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UPDATE



NEWSLETTER OF THE MOTOR INDUSTRY OMBUDSMAN
OF SOUTH AFRICA



THE ROAD AHEAD



MOTOR INDUSTRY OMBUDSMAN
OF SOUTH AFRICA

NEW VEHICLE SALES AND EXPORTS OCTOBER 2019

51,978

new vehicles sold
in South Africa in
October 2019



That's **0.2%** more than the 51,856 vehicles
sold in the tenth month of 2018

2,838

More than Sept 2019

122

More than Oct 2018

35,904

The number of passenger vehicles sold in
October 2019, up by 860 units or 2.5% up
on 35,044 vehicles sold in October 2018

450,268

Vehicles sold in South Africa,
Year-to-date to October 2019

3.1%

Lower than October 2018

295,021

Passenger vehicles sold in South Africa,
Year-to-date to October 2019

4.1%

Lower than October 2018

TOP 5 EXPORTS



1. VW - **12,182**
2. Mercedes - **9,477**
3. Ford - **8,136**
4. BMW - **7,104**
5. Toyota - **3,475**

TOP 5 SELLERS



1. Toyota - **13,694**
2. VW - **9,527**
3. Ford - **4,649**
4. Nissan - **3,536**
5. Hyundai - **3,153**

Passenger vehicle sales accounted for
69.1% of car sales in October 2019



Light commercial vehicle sales
in October 2019 were down
by 0.8% from September
2019 and down by 5.9%
from October 2018

41,277

Vehicles were exported in October 2019

21.0%

Higher than Oct 2018

13.8%

Higher than Sept 2019

MESSAGE FROM THE OMBUDSMAN

THE INDEPENDENT DISPUTE RESOLUTION FORUM FOR THE SA AUTOMOTIVE AND RELATED INDUSTRIES AND THEIR CUSTOMERS

The year 2019 turned out to be one of the busiest years in the long history of the office of the Motor Industry Ombudsman of South Africa (MIOSA). The challenges increased, not only in numbers but also in complexity.

With the deteriorating economic situation in our country, the MIOSA has been faced with not only the everyday technical and legal dispute resolution processes but also – increasingly – with the human aspects of the cases we must deal with.

It is of great importance for consumers and our other stakeholders to remember the four pillars on which the MIOSA bases its deliberations.

Great care is taken when the technical issues are considered. With this, there are normally the legal aspects of each case that must be thoroughly considered. The MIOSA is not a court and therefore the last two pillars on which the MIOSA bases its recommendations on are good customer care practices and fairness. Although it might seem simple to adhere to these four

Johan van Vreden
Motor Industry
Ombudsman of
South Africa



prerequisites, adding the human factor to the mix means that what in legal and technical terms could have resulted in an easy conclusion becomes muddled.

Many organisations who profess to carrying out mediation or facilitation think they are assisting the parties with their “rush in” approach, only to find themselves in the middle of cases that are simply over their heads.

It is therefore understandable that cases dealt with by the MIOSA can sometimes take a little longer to conclude.

However, once a recommendation is made, the MIOSA is confident that it has done everything in its power to accommodate the respective parties.

Bearing this in mind, I am sure that there will now be a better understanding of and appreciation for the work carried out by the MIOSA. All that is left for me to say is to wish my staff and everyone within the automotive and related fields a wonderful, peaceful and safe festive season. ●

FROM THE DESK OF KOBIE KRAUSE

WHY DO I HAVE TO PAY THE CONTRIBUTION?

Apart from the fact that it is a legislative obligation, there are other reasons to be entertained when it comes to the paying of contributions to the Motor Industry Ombudsman of South Africa (MIOSA). The MIOSA assists contributors in the following aspects:

FREE ADVICE

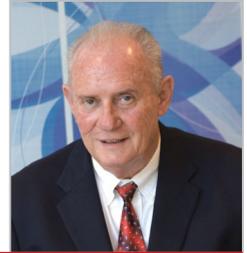
In many instances retailers and service providers approach the MIOSA for advice on how to resolve problematic situations with their customers. This advice is readily available and is mostly given telephonically, avoiding formal complaints from being lodged at a later stage.

Advice is also given regarding the interpretation on the Consumer Protection Act No. 68 of 2008 (CPA) and its regulations, as well as the accredited South African Automotive Industry Code of Conduct (Code). The MIOSA also advises stakeholders on the drafting of documents pertaining to various aspects of day-to-day business activities, such as job cards, offers to purchase, quotations etc.

Advice regarding market trend statistics can be made available under certain conditions and is also available in numerous publications of the MIOSA.

CONCILIATION

The MIOSA applies a conciliation process in resolving disputes. There are two court annexed mediators with the MIOSA. It has been observed that some associations attempt to mediate disputes, but the process involved is not always applied correctly. A mediator is not able to give advice, discuss legal principles or advise the participants on legal issues during mediation. The mediator is there to apply and regulate



Kobie Krause
Deputy ombudsman

the process where the participants are in the process of attempting to resolve a dispute.

It is also considered to be unfair practice if one of the parties involved is assisted by a mediator who is in some or other way involved with said party. During the conciliation process the parties receive guidance on legislation, legal principles, good engineering practice as well as consumer protection. Over the years it has become obvious that the conciliation process yields the best results when it comes to dispute resolution.

TIME FRAME FOR RESOLUTION

Contrary to reports in some publications, the MIOSA is well within the time frame as per the accredited code. In terms of the CPA and South African Law, the supplier/service provider must be afforded the opportunity to respond to the allegations contained in the complaint. From time to time it becomes necessary to obtain expert opinions, staff members of the service provider might be unavailable to submit comments etc. Unfortunately some suppliers choose to ignore the request, to their own detriment, and inevitably delays occur.

DATABASE

In terms of the accredited industry Code, the MIOSA must establish and maintain its own database. With the assistance of a team of inspectors industry participants who have refused and/or neglected to register with the MIOSA are being identified. This is an ongoing activity. Since MIOSA is a non-profit

organisation, should all participants pay their dues, this would result in a drop in the amount to be contributed – to the obvious advantage of all concerned. Currently, the MIOSA is going the legal route in order to recover all outstanding contributions from defaulters.

The MIOSA wishes to thank all the responsible industry participants who pay their contributions and assist in creating a safe environment for consumers to exercise their right to make informed decisions.

A CASE IN POINT

COMPLAINT

The complainant purchased a used vehicle. Eight months later, she noticed that the paint around the rear window was peeling off. When the vehicle went for service two months later the vehicle was washed and the paint came off. The vehicle was taken for assessment and a report issued, stating that it was due to a factory fault. A second report indicated that it was due to the use of a pressure hose. Although paint peeling concerns were raised after almost twelve months, as a gesture of goodwill, the respondent offered to assist by contributing fifty per cent towards the repair costs. However, the complainant wanted the deal cancelled.

CONCLUSION

The office of the Motor Industry Ombudsman of South Africa (MIOSA) viewed the offer made by the respondent to assist with fifty per cent towards the repair costs as fair and just, considering that the complainant had only reported the concern after the six months' implied warranty period, as stipulated by section 56 subsection 2 of the Consumer Protection Act 68 of 2008, had lapsed. The office of the MIOSA could not support the expectations of the complainant for a deal cancellation.

In conclusion, it is noteworthy to observe that the automotive and related industries are not the black sheep, as is so often claimed.

This year has been very challenging for suppliers, and those who have survived under these trying circumstances deserve a pat on the back. The MIOSA would like to extend its best wishes for the festive season and may 2020 be the year in which your success will be even greater. ●

COMPLAINT

The complainant entered into a transaction with the respondent and purchased a used vehicle with 165 000 km on the odometer. According to the complainant the engine light illuminated soon after the purchase and she decided to have the vehicle repaired by a third party. She further advised that a few days after the purchase she noticed that the rear window did not close and that at times the door did not lock. When the vehicle refused to start she purchased a new battery, but the vehicle developed a shudder and lost power. The engine and traction light illuminated again and the matter was reported to the respondent. The complainant advised that she was informed by the respondent that the vehicle would be purchased back from her, but for a lesser amount than she originally paid.

CONCLUSION

The complainant in her own submission stated that she had the vehicle repaired by a third party. It should be noted that although said vehicle had failed within the provisions as set out in Section 56 of the Consumer Protection Act 68 of 2008 (CPA), having it altered by a third party automatically absolved the respondent from any liability in terms of Section 56 Subsection 1 of the CPA. ●

FOOD FOR THOUGHT

WHAT YOU NEED TO KNOW ABOUT THE ROAD TRAFFIC DEMERIT SYSTEM

The Administrative Adjudication of Road Traffic Offences (Aarto) Bill was recently signed into law by President Cyril Ramaphosa. This legislation has been designed to change driving behaviour through the implementation of a demerit system in Johannesburg and Tshwane. The long-term goal is to roll out the system to the rest of South Africa too.

HOW DOES THE POINTS SYSTEM WORK?

Each driver will start off on a clean slate with zero points. The maximum permissible number of points is 12. Points work on an accumulative basis, with a different number of points assigned to specific traffic infringements, together with a fine. If you accumulate 12 or more points your licence will be suspended for a period of three months.

One point is deducted every three months if no further violations occur within that period, but should you exceed three suspensions you could permanently lose your licence. A licence can be cancelled if it has been suspended for the third time.

WHAT ARE POINTS ALLOCATED FOR?

These are some of the traffic offences that could increase your demerit points:

- Driving without a licence equals four demerit points.
- Driving under the influence of an intoxicating substance will be six demerit points.
- Using and holding a cell phone while driving will be one demerit point.
- Speeding can be anywhere from two to six points, depending on the speed limit (determined by court).
- Skipping a stop sign is one demerit point for light vehicles and two points for buses and trucks.

Drivers or operators who are disqualified for the third time will permanently lose their licence or operator card and will have to reapply for testing, as if they were a first-time licence/operator applicant.

The new system will also prevent you from renewing your driver's and/or vehicle licence if you do not pay your traffic fines.

HOW CAN YOU AVOID ACCUMULATING POINTS?

- It is important that you carry your driver's licence at all times.
- When driving it is imperative to adhere to the speed limit and to maintain a safe, two second following distance between your car and the car ahead.
- Avoid using your cell phone while driving. Using a phone while driving slows reaction times, while also making it difficult to keep in the correct lane and to keep the correct following distances.
- Ensure that your vehicle is in a roadworthy condition. If a vehicle is used as a means of public transport, it's a legal requirement that it be tested for roadworthiness annually.
- Strive to be courteous and adhere to good road manners by respecting the rules of the road as well as fellow motorists. Be more tolerant and patient on the road and avoid aggressive driving.

According to the Road Traffic Management Corporation, a total of 12,921 people died on the country's roads last year. Although this was an eight per cent decrease when compared to the 14,050 deaths recorded in 2017, too many lives are still lost through road fatalities. The hope is that the new demerit system will encourage a culture of responsible driving and adherence to the rules of the road. ●

REGISTERING WITH THE MIOSA

MAY 2019 – OCTOBER 2019

The increase in registrations recorded during the first four months of 2019 as a result of the more aggressive approach by the Motor Industry Ombudsman of South Africa (MIOSA) to get non-compliant participants in the automotive and related industries to register and pay the contribution as stipulated by the law, continued during the period under review.

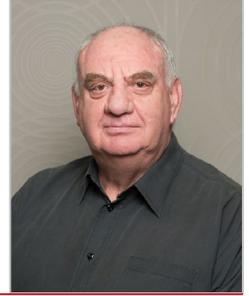
The MIOSA inspectors countrywide made a huge contribution by assisting non-compliant businesses involved in the automotive and related industries to register and pay the contribution. Compliance visits by the Compliance and Enforcement Committee of the Consumer Protection Forum (CPF) at the premises of participants continued during the months under discussion.

The MIOSA has also embarked on a litigation strategy to force non-compliant members to record their business information on the database of the organisation and to pay the contribution.

The MIOSA public affairs department is also playing an increasing important role in the process by informing industry participants and consumers during workshops and seminars, and through meetings with the media, of the important role the MIOSA plays in dispute resolution. This has had – and continues to have – a direct effect on the number of registrations.

The total number of businesses that registered with the MIOSA in May, June and July 2019 was on par with the average for the year thus far. The biggest contributors were used vehicle

Tjaart van der Walt
Senior administrative
clerk



dealerships, fitment centres and mechanical workshops. Body repairers and spares outlets also made a noteworthy contribution to the total. Some new vehicle dealerships also registered, mainly as a result of change of ownership.

Used vehicle dealerships, closely followed by mechanical workshops, made up the majority of registrations during August, September and October 2019. As was the norm over the first four months of 2019 registrations during this period from auto body repairers, fitment centres and spares outlets made up the bulk of the registrations, although registrations from used vehicle dealers remained the single biggest contributor to the total. Noticeable contributions towards the total number of registrations were also made by new vehicle dealerships and engineering shops.

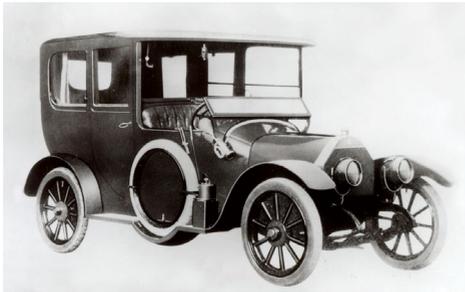
The number of businesses in the automotive and related industries that registered during the six month period under review is a clear indication that the office of the MIOSA is accepted as the only accredited dispute resolution body for the industry. ●



PEOPLE, PUNS AND PRODUCTS

THE MITSUBISHI THAT STARTED IT ALL

The Mitsubishi Model A has been recognised by the Japan Automotive Hall of Fame as a car that has stamped a mark of excellence in Japanese automobile history. The Model A was the first Japanese series-production passenger car built and sold with a view to mass production. With no design drawings to work from, and with little knowledge of gasoline engines, car bodies or interiors, or any experience in production processes, the first unit was built by hand in 1918, using hammers and chisels.



HYUNDAI ON STEROIDS

The Hyundai Veloster Grappler Concept created quite a stir at the 2019 SEMA show in Las Vegas recently. The Grappler boasts increased ground clearance, oversized all-terrain tyres, a roof-mounted utility basket and a high-output lighting system. Traction mats, an oversized utility shovel, a portable power station, a roadside assistance kit, a first aid kit, an outdoor dome tent and Recaro seats are part of the package.



A BOLD NEW FUTURE FOR MASERATI

Maserati recently unveiled a special GranTurismo Zéda to mark the end of production of the GranTurismo. The end of production of the Maserati GranTurismo and GranCabrio marks the beginning of a new path for the Modena plant. Work is already under way to update the production line in view of a total renovation that will see the facility devoted to the construction of the new super sports model, a high-performance car, characterised by state-of-the-art technology and scheduled to launch in 2020.



NEW CEO FOR FCA IN SOUTH AFRICA

Fiat Chrysler Automobiles (FCA) has announced the appointment of Pierre Martin Bos as Chief Executive Officer for South Africa. Bos joins the South African team from Italy, having been part of FCA since 1999. The Frenchman has achieved

notable successes for the business in multiple markets and will chart a longer-term strategy for the business and brands locally. He comes to South Africa from his role as Sales Manager for LCV in the Italian market.



MOST ADVANCED DRIVING SIMULATOR

The FCA Automotive Research and Development Centre (ARDC) launched a new Vehicle Dynamics Simulator (VDS) lab, the most advanced driving simulator technology available in North America, recently. Most driving simulators make use of six actuators. However, to accurately reproduce vehicle ride, handling and acceleration characteristics, the FCA VDS system uses nine actuators to create additional ranges of motion. The simulator can be fitted with any vehicle body, road and environment. To create a visual experience on the five projector screens, data is collected by scanning environments and different roads. The data is then stitched together to create a real-time virtual environment that can include elevation changes, off-camber roads and potholes.



GR SUPRA GT4 READY TO RACE

Toyota Gazoo Racing will start sales of GR Supra GT4, a race car for customer teams, in Europe from March 2020. The company intends to strengthen its focus on customer motorsport in order to enable motorsport-lovers around the world to participate in races. The GR Supra GT4 is based on the GR Supra and features a



three-litre in-line six-cylinder engine with single twin-scroll turbocharger that has been tuned to 320 kW. It has a 7-speed sports automatic transmission with paddle shift and a mechanical limited slip differential driving the rear wheels. GT4 vehicles are sold to race participants and cannot be driven on public roads.

NEW INDUCTEE TO SA HALL OF FAME

As the man behind the legendary range of Perana-branded fast Fords which dominated local motorsport and performance road cars in the 1960s and Seventies, Basil Green has been honoured for his remarkable



achievements by being inducted into the South African Hall of Fame. The SA Hall of Fame serves to tell the stories of extraordinary achievers, recognising their outstanding service and overall contribution to sport. In motorsport circles, South Africa has produced numerous famous names that have excelled locally and internationally, including Sarel van der Merwe, Ian Scheckter, Wayne Taylor and Rory Byrne. Other inductees include golfing icon Gary Player and Nelson Mandela. ●

INTRODUCING A NEW STAFF MEMBER



The MIOSA is proud to announce the appointment of Khalid Nasiri as KwaZulu-Natal inspector.

A CLOSER LOOK AT THE LAST TWO DECADES IN THE AUTOMOTIVE INDUSTRY

As much as the automotive industry has seen significant and rapid changes over the last two decades, there have been several focus areas that have shown only slight variations. Lightstone, the provider of data and statistics to the automotive industry, revealed that new vehicle dealers in South Africa reflected an upward trend from a base of 1,600 dealers in 1999 to 2,100 dealers in 2014, but then declined to 1,700 in 2018. Looking at the commercial scene, dealerships have dropped during the same period from 450 in 1999 to 350 in 2018.

In an interesting finding, comparing property and vehicle prices from 1999 to 2018, it is peculiar to see the cost of these two assets essentially on par in 1999. Fast forward to 2018 where an average priced property is almost 2.5 times more expensive than a new vehicle. This finding is largely attributed to supply and demand, where properties have become sound investments and vehicles lose their value fairly quickly.

Vehicle market share

During the late 1990's the top three spots for light vehicles were occupied by Nissan, Toyota and Volkswagen, accounting for 47% of the market. In the present, results indicate Nissan has been replaced by Ford and the three top brands own 51% of the market share.

When it comes to light vehicle brands (combination of passenger and light commercial), it appears that consumers tend to be brand loyal to the bigger brands and possibly opt for the vehicle which is, in their opinion, the best buy in the long term; especially when taking affordability and reliable after sales service into account.

Growth

With the increase in the number of vehicle brands over the past 20 years, it is to be

expected that the vehicle models will also increase exponentially. New vehicle sales experienced a slight increase in 2007 and 2008 before the international financial crisis, which resulted in a global and local recession. The commercial market peaked in 2009 – 2010 when South Africa played host to the Soccer World Cup and the demand for trade vehicles increased.

Lightstone data further reveals how the real Weighted Average Price (WAP), which is the inflation adjusted weighted average price, has changed over the last 20 years for the top ten brands in South Africa.

The results clearly show a remarkable climb of almost 50% in real WAP for Ford, Mazda and Toyota, whereas Nissan only experienced growth of 4%, and Honda has dropped by 2% since 1999.

The drop in the Honda real WAP could mainly be attributed to the introduction of the entry level offerings of the Amaze and Brio, currently accumulating to 30%. A move such as this will inevitably drop the real WAP figures of a brand.

Over the last 20 years, brands have aggressively increased their number of model variations, body shapes and vehicle brand entries into the market – especially in the premium brand segment, with BMW's brand portfolio growing by a whopping 450% and Mercedes-Benz by 554%. Toyota, Volkswagen and Ford have increased their number of available models by 189%, 281% and 196%, respectively from 1999 to present. In a very competitive market, brands will continue to expand their portfolio in order to reach a larger consumer base and gain the lead where possible. ●

PLANNING FOR THE FESTIVE SEASON FROM A SERVICE PROVIDER'S POINT OF VIEW

It is that time of the year again when thousands of motorists are going to hit the road for their holiday destinations. Service providers play an enormous role in ensuring that these motorists reach their destinations trouble free and safely. Newspapers and dedicated radio programmes are warning motorists of the importance of having their vehicles checked before leaving for their holiday destinations. But are our service providers ready for the increased influx of motor vehicles to their workshops during the approach of the holiday season?

Are your staff geared not only to carry out service and repair work, but also to provide advice to non-technical consumers? Is workshop planning in place to deal with the increased numbers? Are you stocked with enough service parts to satisfy the increased demand? These are the questions that service providers should pose in order to deal with increased demands over the holiday season.

Regular customers should be contacted in advance to ensure that bookings are made in order to facilitate the increased influx of vehicles during this time. Allowance should also be made for walk-ins. These are normally consumers who leave it to the last minute before they remember to have the vehicle that is supposed to take them safely to their holiday destination properly checked and prepared. It is therefore very important to bear in mind that the human factor should be taken into consideration.

It is the MIOSA's experience that all well-run businesses are normally geared for all these eventualities and therefore normally provide good service to their clients. However, the message must be clear. Contact your existing customers and remind them of the necessity of taking care of the vehicle in which they and their families must travel over the holiday season.

Be prepared and put the word out there. ●



WHY THE MIOSA INVESTS TIME AND OTHER RESOURCES IN CONSUMER EDUCATION

The Motor Industry Ombudsman of South Africa (MIOSA) draws its mandate from the Consumer Protection Act 68 of 2008 (CPA) and the South African Automotive Industry Code of Conduct (Code). In terms of the CPA, one of the purposes of the MIOSA is to promote and advance the social economic welfare of consumers in South Africa by:

- Improving consumer awareness and information and encouraging responsible and informed consumer choice and behaviour;
- Promoting consumer confidence, empowerment, and the development of a culture of consumer responsibility, through individual and group education, vigilance, advocacy and activism.

The Code also mandates the MIOSA to conduct ongoing awareness in order to educate and create awareness for consumers, suppliers and all other participants within the automotive and related industries on automotive related matters within the CPA and the role of the MIOSA.

In order for the MIOSA to educate consumers of different age groups and categories, it has aligned its annual awareness calendar with the themes determined by various government departments.

In June 2019, the MIOSA participated in the Youth Month activities and events that were organised by various stakeholders.

In July 2019 (National Savings Month), the MIOSA supported the Youth Financial Awareness Campaign that was spearheaded by the Financial Sector Conduct Authority (FSCA). This was a country wide awareness and as such it overlapped to August 2019.

In August 2019 (Women's Month), the MIOSA participated in various activities around Gauteng and also had the opportunity to exhibit at the Union Buildings on Women's Day. We heeded the State President's call "Thuma Mina" and partnered with Gauteng Office of Consumer Affairs by taking legislation to the people across Gauteng Province. ●

The calendar for June to November 2019 was:

Month	Theme
June	Youth Month
July	National Savings Month
August	Women's Month
September	Public Service Month
October	National Transport Month
November	16 Days of Activism

The calendar for the rest of the financial year is:

Month	Theme
December	Festive Season Campaign
January	Back to School
February	State of the Nation Address

