

7 April 2020

Dear members

Please read the news release below which has been distributed to media this morning appealing for a funding mechanism/capital injection for our sector.

Automotive aftermarket industry appeal for constructive funding alternative

As the economic impact of the lockdown continues to be felt by many sectors of the economy, the automotive aftermarket industry is looking to constructively engage with government to find an alternative funding solution to sustain businesses and employees in this critical sector.

Jakkie Olivier, CEO of the Retail Motor Industry Organisation (RMI), says he is deeply concerned about the sustainability of a sector which is so necessary in providing products and services to the consumer and business sectors, as well as to essential services like the transport and emergency services sector. “Not only is it one of the largest generators of employment, it also provides the underbelly lifeblood of our economy. Without the ability to maintain or fix the vehicle car parc from passenger and commercial vehicles, to taxi’s and busses, to food trucks and transport and emergency service vehicles, our economy could grind to a halt,” he says. The economy in SA, and globally as well, is heavily dependent on an effective automotive repair and maintenance sector covering each and every town or city across the country’s wide geographical areas.

Olivier says there are literally thousands of cars which are now locked down unfinished in workshops and repair shops across the country. This could seriously impact the mobility of many South Africans out of lockdown. He also cautions that even when the lockdown is lifted, there is no guarantee when these businesses will be able to trade effectively due to uncertainty over the availability and accessibility of parts and components, many of which are imported.

“The impact is being felt across all our businesses from the micro and small enterprises through to the medium and larger businesses. There is an urgent need to protect this ‘essential’ sector and ensure it not only continues to function, but also maintains its significant apprenticeship and trainee programmes,” he says.

Olivier says approximately 80% of tyre, parts and accessory retailers, repair and maintenance servicing outlets for motor vehicles and motorcycles are small to medium sized businesses. “In the current economic slowdown, these are the businesses that have the greatest potential to generate employment post lockdown,” he says.

Findings from the pre-lockdown COVID -19 National Small Business Survey, released by the National Small Business Chamber (NSBC), illustrate the deep economic challenges facing small businesses during these unpredictable times.

Mike Anderson, National Small Business Chamber Founder and CEO, confirms one of the most significant challenges facing small businesses is insufficient cash-flow due to a poor flow of customers and a significant drop in sales. This was before the lockdown, so it goes without saying that this number would increase due to the COVID-19 crisis.

Olivier concurs with these findings. The automotive industry is no exception with a significant number of retail automotive businesses already being, and continuing to be, under severe pressure in terms of cash flow and the ability to pay their creditors and their employees.

“We support and applaud all initiatives to date by Government and private companies across the various active economic sectors and the critically urgent need to safeguard the health and safety of all South Africans. We nevertheless still appeal to Government to recognise the critical role the automotive aftermarket retailing, repair and maintenance industry is playing in keeping the economy ticking and the need to prioritise the urgent requirement for an alternate funding mechanism/ capital injection before it is too late and businesses close their doors,” he concludes.

