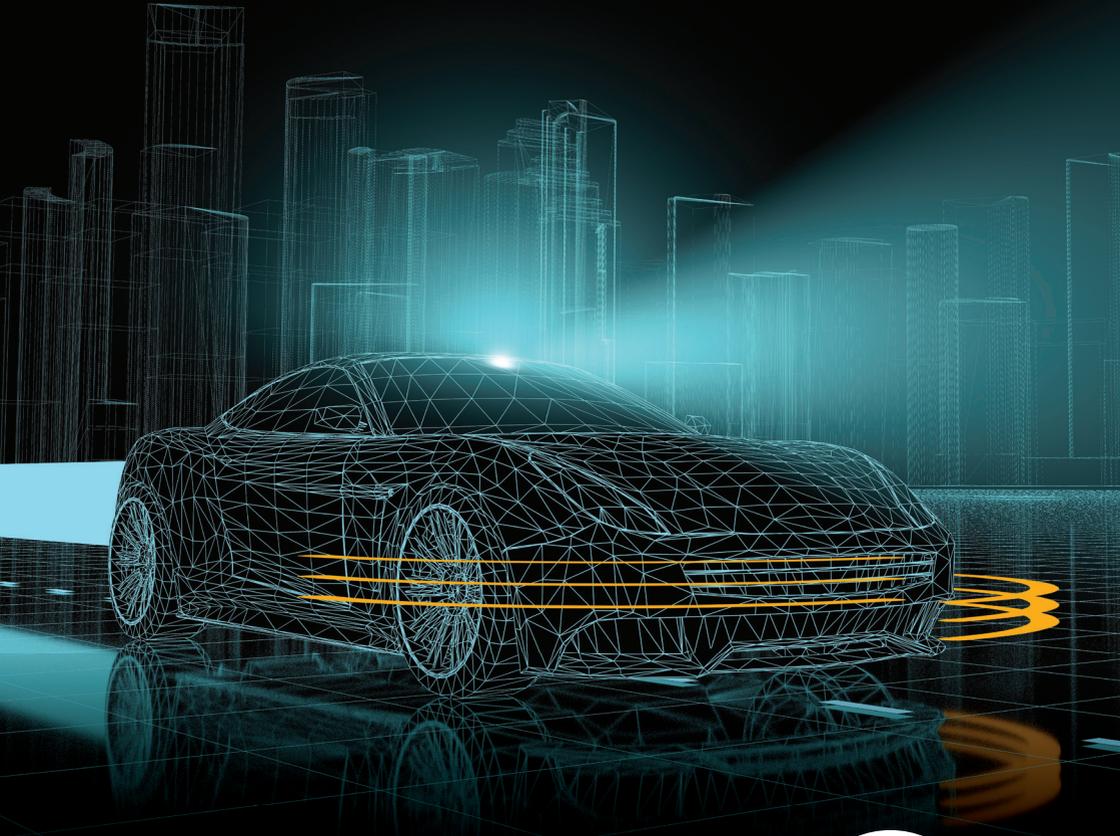


ISSUE 1 • VOLUME 11 • FEBRUARY 2020

Ukhululekane

NEWSLETTER OF THE MOTOR INDUSTRY OMBUDSMAN OF SOUTH AFRICA



THE ROAD AHEAD



MOTOR INDUSTRY OMBUDSMAN
OF SOUTH AFRICA

NEW VEHICLE SALES AND EXPORTS JANUARY 2020

39,475

new vehicles sold
in South Africa in
January 2020



That's **8,1%** less than the 42,956 vehicles sold in the first month of 2019

2,208

Less than Dec 2019

3,481

Less than Jan 2019

28,116

The number of passenger vehicles sold in January 2020, down by 1,500 units or 5.1% down on 29,616 vehicles sold in January 2019

TOP 5 EXPORTS



1. VW - **7,959**

2. Toyota - **2,143**

3. Ford - **563**

4. Nissan - **359**

5. Isuzu - **258**

TOP 5 SELLERS



1. Toyota - **8,234**

2. VW - **7,944**

3. Ford - **4,147**

4. Nissan - **2,894**

5. Hyundai - **2,849**

Passenger vehicle sales accounted for 71.2% of car sales in January 2020



Light commercial vehicle sales in January 2020 were down by 6,4% from December 2019 and down by 16,3% from January 2019

11,373

Vehicles were exported in January 2020

37.7%

Less than Jan 2019

16.1%

Less than Dec 2019

MESSAGE FROM THE OMBUDSMAN

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

Johan van Vreden
Motor Industry
Ombudsman of
South Africa



The year 2020 is finally here. A new year, a new decade. Very few moments in the past have brought so many mixed reactions to what is awaiting us as an industry, a nation and a country. The media is full of doom and gloom about almost everything. It is almost a fulltime task to remain motivated under these conditions. However, there is also excitement over new challenges and new opportunities that the new year brings, especially considering the interesting times that we are living in.

We cannot be like people waiting for their ship to come in, don't become a prisoner of hope. Here at the office of the Motor Industry Ombudsman of South Africa (MIOSA) we have the abilities and the motivation to continue with the good work that we have been carrying out diligently for the past twenty years. In fact, when we were called upon to take on even more responsibilities after our accreditation, we rose to the challenge and did so with aplomb.

However, the MIOSA is not resting on its laurels and neither should anyone else in the automotive and related industries. We all need to get back to the grindstone because hard work, more than anything else, builds bridges over gorges and tunnels through mountains. It is work that builds our factories, our schools, our hospitals and our highways. By working hard and setting new, challenging targets, we develop the ability to do more, in

the same way that an athlete runs that extra mile when everyone else is exhausted. As the saying goes, if you want something done, ask a busy person to do it.

In the current economic climate, we have no choice but to adapt to our circumstances and transform ourselves in order to keep up with the times. At the same time, it's what the so-called Fourth Industrial Revolution demands of us in order to survive, succeed and prosper.

With the challenges that await us in this new decade, we need strong minds, strong hearts and true grit. We can and must do our duty to get this country back to work by, first and foremost, respecting the rules of law and justice to ensure that our deliberations are to the benefit of consumers and the automotive and related industries.

In closing, I would like to stress the following:

- We must do more than just exist – we must live;
- We must do more than just touch – we must feel for one another;
- We must do more than just look – we must see the other person's point of view;
- We must do more than just hear – we must listen to what people are saying;
- We must do more than just speak – we must say something meaningful. ●

FROM THE DESK OF KOBIE KRAUSE



Kobie Krause
Deputy ombudsman

WHEN A CONSUMER RETURNS GOODS

What are the implications when a consumer returns goods to a supplier? Section 20 of the Consumer Protection Act, 68 of 2008 (CPA) applies in these circumstances.

This section is IN ADDITION TO AND NOT IN SUBSTITUTION OF the right to return goods, contemplated in Section 56 of the CPA.

It is important to note that Section 20 of the CPA states that upon return of any goods, the supplier must refund to the consumer the price paid for the goods, less any amount that may be charged in terms of subsection (6).

In terms of Section 20 (6) (b) (i) the use of goods while in the possession of consumers, unless these goods are ordinarily consumed or depleted by use, and no such consumption or depletion has occurred, or in terms of subsection (6) (c) (i) in any other case the supplier may charge the consumer a reasonable amount:–

- (i) As contemplated in (b); and
- (ii) For necessary restoration costs to render the goods fit for restocking.

If the goods are defective upon delivery, then the supplier will have no recourse in this regard. The supplier will also have to determine exactly what the consumer's choice is in terms of Section 56 (2) (a) and (b).

Restoration costs can only be for the consumer's account if the consumer caused the damage, deterioration or usage. Once the consumer has made his/her choice, the supplier cannot on its own change the choice of the consumer. If the consumer chose to cancel the transaction within the first 6 months of the transaction, the supplier cannot refuse the cancellation. It then becomes a matter of whether the cancellation is legal or illegal. This can only become a matter of adjudication by either the National Consumer Tribunal or a court of law.

It is therefore not for the supplier to determine this issue and suppliers should be very careful to enter the domain of the two bodies mentioned.

Thus the advice of the Motor Industry Ombudsman of South Africa (MIOSA) is to be very careful and clearly record the choice of the consumer and act accordingly. ●



Ms Diane Terblanche

NEW BOARD MEMBER APPOINTMENT

The Motor Industry Ombudsman of South Africa (MIOSA) would like to welcome Ms Diane Terblanche to its board of directors. Passionate about the rights of South African consumers, Ms Terblanche was the Executive Chairperson of the National Consumer Tribunal (NCT) from its inception until November 2016. Through her strong and dynamic leadership, the NCT is and has become a trusted, independent adjudicative entity in South Africa. Ms Terblanche's experience in consumer protection spans approximately 27 years, within and outside South Africa. She engaged as a lobbyist for consumer protection,

was on the forefront of drafting consumer protection policies, laws and strategies as well as their effective implementation. In addition she served as policy advisor to the DTI for the drafting of the Consumer Protection Act of South Africa. Ms Terblanche is a practicing attorney and is the founding member of ConsumerWeb, a company focusing on maximising consumers' access to their rights. She is the chairperson of CICODEV Africa, an African consumer and citizens' rights organisation based in Senegal, and is a member of the Council for Medical Schemes in South Africa.

A CASE IN POINT

COMPLAINT

The complainant purchased a used vehicle during April 2019, with the remainder of the factory warranty which was due to lapse in March 2020 or at 120 000 kilometres. The respondent, who was not an authorised service provider for the particular brand, carried out a service and repairs on the vehicle, which resulted in the warranty not being enforceable. There were also concerns regarding the vehicle's surface, which needed to be repaired.

CONCLUSION

The office of the Motor Industry Ombudsman of South Africa (MIOSA) made a recommendation that, with regards to the manufacturer warranty, the respondent should be liable for the repairs which would have been covered in the event that the balance of the manufacturer warranty had not lapsed. In addition, the respondent should make the necessary arrangements with an authorised service provider to have the needed repairs carried out.

COMPLAINT

The complainant purchased a used vehicle from a dealer. The vehicle was delivered by truck (and not driven) and did not have a licence disc. The lights were faulty, there was no breakdown apparatus (wheel spanner or jack) and the vehicle was showing signs of additional problems. The complainant had the vehicle inspected by an alternative service provider, who provided the complainant with a list

of faults found. The complainant had different repairs carried out on the vehicle by several alternative service providers.

CONCLUSION

The complaint was referred to the office of the MIOSA for investigation. The conclusion was that, due to third-party repairs having been carried out by an unauthorised repairer during the implied six months warranty provided by Section 56(1) of the Consumer Protection Act, 68 of 2008, the MIOSA found in favour of the service provider.

COMPLAINT

The complainant purchased a vehicle from a dealer. The vehicle was sold with the condition that the tyres should be of the run-flat kind. Shortly after the sale, the complainant noticed that the vehicle's tyres were not run-flats. In addition the automatic gearbox was jerking and the electronic interior media centre was not functioning. The dealer declined to assist the complainant, where after the complainant approached the MIOSA.

CONCLUSION

The MIOSA's investigation and recommendation concluded that a condition of sale included run-flat tyres and therefore the dealer had to replace the tyres. Furthermore, the two outstanding concerns had to be repaired as they occurred within the implied warranty parameters provided by Section 56(2) of the Consumer Protection Act, 68 of 2008. ●

FOOD FOR THOUGHT

PREDICTED VEHICLE SALES FIGURES FOR 2020

According to WesBank CEO Chris de Kock, South Africa's new vehicle sales are set to decline by 3.5% in 2020.

"This is expected to be another challenging year for the motor industry, driven by low demand from both the retail and corporate market," said De Kock. "A 3.5% decline would mean a reduction of 18 626 sales across all categories. However, we can still look forward to continued growth in exports, earning valuable foreign income for SA."

Predicting market trends has become very difficult with extreme market volatility as seen in 2019. De Kock indicated that last year ended slightly stronger than anticipated and was impacted by the aggressive incentive structures put forward by the brands in order to move vehicles that had been ordered.

Breaking down WesBank's forecast, De Kock said the decline would come from passenger cars and light commercial vehicles.

"The new passenger vehicle category will show the largest decline, with an expected 345 000 units to be sold this year (-2.9%). However, light commercial vehicles will fall by the highest percentage, given its exposure to the sluggish business side of the economy. Sales of 146 000 units are anticipated, translating to a decline of 4.7%. The medium and heavy commercial segments will similarly not be spared, with reductions of 2.51% (8 500 units) and 4.31% (18 500 units) respectively."

Affordability remains the main factor influencing new car buying decisions. Rand fluctuations, volatile fuel prices, the inevitable rise of electricity and other utility costs, a possible increase in VAT and rampant unemployment figures also play a role. In the short term this will drive the trend of buying down (opting for cheaper derivatives), and continue to create demand for used cars. People are also holding on to their vehicles for longer. WesBank's average deal now runs for 45 months, up from the traditional three-year buying cycle.



"South Africa is not alone in this predicament; the sale of vehicles globally fell sharply in 2019 after a modest fall in 2018, and are expected to fall again in 2020. This follows almost a decade of growth since the financial crisis, reflecting the pressure on the global economy," concluded De Kock. ●

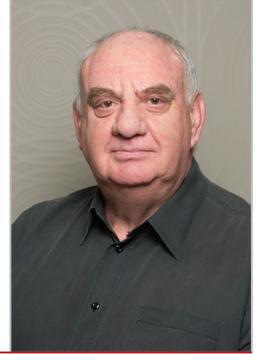
REGISTERING WITH THE MIOSA

NOVEMBER 2019 - JANUARY 2020

The total number of companies involved in the automotive and related industries that recorded their information with the Motor Industry Ombudsman of South Africa (MIOSA) in November 2019 was on par with the previous three months. Mechanical workshops repairing and servicing vehicles outshone all the other sectors within the industry by a mile. Used car dealerships continued with another strong showing, narrowly beating fitment centres. As became the norm during 2019, panel shops and spares outlets made a good contribution towards the total number of registrations.

Due to December holidays and the office of the MIOSA being closed for the summer break, the number of companies recording their information with the MIOSA in December 2019 decreased by 40%. Mechanical workshops performed brilliantly, taking first place again and making up 47% of the total number of registrations for the month. Vehicle dealerships (mainly used) and fitment centres shared second place while panel shops and spares outlets made noticeable contributions.

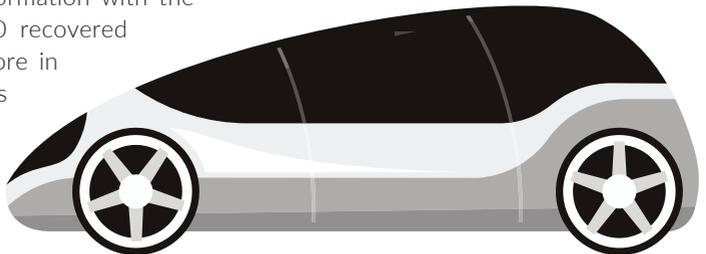
Recorded company information with the MIOSA in January 2020 recovered to a level which was more in line with the numbers achieved in previous years for the same time period. The total was boosted by



Tjaart van der Walt
Senior administrative clerk

the overflow from December 2019. For the third month in a row, mechanical workshops outshone all the other sectors, winning by a considerable margin again. Fitment centres finished in a strong second place. Panel shops, spares outlets and vehicle dealerships (used) also made contributions comparable with 2019 numbers.

It is expected that registrations in 2020 will start to pick up as the year progresses. The work that the MIOSA inspectors are doing countrywide in assisting companies involved in the automotive and related industries to record their information again proved invaluable during this time period. A special effort will be made during 2020 by the MIOSA inspectorate to reach businesses involved in the industry in the rural areas of the country. ●



PEOPLE, PUNS AND PRODUCTS

MCLAREN GT LAUNCHED IN SA

McLaren Automotive recently revealed the new McLaren GT to the local market. Weighing 1 530 kg (DIN), the McLaren GT is more than 130 kg lighter than its heaviest competitor. It features a 4-litre, twin-turbocharged V8 engine that produces 630 Nm of peak torque between 5 500 and 6 500 r/min. The engine is mated to a seven-speed SSG transmission. With a launch control function optimising acceleration from a standing start, 0-100 km/h is achieved in 3.2 seconds, 0-200 km/h is dispatched in 9.0 seconds. The maximum speed of the McLaren GT is 326 km/h.



VW WINS BIG AT CARS.CO.ZA CONSUMER AWARDS

Volkswagen was the biggest winner at the fifth annual Cars.co.za Consumer Awards held recently. VW's first win of the night was the Polo in the Compact Hatchback category. The Polo GTI won the Fun Hatchback category and the Golf GTI won the Premium Hatchback category.



The T-Cross was victorious in the Compact Family Car category, as was the Arteon in the Business Class category. VW's sixth category award for the night went to the Amarok, which won the hotly contested Leisure Double Cab category. Volkswagen also won the biggest accolade, the coveted Brand of the Year award which is solely determined by market and customer data.

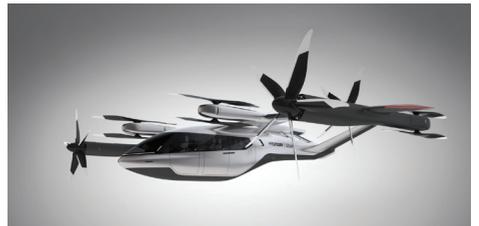
NEW KIA SORENTO TO DEBUT IN GENEVA

The all-new KIA Sorento will make its world premiere at the 2020 Geneva International Motor Show in March. This is the fourth generation of the Sorento and it boasts a range of innovations that include advanced driver assistance systems and progressive connectivity and infotainment features.



HYUNDAI TAKES TO THE SKY

The Hyundai Motor Company and Uber have announced a partnership to develop Uber Air Taxis for a future aerial ride share network and unveiled a new full-scale aircraft concept at



the Consumer Electronics Show (CES) in Las Vegas, America. The PAV (Personal Air Vehicle) model, S-A1 uses innovative design processes to optimise electric vertical take-off and landing (eVTOL) aircraft for aerial ridesharing purposes. It is designed for a cruising speed of up to 290 km/h, a cruising altitude of around 300 to 600 metres above ground, and to fly trips with a range of up to 100 km.



LEADERSHIP CHANGES AT AUDI

Audi announced changes within its local management team as part of a broader leadership restructure at Volkswagen Group South Africa. Asif Hoosen, who has been managing the Marketing, Product and Public Relations portfolio for

the past three years, will now head up the Audi Sales, Operations and Volume Planning team. Hoosen has been part of VWSA since 2004 and has built up the majority of his 16-year tenure with the company within the realm of sales and retail, having previously been in charge of this function for both the Volkswagen Passenger Vehicles and Audi brands. This year, he returns to his forte, in an effort to support the Audi brand's retail efforts of growing its premium market share in SA.

inspired it, the Defy 21 Land Rover Edition is modern, durable and highly desirable. Timed to coincide with the arrival of New Defender, only 250 watches will be available. The Defy 21 Land Rover Edition is the latest result of a four-year partnership between Land Rover and the historic Swiss watchmaker. ●



RETIREMENT

It is with heavy hearts that we announce the retirement of Tjaart van der Walt, the MIOSA's senior administrative clerk, at the end of February. He has been an integral part of the organisation for the

past 16 years and his contributions to the success of this office were both valuable and memorable. His hard work, commitment and dedication are worthy of admiration. Tjaart will be greatly missed. On behalf of everyone at the MIOSA, we would like to wish him the best of luck and a long and happy retirement.



UNIQUE TIMEPIECE TO CELEBRATE LEGENDARY DEFENDER

Zenith has worked with Land Rover to create a special edition watch celebrating the re-imagining of the Defender. Like the legendary SUV that

OBITUARY - MOYAHABO THYRZA PAULA PHOSA

It is with sadness that we learned of the passing of our chairman, Dr Mathews Phosa's daughter. At the memorial service that was held in Mbombela, we learned that she was a dynamic and enterprising young person that was taken away far too soon. We at the MIOSA want to express our sincerest condolences to the Phosa family during this time and hope that they will find solace in the knowledge that she is with our Lord.

FROM THE DESK OF INA OPPERMAN

BALANCING YOUR CONSUMER RIGHTS AND RESPONSIBILITIES

As consumers we have increased access to information that we can use to protect ourselves when we spend our hard-earned money. We have certain consumer rights protected by various pieces of legislation and most of us know how to enforce these rights, but we should also concentrate on our responsibilities as consumers, which is easier to leave by the wayside.

A right is a protected freedom, such as your rights as a consumer that are protected by the Consumer Protection Act. A responsibility, on the other hand, is a duty or something you should do, such as recycling or doing the shopping. In the world of consumers we use both: your responsibility is to be a good consumer and your duty is to do things that make it possible for you to be a good consumer.

Consumers can do the following to ensure they do their duty to be good consumers:

- As you have the right to information, you should read all this information and ensure that you understand it. If you do not, ask the provider of the information to explain until you do. That is why you should never sign any agreement if you do not fully understand the consequences;
- Spread your knowledge about consumer rights and redress. Tell your family and friends about what you have learnt and how they can use this information to protect themselves;
- When you complain, confirm via email the details of exactly who you speak to as well



Ina Opperman
Non-executive director

as the date and time and any promises made to resolve your complaint. As long as it's recorded in writing or digital you can use this information later as proof that you have complained. Also keep all documents such as receipts and agreements together for easy reference;

- Consumers have the right to complain and there are various avenues to do so, such as the Motor Industry Ombudsman of South Africa (MIOSA) for vehicle complaints. If your complaint is not resolved by the supplier, take your complaint further to one of these institutions;
- When you plan to spend a large amount of money on a house or a car or these days even a smart phone, first shop around to find the best price and service that you can afford;
- Consider the consequences of buying impulsively on your financial well-being and the environment.

Consumers have the responsibility to:

- Be as critically aware as possible to pick up issues that could be important for consumers;
- Act when consumers are treated unfairly;
- Not only do something if it affects you personally, but out of social concern;
- Help to protect and preserve the environment;
- Stand together against the abuse of consumer rights;
- Know their consumer rights. ●

THE FUEL PRICE OUTLOOK FOR 2020 IS GRIM

With the international oil market stable, Rand weakness is likely to be the dominant factor in fuel pricing for the year. This is the opinion of the Automobile Association (AA), which recently released its annual fuel price outlook.

"Factors affecting the fuel price have rarely been more finely balanced than they currently are," said the AA.

Much of the world's oil is produced in some of the most politically fluid territories, and South Africa's influence on the international oil price is negligible.

"We consume under one per cent of the world's daily oil demand. Even a total boycott of petroleum fuels in SA would be unlikely to affect world prices, so the country has little scope for influence. However, the recent tensions between Iran and the USA rattled the markets into a price spike of several dollars a barrel, showing where the influence truly lies."

The unpredictability of the current US administration exposed South African fuel users to collateral damage from oil price movements, as seen during the Iran affair in early-January.

On the home front the key problem remains, as for the past several years, economic policy. Tax revenue undershoots, infrastructure underspends, de-industrialisation and ongoing power blackouts have counteracted entreaties by President Cyril Ramaphosa for investment.

"Capital follows returns, and if South Africa is downgraded to junk status, the Rand is likely to weaken further, offsetting returns investors might make. This increases the possibility of a downward spiral in which Rand weakness accelerates while risk-averse capital investment seeks other harbours," noted the AA.

It is doubtful that a downgrade can be warded off, but strong shifts in stance from government and clear articulation of investment-friendly policy are key to limiting the time the country spends outside the investment-grade brackets.

"Our overall view is that South Africans should expect increases in the fuel price in 2020, driven primarily by Rand weakness. We do not foresee declines in the oil price sufficient to offset our expectations for Rand depreciation, and we cannot rule out the possibility that SA fuel prices may test their previous record highs this year," the AA concluded. ●



THE MIOSA AS A RESPONSIBLE CORPORATE CITIZEN

Each year, as the so-called silly season approaches, consumers are inundated with marketing themes such as Black Friday and various other festive season marketing messages wanting to entice them into parting with their money. This happens despite regulators, media and consumer champions warning consumers against impulsive buying. Merchandise flies off the shelves, as does alcohol and other products such as pre-owned motor vehicles. As we all know, these are two things that do not mix.

Unfortunately, during school holidays and particularly during the festive season, South Africa experiences a rise in road accidents. It is for this reason that the Motor Industry Ombudsman of South Africa (MIOSA) as a responsible corporate citizen, collaborated with Gauteng liquor board and the liquor unit of the South African Police Service to raise awareness.

A seminar was held for liquor traders in Kwa Mhlanga, culminating in a roadshow at the main intersections. Here liquor traders advised motorists on responsible drinking, while representatives of the MIOSA advised them on what to look out for when buying motor vehicles. They were also given tips on how to ensure that their vehicles are in a roadworthy condition in preparation for the festive season.

The MIOSA also attended the launch of the Arrive Alive Campaign in Harrismith. The Minister of Transport, Fikile Mbalula, was in attendance, highlighting the importance of the issue of road safety to the South African government.

The Arrive Alive Campaign is activated prior to long weekends such as Easter Weekend and the festive season. Even though it focuses

on road safety, the MIOSA leveraged on it as a platform to engage directly with users and owners of motor vehicles. It also gave the MIOSA the opportunity to rub shoulders with other stakeholders in the automotive and related industries, thereby creating awareness of the organisation and the work it does.

The scourge of violence against women and children reared its ugly head country wide. Once again the MIOSA aligned its education projects with relevant stakeholders to address the plight of abused women and children. ●



Above: Lucious Bodibe, public affairs manager of the MIOSA attended the launch of the Arrive Alive campaign prior to the December holiday period.