

# BULLETIN

## Victorian Automobile Dealers Association



Reference No: Cyber Cars

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### **When is a new car sale really a new car sale? VACC New car dealer survey regarding impact of Cyber Cars**

For some time, members of the Victorian Automobile Dealers Association (VADA) have reported their concerns of the practice of new vehicles being reported sold by dealers to manufacturers that are not actually sold (AKA cyber cars, called cars or Pre- RDA cars).

VADA intends to investigate this matter. To assist in our lobbying strategy we ask for dealers to take the following [survey](#)

All information provided by you is confidential and un-identifiable.

#### **How do new car dealers get caught up in this practice?**

VADA members advise that typically, the practice of cyber cars involves them being offered incentives by the manufacturer at the end of the month to hit or exceed sales targets. Quite often dealers are told to report a certain amount of stock as sold or risk missing out on a bonus.

These cars are either registered and sold as demonstrators in the following months or may sit idle in a dealer holding yard until a car dealer can find a purchaser.

#### **What does the practice of cyber cars result in?**

This practice provides factories with greater reported sales volumes and allows them to report higher sales figures to their overseas head office. However, the practice has ramifications in future dealer target setting. Dealer reported sales in a Primary Market Area (PMA) will therefore be overstated and any future target setting may not be achievable and so the cycle continues.

#### **VADA members advise that the practice of cyber cars can have the added following impacts:**

- The practice quite often breaches dealer agreements with Finance Companies and could place some Dealers in an invidious position.
- Finance Companies could or will lift the level of audit or reconciliation processes if this practice continues
- This practice creates a non-level playing field for Dealers who do not participate
- A Dealer left with a car could create a credit risk in timing of payment
- Creation of distorted PMA market result versus other brand dealers result
- Potential customer claims under ACL, particularly warranty periods etc.
- This practice is an inducement to bring forward false profits
- Creates an inability to do stock swaps

Those cars sold under this guise are anecdotally believed to amount to 10-15 per cent of new cars reported currently sold in the Victorian market and provide a set of data that distorts the true state of the market.

Could you please complete the survey by **Friday, 14 September 2018**. Your assistance is greatly appreciated.

Dealers are encouraged to call me for any queries or suggestions on this issue.

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Industry Divisions

**VACC**

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