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**Sent:** Tuesday, 23 January 2018 1:33 PM  
**To:** Mziwodumo Rubushe <MziwodumoR@compcom.co.za>  
**Cc:** Katherine Gibson <Katherine.Gibson@treasury.gov.za>  
**Subject:** RE: Draft Code of Conduct for Competition in the South African Automotive Industry

Dear Mziwodumo,

It is important to consider the consumer/driver in the code. Ultimately the service rendered should not result in an inferior product or repair being sold or carried out that can jeopardise their safety.

A good way to ensure this, is to break the parts and repairs into structure/safety parts or repairs and non-structural/safety parts or repairs. For structural and safety parts and repairs the highest level of standard, original equipment manufacturers (OEMs) should be in place. This will ensure safety for the consumer. For non-structural/safety parts or repairs, a lower standard can be proposed. For this category, it still is useful to have a level or certification to ensure the consumer/driver is receiving a fair service. Possibly a SABS approval for parts and Bureau Veritas certification for the panel shops.

With respect to tooling and specialised services, the automotive manufacturing has spent large amounts of money conducting research and development to produce the specialised services and tooling. Requesting the manufacturers to give this up will result in the manufactures giving up their competitive advantage. It might useful to consider a time frame when the manufactures can sell this knowledge and tooling to service shops outside of the establish agreements: for example, vehicles older than 10 years?

The sale practise of new motor vehicles can be improved. Consumers are sold a vehicle with a warranty and often a service or maintenance plan. The warranty is offered from the factory and difficult to break away from the purchase price. The service or maintenance plan is an optional service sold. Consumers are often not given the choice to opt-in or out. The code could possibly look at this as consumers should be aware and given a choice when purchasing a vehicle. The service or maintenance plan is a secondary purchase as the vehicle is the primary purchase.

Finally, the licensing and franchise agreements for dealerships and OEM service centres can be seen as uncompetitive and questionable. Limited licensing and franchising of dealerships could result in excessive profits.

Please let me know if you would like to discuss any of these points further.

Regards  
Dino