

UPDATE

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FROM THE DESK OF THE OMBUDSMAN

Annual Report 2011 - A year of expectation



Ombudsman-Johan van Vreden

The year 2011 was a time of expectation for every alternative dispute resolution organisation (ADR) to see what impact the Consumer Protection Act 68 of 2008 (CPA) would have on the respective industries. What soon became clear was that, although the Act is comprehensive in its coverage, interpretation was a problem from the outset. For the consumer it brought confusion as the CPA was expected to heal all ills at the mere mention of the Act. For business it meant millions of rand in training expenditure and the challenge to the Motor Industry Ombudsman (MIO) was clearly not only to apply the Act but also to

educate. Fortunately, training in the office of the MIO started as early as 2009 with the result that the MIO was well prepared for the task at hand.

The South African Automotive Industry Code of Conduct (Code), that is based carefully on the CPA is unfortunately at this time still not published or accredited and we await its arrival with great expectation. Accreditation of the Code will contribute greatly to make the lives of consumers and participants in the motor industry, whom are essentially not lawyers, so much easier.

The MIO was established twelve years ago to adjudicate and conciliate in matters where service providers in the motor industry and their customers have reached an impasse and a dispute is declared. This process utilises the South African law, objectivity, fairness and good engineering practices. The process is further carried out in a way that provides for transparent, accessible and effective redress and upholds the requirements as set out in the preamble of the CPA.

Co-operation with other stakeholders is of great importance and the MIO works closely with the Department of Trade and Industry (DTI) and will in future endeavour to assist and advise the National Consumer Commission and the National Tribunal on

automotive-related matters to fulfil their mandate.

The MIO further assists motor-related service providers with advice on consumer issues and training and advice on the CPA. The MIO maintains good relationships with automotive trade associations as well as consumer groups and it is important to note that the MIO's jurisdiction is contractually seated and can therefore be legally enforced.

The funding model of the MIO remains unchanged and the non-interference clause has once again stood the test of time, ensuring the independence of the MIO when carrying out its mandate.

During the year under review, the MIO has managed to retain its streamline infrastructure while continuing to improve its systems and processes. While already very effective, the statistics revealed weaknesses in the processes, especially considering the number of complaints and issues with which the MIO has had to deal with on a daily basis and those issues will be focused on during 2012.

Johan van Vreden
Motor Industry Ombudsman



SELBY SCORES GOLD

McCarthy HINO Selby received a HINO Quality Service (HQS) Gold award and an ECO 1 certificate from HINO SA at the end of last year.

DP Johan Kruger pictured with his staff

MC CARTHY HINO SELBY SUBSCRIBES TO THE TRANSACTION PROTECTED PROJECT OF THE MIO.

Photo acknowledgement: The Hothouse Communication



InspectaCar

TOP HOMES OF PRE-LOVED CARS



Durand (Prima)
dealer of the year



Mark (TopMarks)
WesBank dealer of the year



Derek (Zambezi)
metro dealer of the year



Johnny (Polokwane)
rural dealer of the year



Yusuf (Steering Auto)
CSI dealer of the year

Against a backdrop of 10 successful years of selling 'pre-loved' cars, InspectaCar recently rewarded dealers whose sales and service performance has put them at the forefront of the brand's bid to elevate the professionalism of the used car industry.

At its annual conference, held in Parys during May, the six top franchisees were announced after a hotly contested race to take the coveted trophy, the honours and the prize.

The dealers are judged on sales, brand compliance, corporate governance and against a customer service index (CSI) that monitors customer care, product quality and staff knowledge.

Durand Snyman of Prima InspectaCar in Pretoria scooped the overall 'dealer of the year' award. Consistently a high achiever, Durand, in January this year, sold more than 100 cars, a first for the franchise and probably a record for an independent South African dealership. A comparison of certain car brand sales puts the feat into perspective – in the same month, Chana sold 55 units across the entire country and Subaru 53. The more mainstream Volvo managed just more than double Prima's numbers in the same period.

Durand leaves nothing to chance in his business. He involves himself in every detail of every transaction, treating each deal as equally important; is committed to sourcing the right mix of stock at all times, and actively promotes warranties and other value-added products available to the customer.

Derick Smith of InspectaCar Zambezi was named 'metro dealer of the year' and was also runner-up to Durand for the main award, while Chris Brenkman of Auto Strada, Pretoria, was runner-up metro dealer. Johnny van Eeden of Polokwane took the title 'rural dealer of the year', pipping Muhamed Omar of Nigel into second place. Yusuf Ebrahim of Steering Auto, Benoni, received the 'CSI dealer of the year' honours, with Hugh Morgan of Morgan Motors, Johannesburg, runner-up. Shameer Akoob of Pietemariitzburg was most improved dealer and Mark James of Top Marks, Pretoria North, WesBank dealer of the year, for his support of WesBank to source finance for customers.

The award winners will be among the guests on a trip away later this year to celebrate the franchise's 10th anniversary.

InspectaCar prides itself on being the fastest growing pre-owned car franchise

in the country, currently operating 32 dealerships and looking to add another 20 within the next few years. During 2011, it sold more than 8 000 pre-loved cars. The franchise also has the distinction of being part of the market leader WesBank, which falls under the FirstRand group umbrella.

Says chief executive officer Gary Farrell: "At inception, InspectaCar set itself the task of becoming the professional face of the used car industry, through the integrity of its dealers, the quality of its stock and its service ethic. Prospective dealers have to meet stringent selection criteria and must prove that they understand and respect the brand and its values, as we cannot afford to put our reputation at risk."

InspectaCar's vehicles are chosen just as carefully, with each being subjected to a rigorous 101-point mechanical plus check. Model, year and mileage are guaranteed and a 15-day exchange plan is in place. All dealers adhere to the requirements of the Consumer Protection Act.

"Our ultimate aims for every customer are a pleasant buying experience, the perfect vehicle for his or her lifestyle and pocket, and many years of peace-of-mind motoring," says Gary.

ALL INSPECTACAR FRANCHISES SUBSCRIBE TO THE TRANSACTION PROTECTED PROJECT OF THE MIO.

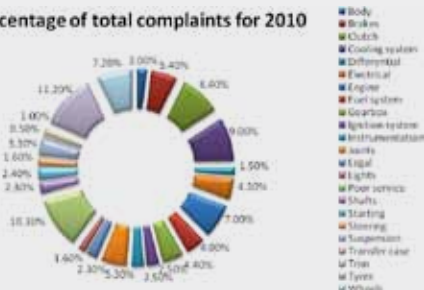
FROM ANNUAL REPORT 2011

MAIN CAUSES OF COMPLAINTS

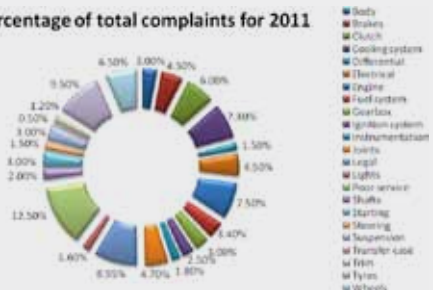
Description	Percentage of total for 2010	Number of complaints for 2010	Percentage of total for 2011	Number of complaints for 2011
Body	2,0%	420	3,0%	749
Brakes	5,4%	1 279	4,5%	1 347
Clutch	8,4%	2 002	6,0%	1 497
Cooling system	9,0%	2 140	7,3%	1 821
Differential	1,5%	382	1,5%	374
Electrical	4,3%	1 016	4,5%	1 123
Engine	7,0%	1 637	7,5%	1 871
Fuel system	4,0%	827	3,4%	848
Gearbox	4,4%	1 023	3,0%	749
Ignition system	2,5%	638	2,5%	624
Instrumentation	2,5%	600	1,8%	437
Joints	5,3%	1 237	4,7%	1 198
Legal	2,3%	530	8,95%	2 223
Lights	1,6%	373	1,6%	399
Poor service	10,3%	2 425	12,5%	3 119
Shafts	2,3%	533	2,0%	499
Starting	2,4%	556	3,0%	749
Steering	1,6%	408	1,5%	374
Suspension	3,3%	765	3,0%	749
Transfer case	0,5%	119	0,5%	125
Trim	1,0%	237	1,2%	299
Tyres	11,2%	2 618	9,5%	2 370
Wheels	7,2%	1 677	6,5%	1 622
Total	100,0%	23 442	100,0%	24 952

NUMBER OF COMPLAINTS 2011

Percentage of total complaints for 2010



Percentage of total complaints for 2011



NEW PHONE SYSTEM



A new telephone system was installed at the office of the MIO in June 2012 to further improve its service to the consumer. Due to the ever increasing number of telephonic requests for assistance and advice being received by the office of the MIO, the previous telephone system could no longer cope with the volume of calls. The previous system did not have enough incoming lines, had no all-round management system or recording facility. As the system had no engaged ringing mode, consumers often reached a phone that just rang although all the lines were engaged.

To solve this problem, a Siemens HiPath Pabx system with a fully automated management system and auto attendant was installed in the beginning of June 2012.

The management system makes provision for the recording of some incoming and outgoing calls to adjudicators for training purposes. This makes a major contribution to a more effective and prompt way of handling telephonic enquiries from consumers and industry alike. The system also enables management to capture data that can be used for planning and research purposes.

The auto attendant function guides the caller through different options to ensure that the call is answered by the correct department or person in the shortest possible time. Another time-saving option of this function allows the caller to access the telephone numbers and e-mail addresses of other Ombudsmen handling vehicle-related matters, such as financing and insurance, should that be required.

If all the lines are busy, the new system rings engaged, minimising caller frustration.

The new contact numbers as from 1 June 2012 are:

Telephone:
086 11 64672 or

086 11 MIOSA

Telephone:
010 590 8378

Fax:
086 630 6141

E-mail:
info@miosa.co.za

Postal address:
Suite 156, Private Bag X025,
Lynnwood Ridge, 0040

ADMINISTRATION DEPARTMENT BOLSTERED



Jenny Johnson - Admin Manager

The administration department was bolstered with two much-needed staff members. A new filing system was added to the administration office making the day-to-day running of the office a lot easier.

The administration process remains in good shape and basically flows as follows: After receiving a new "Request for Assistance" form from a complainant, it gets logged on the system generating a unique reference number for the case file. All case-related

documentation is then scanned and attached to the system, then referred to all parties concerned via fax and e-mail for their comments.

Once all the written responses have been received, the case file leaves the administration office and is handed over to the adjudicators.

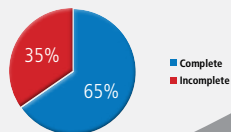
Delays, due to late responses, unfortunately slows the process down. However, this is inevitable and is managed as part of the process.

Information requested on the "Request for Assistance" form is crucial to enable staff to issue a reference number and to proceed with the case. Without the information requested, the department is unable to initiate the case - thus causing a delay, sometimes for months.

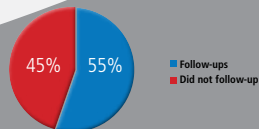
An important cause of delays is when consumers do not read and complete the "Request for Assistance" form in full, as

required, delaying the processing of the dispute. 35% of complaints received in 2011 were received incomplete. 45% of complainants did not follow up as requested after referral. 5% of complainants did not inform the MIO that the case had been resolved between the parties.

REQUEST FOR ASSISTANCE FORMS RECEIVED



FOLLOW-UPS AS REQUESTED



VALUE OF COMPLAINTS

Estimated value of complaints rose by 8,2 percent in comparison to the 12,5 percent rise of the previous year. This resulted in a rise from R142 300 461.00 to R154 396 000.00. Steady performance in vehicle sales as well as modest cost increases to the consumer by vehicle manufacturers, importers and dealers has had an effect on the increase. The improved road infrastructure in Gauteng has also contributed to the lower level of complaint increase experienced during the year under review.

BURCHMORES CAPE TOWN EMBRACES THE CPA

Burchmores Cape Town is geared to accommodate private buyers, says newly appointed Dealership Manager and Auctioneer Blackie Swart.

Generally private buyers are hesitant to buy on auctions for fear of being intimidated. Burchmores aims to change this perception and create a platform under the CPA umbrella that will ensure a pleasant buying experience. Burchmores is a proud member of the Bidvest group and makes no secret of the fact that they are audited on a regular basis.

BURCHMORES CAPE TOWN SUBSCRIBES TO THE TRANSACTION PROTECTED PROJECT OF THE MIO.



Blackie Swart

NEW CJD DEALERSHIP OPENS IN WONDERBOOM

THIS ONE MAKES THREE

McCarthy has opened a new Chrysler Jeep Dodge dealership in Wonderboom. This follows on the excellent results that the CJD Menlyn and Centurion dealerships have been achieving over the last couple of months.

Wonderboom marks the third CJD dealership in Gauteng North for McCarthy.

"I have no doubt that Wonderboom is going to add to the division and the brand's success in the very near future," Neil Calder, Divisional Managing Director for McCarthy Chrysler

Jeep Dodge and Mitsubishi says.

The dealership will initially be managed under the watchful eye of William Holland. "William needs to be congratulated for the tremendous effort he and his team have put in to ensure that Wonderboom, which was a pipe dream eight months ago, is now a reality," says Neil.

Most of the staff members at Wonderboom are existing CJD Gauteng North team members. "This is as a result of identifying and training talent within our ranks and this, in turn, will now create opportunity for others to fill these positions," says Neil.

CJD WONDERBOOM SUBSCRIBES TO THE TRANSACTION PROTECTED PROJECT OF THE MIO.

MIO WELCOMES NEW SUBSCRIBERS

The following dealers/service providers have joined the Transaction Protected Project of the MIO recently:

GROUPS NTT GROUP



- NTT Nissan & Renault Klerksdorp
- NTT Nissan Potchefstroom
- NTT Toyota Barberton
- NTT Toyota Delmas
- NTT Toyota Groblersdal
- NTT Toyota Hoedspruit
- NTT Toyota Mokopane
- NTT Toyota Phalaborwa
- NTT Toyota Tzaneen
- NTT Toyota Vryheid
- NTT Toyota Witrivier
- NTT Volkswagen & Audi Paarl
- NTT Volkswagen & Audi East London
- NTT Volkswagen Heidelberg
- NTT Volkswagen Potchefstroom
- NTT Volkswagen Stellenbosch
- NTT Volkswagen Worcester

LIMPOPO NISSAN GROUP



- Hyundai Bela-Bela
- Hyundai Lephalele



- Limpopo Nissan Bela-Bela
- Mogol Nissan Laphalale

PRODUKTA GROUP

- Nelspruit Auto Mazda

INDEPENDENT DEALERS

- D & I Motorworld Alberton
- Global Autohaus Johannesburg
- Micra Motors Pretoria



NEWS FROM KZN

MCCARTHY RENAULT PIETERMARZBURG TEAM REAPS IN REWARDS

Team members at McCarthy Renault Pietermaritzburg were recognised at the 2011 DOTY awards. They are from left, Yagan Padayachee, Zakir Rahiman, Geoff Jooste (Franchise MD), Dominic Raw, Neil Pandaram and Sherene Lucas.

MCCARTHY RENAULT PIETERMARITZBURG SUBSCRIBES TO THE TRANSACTION PROTECTED PROJECT OF THE MIO.

Photo and article acknowledgement: The Hothouse Communication

COLYN NEL APPOINTED AS GEOFF'S SUCCESSOR



Geoff Jooste

Geoff Jooste retired as a McCarthy Franchise MD at the end of March 2012.

Colyn Nel will replace Geoff as Franchise CEO of McCarthy NSN. Colyn has spent more than 20 years in the McCarthy Group, most recently as Value Centre MD and holding responsibility for the Ford Mazda Franchises. Colyn has had extensive experience with Nissan and is a past chairman of the Nissan Dealer Council. Colyn is a multiple winner of the Fiat/Alfa Romeo Dealer of the Year and the Nissan Mega Dealer of the Year awards.

ALL MCCARTHY DEALERSHIPS SUBSCRIBE TO THE TRANSACTION PROTECTED PROJECT OF THE MIO.



Colyn Nel

Photo and article acknowledgement: The Hothouse Communication



COMMENTS ON THE **NEW VEHICLE** SALES STATISTICS FOR JUNE 2012

Nico Vermeulen - Director NAAMSA

In amplification of the new vehicle sales statistics for the month of June, 2012 – released by the National Association of Automobile Manufacturers of South Africa (NAAMSA) – the Association commented that the June new vehicle sales reflected another relatively solid performance with sales in all the major segments registering double digit growth compared to the corresponding month last year. June, 2012 aggregate Industry domestic sales had improved by 7 015 units or 15.6% to 51 891 vehicles from 44 876 units in June last year. Total domestic sales for the first half of calendar 2012 remained 10.5% ahead of the six months in 2011. June, 2012 export sales at 27 061 vehicles had registered modest growth rising by 1 767 units or 7.0%.

Mercedes-Benz South Africa (MBSA) provides a single total sales number for passenger cars, commercial vehicles and export sales. Based on historical sales trends and forecasting techniques, Messrs RGT SMART (NAAMSA's data processing service provider) had compiled estimates for MBSA commercial vehicle sales by segment.

Overall, out of the total detailed (disaggregated) reported Industry sales of 49 108 vehicles (excluding MBSA), 86.2% or 42 340 units represented dealer sales, 5.9% represented sales to the vehicle rental industry, 4.1% to government and 3.8% to Industry corporate fleet sales. From a seasonal perspective, sales to car rental companies, during the next three months, should improve as the car rental industry started to re-fleet.

Assisted by new model introductions, aggregate Industry new car sales during June, 2012 had remained relatively strong and at 35 918 units (including MBSA) reflected an improvement of 4 480 units or 14.3% compared to the 31 438 new cars sold during June 2011. Year to date new car sales were 11.8% ahead of the corresponding six months

of 2011. The daily selling rate during June, 2012 had remained at five year high levels.

Including estimates for MBSA commercial vehicle sales by segment – sales of Industry new light commercial vehicles, bakkies and mini buses had reflected strong growth and at 13 421 units during June, 2012 reflected an increase of 2 425 units or 22.1% compared to the 10 996 light commercial vehicle sales during the corresponding month last year.

Sales of vehicles in the medium and heavy truck segments of the Industry at an estimated 819 and 1 733 units, respectively, had recorded an increase of 86 units or 11.7%, in the case of medium commercial vehicles, and a rise of 24 units or 1.4%, in the case of heavy trucks and buses, compared to the corresponding month last year.

National Sales Figures

Market	Channel	Jun 2012	2012 YTD	May 2012	2011 YTD
PAS	Dealer	25378	145799	25310	131963
	Exports	14691	67180	11850	93584
	Government	668	4925	191	5464
	Rental	2181	12721	1563	13834
LCV	Single Units	1779	8776	1587	8662
	Dealer	10758	63893	11192	59261
	Exports	12215	57727	10617	38654
	Government	1369	6292	637	5005
MCV	Rental	223	1173	222	1139
	Single Units	232	1299	231	1063
	Dealer	724	4169	794	3715
	Exports	14	79	32	36
HCV	Government	52	458	31	649
	Rental	6	30	15	5
	Single Units	2	24	2	69
	Dealer	444	2176	372	2070
XHV	Exports	19	94	31	62
	Government	15	144	5	228
	Rental	11	56	12	44
	Single Units	0	1	0	15
BUS	Dealer	1129	5872	1093	5457
	Exports	103	302	50	183
	Government	10	128	20	180
	Rental	0	12	0	14
BUS	Single Units	4	17	2	23
	Dealer	111	568	111	524
	Exports	21	61	17	29
	Government	0	14	3	14

Article acknowledgement: AUTOPULSE, NAAMSA and RGTSMART

CONTACTING CONSULTANTS

Regional TPP consultants for pre-owned vehicle dealers, workshops, panelbeaters and fitment centres

Johannesburg/ West Rand	Tjaart van der Walt (jnr)	084 845 9057
Pretoria/Midrand/ East Rand/Free State/ Limpopo/Mpumalana/ North West/ Northern Cape	Mercia van Niekerk	082 442 9250
Kwazulu-Natal	Cyril Nelson	071 608 9995
Eastern Cape	Stephanie Newsome	081 267 2608
Western Cape	Rozanne Volschenk	082 575 2681

REMINDER: CPA TRAINING SESSIONS

Mr. Kobie Krause, Director Legal Services in the office of the Motor Industry Ombudsman and practicing attorney, is presenting one day training sessions in the CPA and its impact on the motor industry. These sessions take place at the MIO offices on Saturdays starting at 08:00 and finishing at 14:00.

The course can also be held at a venue, date and time suiting individual dealerships, workshops, etc. if you would like to attend, please contact Leanne Lubbe on 082 440 6424 or leanne@miosa.co.za