

ISSUE 4 • VOLUME 8 • NOVEMBER 2017

UPDATE

NEWSLETTER OF THE MOTOR INDUSTRY OMBUDSMAN OF SOUTH AFRICA

HAPPY HOLIDAYS FROM ALL OF
US AT THE MIOSA



MOTOR INDUSTRY OMBUDSMAN
OF SOUTH AFRICA

TOGETHER WE GROW



NEW VEHICLE SALES AND EXPORTS – OCT 2017

467,212

vehicles sold in the first ten months of 2017



That's **1.7%** more than the 459,506 vehicles sold in the first seven months of 2016

51,037

New vehicles sold in South Africa Oct 2017

393

more than September 2017

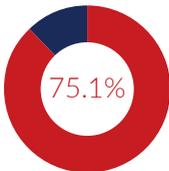
2,255

more than October 2016

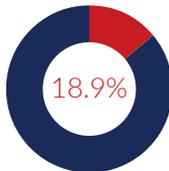
35,316

The number of passenger vehicles sold in Oct 2017, up by 2,594 units or 7.9% on 32,722 vehicles sold in Oct 2016

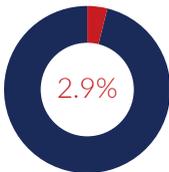
SALES PER INDUSTRY



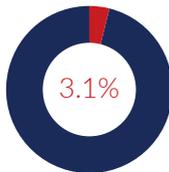
Dealer



Rental Industry



Government



Corporate

TOP 5 SELLERS



1. Toyota - **12,312**
2. VW - **7,898**
3. Ford - **6,337**
4. Nissan - **4,858**
5. Hyundai - **3,464**

Passenger vehicle sales accounted for 69% of car sales in October 2017

Passenger vehicle sales accounted for 69% of car sales in October 2017



Light Commercial vehicle sales in Oct 2017 were down by 1.7% from Oct 2016 and down by 7.8% in Sept 2017

TOP 5 EXPORTS



1. Mercedes-Benz - **9,562**
2. BMW - **5,858**
3. Ford - **5,801**
4. Toyota - **3,611**
5. VW - **2,177**

28,229

vehicles were exported in October 2017

8.3%

lower than Oct 2016

22%

lower than Sept 2017

Supplied by Absa, Member of Barclays

Source: Naamsa



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MESSAGE FROM THE OMBUDSMAN

THE ART OF NEGOTIATION

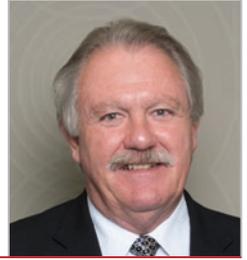
Everyone negotiates almost every day of his or her life. One may have to mediate an interdepartmental conflict in the morning. Develop a daily programme, a strategy or an annual priority list with one's management team. Or you may discuss a solution to a possible dispute with a customer in the afternoon. These actions will require that you hone your negotiation skills.

Very few individuals receive training in what is almost a basic requirement. This means that people often learn through their mistakes and that can result in a costly learning curve. Over the years there have been specially trained researchers that observed, recorded and categorised skilled negotiator behaviour.

It is clear that there are two basic criteria that separate the skilled from the less skilled. It is most interesting to note that the more skilled negotiators have the ability to produce agreements that could be implemented with much less chance of a renegotiation session having to be put together.

Observations that may be of immediate interest are that skilled negotiators have more in common with each other regarding their knowledge of negotiation, strategies and tactics that

Johan van Vreden
Motor Industry
Ombudsman of
South Africa



they employ, than what they have in common with the less skilled negotiators.

For example. Young sales people should be partnered with a more mature or experienced mentor. Not only will this improve the skill of the younger salesperson but also keep the more experienced mentor sharp.

An interesting observation over the years is that skilled negotiators carefully adapt themselves to local customs and business practices. Despite this, similarities exist all over the world with regard to remarkable negotiation skills. This becomes especially important to people who must deal with people from different backgrounds, cultures or origins.

Yet, too little time is spent on the actual training of sales staff in the art of negotiation and too much is left to chance. MIOSA staff experience this dilemma on a daily basis in the type of disputes that originate from poorly negotiated sales deals ending in costly results for any dealership. ●



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FROM THE DESK OF KOBIE KRAUSE



Kobie Krause
Deputy Ombudsman

IMPORTANT JUDGEMENT OF THE NATIONAL CONSUMER TRIBUNAL

The consumer bought a vehicle with the following endorsements on the offer to purchase document (OTP): **Comments: vehicle sold as it stands. No warranty. Due to KM and age No warranty.**

On the compliance document, under mechanical breakdown and extended warranty, Western Car Sales stated in a handwritten note: **Client will look into a mechanical warranty at a later stage= no warranty due to KM + age.(sic)**

In the OTP the following conditions appeared: **I have read all the material made available to me by Western Car Sales setting out the specifications of the vehicle and I confirm that this vehicle is fit for the purpose for which ZI an (sic) purchasing it.**

I confirm this vehicle is in good quality and in good working condition.

I understand that Western Car Sales will not be held responsible for normal wear and tear on the vehicle from the day of delivery onwards.

Even in the delivery note under the comments section the following

handwritten note appeared: **Due to KM and age There is no warranty on this vehicle (sic).**

A further stamp appeared at the bottom of the page stating the following:

IMPORTANT DECLARATION

This vehicle is sold with NO certificate of roadworthiness. With NO warranty. In a NON-RUNNING condition. As is / Voetstoots/Scrap

The vehicle was bought by the consumer who took delivery of the vehicle on 14 December 2015. The purchase price was R61 450 for a Volkswagen Passat 1.8T with 280 000 kilometres on the odometer. The vehicle broke down on 19 December 2015 due to gearbox problems.

A further condition stated: **I confirm the vehicle is in good quality and in good working condition. This obviously was not the case.**

All relevant factors surrounding the purchase would need to be evaluated.

The tribunal found that Ms Van Lill had no intention of purchasing a vehicle

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as scrap, non-runner or as a renovation project.

The tribunal further found that it can be noted that general vague contract terms which do not specifically apply to a specific vehicle and its specific defects would not generally be a convincing factor in finding that section 55(6) is applicable. **“If the specific defects are not specified then one would be left with the strong impression that any warnings in the contract are inserted purely in an attempt to escape liability in terms of the consumer protection act (CPA). The concept of a “voetstoots” sale, whereby the supplier is able to sell goods without any form of liability for any defects, whether patent or latent, whatsoever is therefore not applicable to any transaction falling under the CPA”.**

The tribunal also found that the respondent did not adhere to the Motor Industry Ombudsman of South Africa’s (MIOSA) finding.

The tribunal stated that the **“automotive industry affects consumers on a daily basis. A clear message must be sent that non-compliance with the CPA will not be condoned or tolerated.”**

The tribunal made the following order: The respondent is to reimburse Ms Van Lill the purchase price within 15 business days from date of judgment.

After payment has been made the respondent may collect the vehicle at his own cost.

The respondent is interdicted from using any terms in its contract which contravene the CPA as explained in this judgment.

The respondent is to pay an administrative fine of R100 000 within 30 business days from date of the judgment.

The above is a summary of the judgment which is posted on the MIOSA website.

It is in the interest of suppliers and service providers to take note of this judgment and ensure compliance with the CPA. ●

Direct extracts from the judgment in bold

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A CASE IN POINT

COMPLAINT

A consumer purchased a new Ducati motorcycle with a two-year warranty. Approximately ten months later the big end bearings and a cylinder collapsed. Inspection showed that the consumer had voided the manufacturer terms and conditions by having water leaks repaired by a non-approved service provider, failing to carry out the obligatory oil services. There was also proof that the motorcycle was used improperly on a regular basis.

CONCLUSION

The technical report supplied included pictorial evidence which confirmed the findings made. However, as a goodwill gesture, the manufacturer offered to cover the parts required for the repair with the consumer being liable for the labour costs. The MIOSA concluded that the offer made was fair and just bearing in mind that the failure was due to the consumer's actions and not a product defect or failure.

COMPLAINT

The consumer purchased a vehicle from a dealer with 135 000 kilometres on the odometer. The consumer started experiencing issues with the vehicle from the second day of purchase. The vehicle eventually broke down and was

taken to the dealer for repairs. These were carried out and the dealer offered the consumer a two-year extended mechanical warranty at no cost. The consumer was requested to return the vehicle after driving a 1 000 kilometres with the new replaced engine. However, the vehicle broke down prior to the consumer taking the vehicle in. The dealer then advised the consumer that it was an electronic fault and the throttle body had failed. This issue was not part of the original repair and the vehicle was outside the six months CPA criteria to repair. The dealer offered to assist with half of the repair costs, which was unacceptable to the consumer.

CONCLUSION

Upon investigating the matter, the MIOSA found that the vehicle still falls within the six-month implied warranty as stipulated in the consumer protection act (CPA). Section 56, subsection 2 of the CPA states that a warranty on any used vehicle is valid for a period of six months after the delivery of any goods to a consumer. In light of the above it was recommended that the dealer should repair the vehicle at no cost to the consumer.



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WHY PRE-OWNED CARS DESERVE TO BE PUT IN THE SPOTLIGHT



New cars are often celebrated with awards, expos and reviews. However, South Africans aren't exclusively buying new cars. Pre-owned cars are outselling new ones at nearly 3 to 1. Economic pressure plays a part, but the range and quality of pre-owned cars is equally exciting.

"You are able to purchase a great quality pre-owned car for a great price, often with low mileage or interesting accessories," says Jeff Osborne, head of Gumtree Automotive. This view is exactly what prompted Gumtree to launch the 2017 Pre-Owned Car Awards, which celebrates and reviews the top pre-owned cars in a number of categories.

"The question at the centre of the awards has been: What makes a winner? For these awards, we're not only looking at specs or design, we're looking at maintenance costs, value for money, resale value, appearance after a number of years. The elements a consumer would look at when considering a pre-owned car," says Osborne.

The categories for the Gumtree pre-owned car awards include:

- best budget car under R110 000;
- best light hatchback under R140 000;
- best medium hatchback under R260 000;
- best cross-over between R200 000 and R300 000;
- best SUV under R325 000;
- best luxury sedan under R475 000;
- best SUV under R700 000;
- best double cab bakkie 4x2;
- best performance hatchback;
- best premium performance car.

More information – and the winners – available on www.gumtree.co.za/awards.

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PEOPLE, PUNS AND PRODUCTS

MAZDA CELEBRATES 50 YEARS OF THE ROTARY ENGINE

Mazda was the first to use a rotary engine in a production car. Its twin-rotor Mazda Cosmo Sport was first seen at the 1964 Tokyo Motor Show. It landed in showrooms in 1967. Offering exceptional performance, it is a pity the rotary engine was – and is – so thirsty.



SUPER FAST

The manufacturers of the Daymak Blast go-kart claim their creation is the fastest thing on four wheels. Electrically powered and with four additional motors in the tail to improve forward thrust, it takes only 1,5 seconds to reach 100 km/h from standstill. The price is an astronomical R780 000.



A VERY SPECIAL ROLLS-ROYCE

No, this one is not for you. This Rolls-Royce was built specifically for a customer who wanted something different. The price is a secret.



ANOTHER ITALIAN FLYER

It is called the MV Augusta RVS #1. The most exotic MV ever. Only 95 will be hand-built.



BMW'S NEXT Z4?

BMW calls it the Concept Z4 Roadster. Yet, it is no secret that this design exercise previews a production Z4. BMW says the production Z4 will arrive next year.



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Bosch brings together vehicle technology, the data cloud, and services to offer complete mobility solutions for the individual or fleet partner.



A FERRARI STATION WAGON

This one-off Ferrari station wagon was transformed from a standard 1965 Ferrari 330 GT 2+2 to something quite unique by Alfredo Vignale way back then. Rather awkward, isn't it?



A FAST VANTAGE

The latest Aston Martin, known as the AMR, is the most powerful Vantage V12 ever. Developing 444 kW and sporting a six-speed paddle-shift gearbox. Only 100 will be built.



BRAIN TEASER

Name the car. Where and when did it win its only Grand Prix? Who was the driver?



Porsche 804 fl. 1962 French Grand Prix. Dan Gurney.

A DUESENBERG WITH A DIFFERENCE

Just another photograph of a 1932 SJ Duesenberg LaGrange? No it's not. It is a 1/6 scale, working model of the original car. It took the creator ten years to build this incredibly detailed model.






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NEW REGISTRATIONS

AUGUST 2017 - OCTOBER 2017

The total number of registrations recorded in August 2017 was the highest so far for 2017. Registration by fitment centres, mechanical workshops and used vehicle dealerships outshone all the other sectors within the automotive industry representing the majority of the total number of registrations recorded.

Registrations in September 2017 continued the trend of August 2017 with fitment centres, mechanical workshops and used vehicle dealerships again taking the first three positions. The total number of registrations for the month was, however, back to par with the first seven months of 2017. Registration of panel shops remained strong. The only other sectors that made a noticeable showing were the spares outlets and motorcycle dealerships.

As has become the norm over the past months registrations by panel shops and spares outlets made a good contribution towards the record total.

The total number of registrations for October 2017 was slightly below the monthly average for the year to date. The used vehicle dealer sector took first

place with 34% of the total number of registrations. As mentioned in previous editions of the MIOSA newsletter some vehicle finance houses insist on proof that the dealership is registered with the MIOSA. This resulted in a flood of registrations from this sector over the past months. Mechanical workshops ended in the second place. Panel shops, fitment centres and spares shops also made a strong showing.

It is important to note that the new vehicle dealer sector – groups as well as independents – with a few exceptions, have all registered with the MIOSA.

Making up the registration numbers over this three-month period included participants in the following sectors: Engineering shops, testing stations, towing companies, car wash outlets. ●

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NUMBER PLATES: INDUSTRY NEWS

BROUGHT TO YOU BY THE SOUTH AFRICAN NUMBER PLATE ASSOCIATION

BLANKERS WON COURT ACTION AGAINST NORTH WEST DEPARTMENT OF TRANSPORT

Uniplate and NNPR, the two national blank number plate manufacturers, took legal action against the North West Department for Community Safety and Transport to prevent the implementing of the North West Securitised Number Plate System, also claimed by North West to be the National Number Plate.

The Number Plate Industry is very much in favour of a national securitised number plate system, but it must be a system that is cost effective to both Industry and the Consumer.

The Number Plate Industry heard on Thursday, 19 October 2017, that the Mafikeng High Court ruled in their favour, since the process followed by North West Department for Community Safety and Transport was unfair and belligerent to the Constitutional rights of the Blankers and the Number Plate Industry. The Court stated that the number plate industry is not different from any other private industry and that North West thus did not have the right to introduce a distributor in a private sector industry and seize the economic

market, without following the correct procedure. It was further concluded that:

- a. North West Provincial Gazettes no: 7515 of 11 August 2015 and no: 7732 of 14 February 2017 were reviewed and set aside.
- b. The North West bid, dated 24 October 2013, and the award of the bid to Retrone Road and Traffic Solutions were reviewed and set aside, in terms of section 6 of the Promotion of Administrative Justice Act (PAJA).

The number plate industry is grateful for the ruling and trust that future negotiations, with regard to the National Number Plate, would be an open consultation process that would include all relevant role players.

SUPPLIED BY THE SOUTH AFRICAN NUMBER PLATE ASSOCIATION

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INFORMATION AND LIAISON OFFICE MANAGER



Pragasi Nayagar
Information and Liaison
Office Manager

Pragasi Nayagar was born in Benoni and matriculated at the Laudium Secondary School in Pretoria.

She cut her motoring teeth, so to speak, as a call centre customer services agent at Mercedes-Benz South Africa. She joined the MIOSA as an information and liaison officer in June 2016. She was promoted to manager of this department in March 2017.

She describes herself as a home bound person who loves cooking and shopping. Her favourite TV programme?

“I love watching Indian TV series,” she says with a glint in the eye. Then she adds: “I can’t wait for my first visit to India at the end of the year.”

Does she like her job at the MIOSA?

“Very much so. Although it is challenging, I like working with consumers,” she concludes. ●

FOOD FOR THOUGHT

Lee Iacocca is hailed as one of the most outstanding and influential gurus of the American motor industry. First as CEO of the Ford Motor Company and subsequently of Chrysler. Here are some of his memorable quotes.

There’s no great mystery to satisfy your customers. Build them a quality product and treat them with respect. It’s that simple. ●

If I had to sum up in one word the qualities that make up a good manager, I’d say decisiveness. ●

You can have brilliant ideas, but if you can’t get them across, your ideas won’t get you anywhere. ●

If you make believe that ten guys in pin-striped suits are back in a kindergarten class playing with building blocks, you’ll get a rough picture of what life in a corporation is like. ●

Motivation is everything. You can do the work of two people, but you can’t be two people. Instead, you have to inspire the next guy down the line and get him to inspire his people. ●

The discipline of writing something down is the first step towards making it happen.

The views expressed by contributors are not necessarily those of the MIOSA.



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