbags and window airbags.

Elegance and Avantgarde trim levels have been carried over from the previous model, but this time there is no price difference between the two equipment grades. Elegance is still positioned as the luxury line with wood trim the distinguishing feature, while Avantgarde has aluminium trim for a more overtly sports flavour.

MBA says the changes to the CLK have made it up to 12.7 per cent better value than the outgoing model, based on the additional standard equipment and, in most cases, lower pricing.

Whether that's enough for it to take the sales fight up to the 3 Series coupe will probably have to wait until late 2003, when the full range of models is available.

**DRIVE IMPRESSIONS: [CLICK HERE](#)
MAYBACH ORDER BOOK OPENS**

New pricing v old pricing

New:

CLK 240 - \$89,900
CLK 320 - \$114,900
CLK 500 - \$139,900
CLK 55 AMG - \$189,900

Old:

CLK 200 - \$86,900
CLK 230K - \$98,400
CLK 320 - \$115,900
CLK 430 - \$134,900
CLK 55 AMG - \$193,900

Engine specs

CLK 240: 2.6-litre V6, 125kW / 240Nm
CLK 320: 3.2-litre V6, 160kW / 310Nm
CLK 500: 5.0-litre V8, 225kW / 460Nm
CLK 55 AMG: 5.4-litre V8, 270kW / 510Nm





Stirred not shaken

GE's plan for AGC

By JOHN MELLOR

GE CAPITAL is planning major changes to the corporate DNA of AGC following its purchase of the auto finance group from Westpac.

But, according to the chief of GE Automotive Financial Services Peter Henley, the changes will be seamless rather than disruptive.

In a sweeping new look for the finance company:

- All AGC staff will be trained in Six Sigma process management techniques to project manage the integration of the AGC into GE.

- AGC staff will be decentralised to move operations closer to their dealer customers.

- Six Sigma will be used in AGC to reduce operating costs and increase productivity.

- Dealers are to be offered Six Sigma training by GE to reduce waste in their businesses and improve their bottom lines.

- New customer relations management technology will be imported from the UK which helps dealers predict customer buying cycles and allows them to identify - and encourage - their most profitable customers.

- GE Capital's AAA rating is to be used to make its finance rates more attractive to dealers.

- AGC Dealers will be able to get C and D risk finance for older cars so they can sell them rather than wholesale them.

Mr Henley said that GE Capital bought AGC because it believed it had more ability than bankers to leverage the assets that came with the AGC purchase.

"We wanted it for two reasons," he said.

"One is Creditline. Creditline is a credit card business for sales through large stores like Harvey Norman. That went with the package and it is very important to our Australian auto business model.

"Two, automotive is a major product in the GE stable. We think we are pretty good at it. We have doubled our size in less than four years and we are reasonably profitable. So Automotive financing is a key component of the total consumer business model for GE in Australia.

"The really big difference between our way of doing business and banking mentality is the relationship with our dealers. What we bring to the table for the AGC dealers is that we are auto finance company people and we are only auto finance company people, so we don't have anything else to confuse us along the way.

"Our people have been dealing with dealers for a mighty long time. One of the best assets we



Peter Henley

bought in this deal was the quality of the AGC staff. There is a lot of experience there. When we complete the full integration of these businesses they are really going to appreciate being in the world of GE."

Mr Henley said the AGC acquisition was a good platform for making GE Capital more competitive in the market.

There will be significant changes within AGC "but what we have to do above everything else is to make this transition very seamless to the dealers. That is where our focus will be," he said.

"We plan to integrate the best of the two businesses.

AUTO PLATFORM

THE platform to launch GE Capital into automotive financing was the purchase of Nissan Finance in 1998. After Nissan Finance was acquired, GE had 60,000 retail customers with net earning assets of just under \$1 billion. The business has doubled in less than four years to 100,000 customers with net earning assets of more than \$2.2 billion. Net earning assets of AGC/GE Automotive Financial Services will be about \$5 billion with 250,000 retail customers.

There will be a reach of 600 dealers Australia-wide including about 300 plus from the AGC camp. "We think the combined business will place us at number one. We are not sure because Esanda has more than just automotive in their balance sheet," CEO Peter Henley said. "While size is good, what is more important is our reputation."

"The first difference they will notice is the re-introduction of staff closer to the field. There will be more power in the field, new business will go back into the front line and collections will go back into the front line, so that we have that united team locally.

"The best structure for an auto finance business is to be decentralised with your branches in regions. And that means wing-to-wing: new business collections, the full profit and loss - so the team in that region understand all the issues, are strong with their relationships with the dealer network and have the full picture not just part of the picture.

"A lot of companies seem to have new business sitting in Newcastle and collections sitting in Queensland. I just like to have collections sitting beside new business.

"We are in the people business. You have to be able to walk across and talk to each other to get the full picture. You cannot have delinquencies and losses sitting somewhere else in Australia, and someone else buying the business in another part of Australia. You just don't get that linkage.

"You might be able to look it up on screens but, trust me, some of the communication is just not getting through.

"AGC used to have that branch structure some years ago. AGC centralised and restructured, as did a lot of finance companies. The dealer network felt it. So we are going (to take AGC) back to that (the branch structure).

"The AGC staff have very good relationships with their dealers. We will be giving them a more complete piece of the picture rather than only the small segment of it that they have at the moment."

Mr Henley said that GE could bring the latest technology, best practices and latest products to AGC.

Continued next page





Six Sigma to be GE's silver bullet

By JOHN MELLOR

GE Automotive Financial Services will use Six Sigma management systems to integrate AGC into the company and to drive down costs while improving productivity.

All AGC staff will be trained in Six Sigma and it will be used in the integration of AGC into GE.

GE is also starting a pilot program in Melbourne to introduce Six Sigma management techniques to its dealers who want to improve their bottom lines.

The CEO of GE Automotive Financial Services, Peter Henley, told automotive e-news: "Six Sigma is part of the DNA of GE. All of us, including me, have to be trained in Six Sigma."

Six Sigma is a system of process management in which all processes are measured for improvement. It not only applies in factory production, but all processes within any offices.

A level of six means a company is achieving 3.4 defects per million opportunities or processes in its operations. Non-competitive companies are at level two in which they have more than 300,000 mistakes per million actions.

Companies with level three make 66,000 mistakes per million actions. The waste generated by the mistakes and rework are estimated to cost between 25 per cent and 40 per cent of sales income.

The industry average, level four, is 6200 mistakes per million, costing 15 per cent to 25 per cent of sales income. Six Sigma reduces the cost of wastage and redoing things to less than one per cent of sales income.

By improving productivity, a company can trade more competitively on price.

For example, producing an application form for finance that is simple and devoid of defects - ambiguity or wrongly worded queries - can eliminate the need for expensive customer questions, follow-up phone calls, the wrong information being filled out and the elimination of costly compliance problems.

"The cost of fixing errors is significant. The biggest challenge we have in this industry is margin. We can nearly all write the volume but getting a satisfactory margin is a huge challenge," Mr Henley said.

"No-one is going to be reducing their commissions to dealers, so the



Peter Henley

focus has to be on reducing your internal cost. Six Sigma plays a vital role in that because when you are running a project to reduce costs, you are trained to use all the tools that come with Six Sigma to measure if you are getting the savings you anticipated the project would produce.

"We are constantly working on process management. All AGC staff are to be initially trained in Six Sigma and whatever projects we run in the combined business will be based on Six Sigma.

"We are actually going to run a project called At the Customer, For the Customer. This is for our dealers.

"We have already started working with a dealer in Melbourne. We are going to use Six Sigma to help him improve his service returns and CSI within his division. We are doing this to create more value for GE's customers in order to create more loyalty to GE.

"This initiative with Six Sigma is one of the things we are looking at to give us the competitive edge. It is an absolute first."

Mr Henley said Six Sigma had improved GE's ability to trade competitively.

"We still need to do more in our business - and we are," he said.

"We measure our expenses as a percentage of our average net investment. I can remember in this industry when finance companies could not get below 2 per cent.

"In our business it is 1 per cent. So over time we have halved our costs and in recent time we have been bringing it down 10 or 20 basis points a year. That is a pretty big achievement."

He said another measure was retail customers per staff member.

"It used to be about 150 and then we got it to 200. But today our business runs at 600 retail customers per staff member," he said.

"But we still have to do more being in the low margin business in which we compete. It is the expenses that we have to keep driving down."

The company also believes that its AAA rating gives it an edge in raising funds.

Mr Henley said he saw fewer players across the whole of auto finance in future "because not everyone is going to have a AAA-rated balance sheet. That is significant. It might be worth 30, 40 or 50 basis points. That gives us the ability to pass on competitive prices to our dealers."

STIRRED NOT SHAKEN

From previous page

We will introduce our Autoline product to the AGC dealers almost immediately. That is a C and D risk customer product also covering aged vehicles," he said.

"It gives dealers, especially large dealers, more opportunity.

"Rather than wholesaling their aged vehicles, they can retail them because they can get the retail finance with us. Others don't do that because they see the risk is too high. That is a product we will get out there pretty quickly.

"In customer relations technology, we are working with our UK business on customer retention, customer up-sell and customer cross-sell products.

"These are driven by technology because if you have too much human intervention, particularly on cross-sell products, the thing that kills you is that you

have too much expense to do it.

"The UK have been doing that extremely well and spent a lot of money in it. One aspect of that program is where they refer those customers who are back in the market back through the dealer network through predictive buying data we get from the customer."

GE is also able to use its systems to identify the customers who return the most to the business.

"We make less money out of our prime customers than we do out of our middle to higher risk customers. Even though the losses are higher than prime customers, they return more - not just because of the higher interest rate but because their average life on the books is longer.

"But to track those customers with humans intervention costs too much money."





MG MILESTONE

MG Rover has announced the building of the 1.5 millionth MG since production began in 1924.

The car in question is a new TF, the replacement for the MGF which goes on sale here in the next few months.

In celebration of the Queen's Golden Jubilee, it has been painted in a new Jubilee Gold 'supertallic' paint.

The 1.5 millionth MG has been designated as an exclusive, one-off Golden Jubilee model with special badging, including official Golden Jubilee crown logos.



MG TF

AUTO AUTOMATION

TOYOTA Australia has commissioned a new automotive press line at its Altona manufacturing plant in Melbourne, with the capability to produce a complete side of a car in one piece.

The new press line will produce part of the new model Camry, to be launched later this year.

Toyota Australia president Mr Ken Asano said: "This is the largest single action automotive press in Australia. It has a huge pressing capacity of 2400 tonnes and will be fully operational by the end of this month."

Total investment has been \$18 million.



Mazda's 323 range had its best sales month in May

US market shows signs of slide

MAY new car sales figures in the US indicate the market there could be starting to slide after two years of strong performances.

May sales ran at a seasonally adjusted annual rate of about 15.6 million, which marks the first time since January that sales had dropped below the rate of 16 million units annually.

The final results for May were below the expectations of many analysts, but car-makers said they did not believe the drop was a harbinger of more trouble in the months ahead.

General Motors sales dropped 12 per cent last month and Ford reported an 11.6 per cent decline.

Both companies said the sluggish numbers were centred in the retail side of the business.

The fleet business, which had dropped sub-

stantially since September 11, is now showing signs of recovery.

■ In Australia there is no sign of a sales slowdown, with a strong May VFACTS result expected to be announced by the FCAI on Thursday.

Previewing that result, Mazda has announced the best ever month for 323, with 1177 units sold. The sales result comes as Mazda prepares to launch a facelifted 323 next week.

Previously, the 323's best ever month was June, 2001, with 1165 sales. The 323 result helped lift Mazda to a sales total of 3183 for the month and 14,237 for the year so far, the latter figure 5.6 per cent ahead of the same period last year.

■ Watch for our VFACTS wrap on www.goauto.com.au from Friday.



An Important Note For Your Diary...

This year's Automotive Business Briefings dates are:

- **Brisbane** - Stamford Plaza - Wednesday October 2
- **Adelaide** - Hyatt Regency - Monday October 7
- **Perth** - Hyatt Regency - Thursday October 10
- **Melbourne** - Grand Hyatt - Monday October 14
- **Sydney** - Star City - Friday October 18

All venues are the same except Sydney.

There will be no Auckland Briefing this year.

Instead, John Mellor will be presenting four sessions from the Briefings at the Motor Vehicle Dealer's Institute Annual Convention in Auckland on Tuesday November 5.

Contact John Mellor on 03 9598 6477 or email: jmellor@mellor.net





GOLF GOER HEADING OUR WAY

THE most powerful production Volkswagen Golf ever built has just been unveiled at the Madrid international motor show, and about 50 Australians should eventually get the chance to own one.

REPORT: [CLICK HERE](#)



FIAT IN DEBT TO BANKS

THE three banks which are the main creditors of struggling Fiat SPA have agreed to lend the company 3 billion euros (\$US2.8 billion) to stave off a credit downgrade.

Fiat is struggling to recover from its first annual loss in eight years in 2001. The company has pledged to more than halve net debt to 3 billion euros this year by selling assets such as its Magneti Marelli components maker and to offer shares in Ferrari.

Much of Fiat's problems stem from its car division, which has lost money in seven of the past eight years.

Meanwhile, US reports say General Motors has put in place a top-secret project team to study the pros and cons of a Fiat takeover.

The team has already determined there could be at least two serious obstacles to a takeover – GM's resources are already stretched to the limit and existing "unbreakable" Fiat contracts with suppliers that are long-term and uncompetitive.

SATRIA SPECIAL EDITION

PROTON is introducing a Satria GTi LE (Limited Edition) this month, which will include leather trim, cross-drilled brake rotors and an extra rear spoiler – in total \$3500 worth of extras for \$1500. Recommended retail price will be \$29,490 while the normal GTi will be re-priced to \$27,990. Also in June, there will be a repositioned Persona XLi with driver's airbag, CD player, power steering, central locking and power windows for \$16,250

ASTON FACES SELL-OFF

COST-CUTTING Ford could be about to sell off tiny British sports car-maker Aston Martin, according to Britain's *Independent* newspaper.



The newspaper quoted sources and an interview with chairman William Clay Ford jr, reporting he had said a sale was "worth thinking about". Mr Ford's comment come in the wake of recent speculation that Ford was considering floating Aston Martin on the stock exchange. Aston Martin is the smallest member of Ford's Premier Automotive Group, which also comprises Volvo, Jaguar and Land Rover.

NASSER GOES TECHNO

FORMER Ford CEO Jac Nasser has been to Silicon Valley, checking out six or more high-tech companies as possible future employers.

Mr Nasser told the *San Jose Mercury News* he hoped a high-tech job was in his future.

He said he would like his next company to provide a consumer focus, innovative technology, a global presence and a large workforce.

A CEO post is not a Nasser priority.

"I'm not stuck on titles. Sometimes CEO is an overblown position," he said.



Jac Nasser

LAUNCH PAD

JUNE:

- BMW 320i Touring
- Mazda 323 facelift
- Mazda MPV 3.0
- Mercedes-Benz CLK 320 and 500
- Mitsubishi Pajero Di-D
- Proton Persona XLi
- Proton Satria GTi LE
- Subaru Forester
- Volvo S60 AWD

A THOUSAND CUTS

HONDA has lowered the price of the Civic GLi sedan by \$1000 from today, which makes the starting price for the Civic GLi manual \$22,950 without air-conditioning, or \$24,950 with air-conditioning.

LUXURY LAMENT

BMW Australia is conducting a service campaign to rectify problems with the throttle valve and fuel pump of its new 7 Series luxury sedan.

Worldwide, about 8000 7s built between September and December, 2001, are affected by the throttle valve issue, while 15,000 built between October, 2001, and April, 2002, are being attended to because of the fuel pump. Some cars may have both problems.

In Australia less than 300 cars are affected and BMW is at pains to point out that it does not regard this as a recall because it is not a safety-related issue.

SSANGYONG BID DENIED

PSA Peugeot Citroen has said that it has no plans to bid for South Korean SUV maker Ssangyong Motor.

Speculation that PSA may make an offer increased after the South Korean firm's main creditor said Peugeot was a potential buyer and the company confirmed that PSA executives had visited the former affiliate of Daewoo Motor. Ssangyong Motor has been working hard at separating its operations from Daewoo Motor, having merged with the company three years ago. Although it depends on DaimlerChrysler for its core technology, Ssangyong has been implementing a recovery plan which it hopes will see it through to financial health and increase its attractiveness to foreign investors.

