

NADA UPDATE



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NADA

NATIONAL AUTOMOBILE DEALERS' ASSOCIATION

BUSINESS OF THE YEAR AWARDS



NATIONAL AUTOMOBILE DEALERS' ASSOCIATION

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Snapshot July 2016 vs July 2017

When we meet in July 2016 one would have predicted that:

- Donald Trump becoming President of the USA;
- President Zuma firing Pravin Gordhan and the midnight Cabinet reshuffle;
- The appointment of Malusi Gigaba as Minister of Finance;
- The down grading of SA to junky status by some rating agencies;
- Prime Minister of the UK, Theresa May losing her majority.
- GM disinvesting from the SA market.



Key Economic Indicators July 2016 vs July 2017

	<u>July 2016</u>	<u>July 2017</u>
Rand / Dollar	R14.80	R13.40
Rand / Euro	R16.39	R15.25
Rand / Pound	R19.16	R17.35
Petrol Price	R13.34	R12.86
Oil Price	R47.69	R46.17
	<u>May 2016</u>	<u>May 2017</u>
CPI	6.56	5.34



Vehicle Sales Comparison YTD June 2016 vs June 2017

Vehicle Sales	2016 June YTD	2017 June YTD	% Change
Passenger	180638	176557	-2.3
LCV	78880	79652	1.0
MCV	3909	3909	0.0
Total Market	269006	272568	-1.3

Vehicle Sales	2016 June YTD	2017 June YTD	% Change
Dealer Market	182088	180802	-0.70



Key NADA / Dealer Issues

1. Competition Commission – Automotive Aftermarket Advocacy Programme

Reasons for Advocacy Programme

Code of Conduct

- Restrictive Practices.
- Access to Spare Parts & Components.
- Safety/ Standards.
- Training.
- Consumer Rights.
- Financial barriers to market entry, especially by HDIs/ SMMEs.



Key NADA / Dealer Issues

NB! - NADA has taken legal advice and will be engaging Competition Commission in the week 24 to 28 July 2017.

NADA PROPOSAL

1. **Transparency** – Code should ensure that OEMs apply fair and transparent standards when selecting Approved Dealers.
2. **Consumer Safety** – Code should cater for some level of exclusivity during the warranty period, given the financial and reputational risk carried by the OEMs.
3. **Consumer Choice** – Code should provide for the use of spare parts of matching quality for maintenance and non-warranty repairs after the expiration of the warranty period.
4. **Access to Information** – Code should provide for access by independent repairers to the requisite technological information required to repair automobiles; access should, however, be subject to payment of fees and royalties.
5. **Freedom to distribute** – Code should ensure that Approved Dealers can sell original and/or identical spare parts to independent repairers for their maintenance and repair purposes.



Key NADA / Dealer Issues

2. Financial Intelligence Centre Act

Amendments

- a) Status change: Reporting Institution to Accountable Institution.
- b) Removal of Exemptions.
- c) Risk based models based on anticipated risk.

Impact on Motor Vehicle Dealers

- a) Increased cost of compliance.
- b) Anti-money laundering obligations will increase.
- c) Operational impediments:
 - i. No access to third party sites – data verification.
 - ii. Overall client view – multiple systems.



Key NADA / Dealer Issues

NB! - NADA has taken legal advice and will be meeting with Financial Intelligence Centre on 27 July 2017.

NADA PROPOSAL

1. Motor Dealer to retain status as Reporting Institutions.
2. Implementation of new exemptions – good / services below certain threshold.
 - a) Implement a full client identification and verification process (KYC).
 - b) one party would be able to rely on a customer due diligence conducted by another party.
3. Approve a high-level risk model to be applied per dealership.



Key NADA / Dealer Issues

TECHNICAL TAX PROPOSALS

NADA to re-approach National Treasury to get them to reconsider the inclusion of VAT in the determined value of motor vehicles with effect from 1 March 2018.

SCRAPPING OF MOTOR VEHICLES

NADA in conjunction with the RMI have addressed the problems relating to the scrapping of motor vehicles (Code 3) with the relevant persons at SAIA.



Each of us has a responsibility to Lead – Innovative – Deliver - Measure

“If your actions inspire others to dream more, learn more,
do more and become more, you are a leader.”

John Quincy Adams



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