

2020-04-25

**The Honourable Minister
Department of Cooperative Government
And Traditional Affairs
87 Hamilton Street
Arcadia
Pretoria
0001**

Per email : nervecentre@cogta.gov.za
 lockdowncomments@cogta.gov.za

Dear Minister,

**RETAIL MOTOR INDUSTRY ORGANISATION: SUBMISSION IN RESPECT OF BUSINESS CLASIFICATION
IN THE RISK BASED MODEL FOR ECONOMIC ACTIVITY**

Attached hereto please find the submissions of the Retail Motor Industry Organisation, on behalf of its eight constituent associations, representing nearly 22,000 businesses and 330,000 employees employed in the retail automotive aftermarket.

I would invite you to liaise with me directly, should you have any queries in regard to this submission.

Yours faithfully,

For and on behalf of the RETAIL MOTOR INDUSTRY ORGANISATION



**J J (JAKKIE) OLIVIER
CHIEF EXECUTIVE OFFICER**

Clause (Number)	Comment
C 6	<p data-bbox="371 236 2110 341">It is the RMI and its constituent association Automotive Remanufacturers' Association (ARA)'s interpretation that this clause includes the re-manufacturing of automotive components, on the same basis as the manufacturers of new components, and under the strict controls as prescribed.</p> <p data-bbox="371 373 2000 475">This sector is an essential cog in the maintaining of fleet vehicles with brakes, radiators, clutches, fuel injection systems and components, and auto-electrical components for all vehicles from Passenger-, emergency-, law enforcement- to heavy goods vehicles.</p> <p data-bbox="371 507 1498 544">This fleet range covers all essential services vehicles that now need to be kept running.</p>
E 2	<p data-bbox="371 552 2063 699">The RMI and its constituent association, the South African Petroleum Retailers Association (SAPRA), submits that it is its interpretation of this clause that the sale of hot food in Petroleum Convenience Stores is provided for, but only for home delivery. This provision, whilst welcomed, is be unrealistic for adoption in Petroleum Retail sites' Convenience Stores for the following reasons:</p> <ul data-bbox="421 746 2085 979" style="list-style-type: none"> <li data-bbox="421 746 2085 858">• Consumers frequent convenience stores for essential items. While shopping for essential items, they may opt to buy a quick prepared meal or a hot pie from the takeaway counter, for consumption at home or off premises. It seems unreasonable to expect the consumer to return home and then order the hot pie or prepared meal through a delivery service. <li data-bbox="421 866 2085 979">• Convenience stores also provide quick meals to essential workers like SAPS, SANDF, and Medical staff, who, whilst working long hours, often need to buy a quick meal on the go. It is impractical to expect the on the go essential worker to order a hot pie or prepared meal through a delivery service. <p data-bbox="371 1027 2110 1133">Recommendation - The South African Petroleum Retailers Association (SAPRA) recommends that the sale of hot and prepared food be allowed in Convenience stores, with a specific undertaking that all necessary health, safety and social distancing measures relating to CoVid19 are adhered to.</p> <p data-bbox="371 1181 2085 1286">Please note that restaurants and other food outlets will be unable to acquire delivery vehicles in order to deliver hot prepared food, in view of automotive dealerships being closed until Level 3. The will seriously impede on the ability of these businesses to perform under Level 4.</p>
E 12	<p data-bbox="371 1302 2063 1372">The RMI and its constituent association, the Tyre-, Equipment- and Parts Association (TEPA), and National Automobile Dealers' Association (NADA) submits that it is our interpretation that the direct supply parts, equipment and / or components to persons is</p>

	not allowed, however the supply to Repair- and Workshops performing emergency- and other repairs to vehicles for all persons, must be allowed in order for the same emergency- and other repairs to be effected.
I 2	Please note that restaurants and other food outlets will be unable to acquire delivery vehicles in order to deliver hot prepared food, in view of automotive dealerships being closed until Level 3. This will seriously impede on the ability of these businesses to perform under Level 4.
L 3	<p>The Automobile retail and aftermarket is not only a vital employment sector and contributor to the fiscus, but it is a significant enabler of, and support function to, many other sectors across the 5 Alert Levels. Without an effective and operational automotive aftermarket, strategically located in each district, community, town, metro and city across all provinces, we are of the view that vehicle safety and effective vehicle repairs and maintenance of all persons and businesses operating under Level 4 (including essential services and health personnel) and amounting to roughly 40% of the total economic activity and employment would be negatively impacted and detrimental to the much-needed and speedy recovery of the economy.</p> <p>Automobile manufacturing listed under Level 4 (phased in to a maximum of 50% of employees) is to a large extent dependent on the automotive retail and aftermarket for sales, services, repairs and maintenance of vehicles. The total value chain needs to be kept together to allow for efficiencies, support and a coordinated effort to re-open the economy and to fight the COVID19 pandemic.</p> <p>In addition, ARA render a very specific (critical, and essential) service to the Motoring Public i.e. that of highly specialized remanufacturing of Diesel and Petrol Engines, by way of Automotive Engineering (which includes Machining of engine components), remanufacturing of Cooling, Braking and Clutch Systems of commercial and passenger vehicles, remanufacturing of Turbochargers and Fuel Injection Systems (all of which are remanufactured to OEM specifications).</p> <p>All of the aforementioned are critical (some of which safety critical) repairs to vehicle (engine) components – either preventing, engine failure, by acting swiftly on the underperformance of said engine components, or consequently conducting repairs which usually results in a far greater repair bill.</p> <p>It is further submitted that without a fully operational Motor body repair sector, represented by the South African Motor Body Repairers’ Associations (SAMBRA), another constituent association of the RMI, the following sectors are grind to a halt – SAMBRA member’ production activity enables the following sectors:</p> <ul style="list-style-type: none"> • The short term insurance sector • The automotive paint manufacturing and distribution sectors • The OEM dealer networks who supply our industry with parts/components/services required to repair vehicles

- The producers of alternative parts (non-OEM)
- The second hand part industry
- Courier companies which manage the logistics necessary to deliver the aforementioned parts
- Towing and recovery Industry

Automotive retail and aftermarket businesses are operating, unlike general retail stores, at a low level of risk as it does not attract masses of customers at once into the workplace, health and safety is easy to control and enforce and social distancing of both employees and customers is relatively easy to apply. Therefore the customer and employee interface is limited, collection and delivery of vehicles can be and will be done without any interaction with customers. Operations until business can return to normal under level 1 conditions could therefore be easily managed from a health risk and prevention perspective.

Given the nature of the general automotive workplaces, consisting of large workshop and sales areas, well ventilated with limited interaction between employees and customers, health risk requirements could be implemented, controlled and managed at relatively low risk to all.

The RMI, on behalf of automobile businesses has developed a comprehensive COVID-19 business risk plan for immediate implementation. The industry at large is ready and committed to implement all measures and maintain compliance at all times and subject itself to having the plan approved by the Honourable Minister as well as the Health Department if required.

The RMI, in considering a level 4 status, has taken into account the risk of transmission, the economic impact of the current lockdown, the economic contribution (2,5% of GDP) and the impact on livelihoods and jobs.

The automobile retail and aftermarket therefore fully supports Government's initiatives (including the gradual implementation and reintroduction of staff at a phased approach) and accordingly heeds the call to meaningfully contribute to fighting the COVID-19 pandemic

The sustainability of the automotive retail and aftermarket is at a critical junction as it simply cannot sustain its overheads and huge capital investment in very specialised and sophisticated equipment and premises beyond the current Level 5 lockdown date of 30 April at zero turnover without seriously risking business closures and thousands of job losses. Assuming the automotive industry can start operating on Monday, 4 May, it is widely accepted that business recovery would take as long as 6 – 9 months post lockdown to return to a sustainable and profitable return on investment, but the earlier the start, the fewer the job losses and permanent business closures there will be.

	<p>Risks in not permitting the automotive retail and aftermarket to resume unrestricted economic participation under Level 4 of the Risk Adjustment Strategy</p> <p>We have been informed by thousands of businesses in the automotive retail and aftermarket, that the cost of starting-up a business and the concomitant operating expenses that ensue thereafter, are such that it will not be financially viable to resume normal economic activity when considering the very low trade turnover that is expected to emanate from providing a support service to essential services and members of the public, permitted to travel to work and back during Level 4. The net effect of this, more so in the rural than the urban areas, is that key service and product providers in the automotive retail and aftermarket, will remain closed, resulting in the unavailability of services and products to essential services and others during all Levels where economic activity for this sector, is restricted.</p> <p>Simply put, the low volumes of business that arises from providing a support service to essential services and members of the public, permitted to travel to work and back during Level 4 only, will create an even greater risk to the viability and sustainability of businesses in the automotive retail and aftermarket, which is counter intuitive and opposed to what we believe the Government is seeking to achieve with the Risk Adjusted Strategy. Given the risk mitigation measures alluded to above, it is submitted that benefits of allowing unrestricted economic activity for businesses in the automotive retail and aftermarket under Level 4, far outweighs the risks associated therewith.</p>
O 2 (b)	<p>‘Licensing, permitting and deeds offices’- my understanding of this clause is that Licencing offices will be opened to operate in level 4 - Considering that vehicle testing plays an integral part in vehicle licencing we accept that this would/should allow vehicle test stations to reopen along with licencing offices as one cannot operate without the other, as the requirements for licencing a bus, taxi or truck (all being used for essential services), is a roadworthy certificate. Nowhere in the schedule are vehicle test stations directly referenced - not in any phase. We propose that vehicle test stations are then specifically recorded as a sub-group to licencing departments.</p> <p>Vehicle test stations can control contact, and can manage the number of vehicles being presented at any one time through appointments, access control and the control of persons in close contact with each other.</p>