

13 May 2020

Dear Valued RMI Member

**IMPORTANT NOTICE**

**DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION: DIRECTIONS REGARDING THE SALE OF CARS AND EMERGENCY AUTOMOBILE REPAIRS DURING ALERT LEVEL 4 OF THE COVID-19 NATIONAL STATE OF DISASTER**

After weeks of tireless lobbying and campaigning with various government departments, the RMI is pleased to advise that the Minister of Trade, Industry and Competition, Ebrahim Patel announced last night that certain trading activities on vehicles will be permitted during Alert Level 4. Credit must be given to NAAMSA for their pro-active approach and support in getting our industry to this point. The newly published directives come at the back of the amended regulations issued on 29 April 2020, when the country started to gear for a gradual and phased recovery of economic activity under a "Risk-Adjusted Strategy". Minister Patel affirmed that it was essential to have robust conversations and all-embracing consultations during the past seven days with all key industry stakeholders in order to deliberately take a cautious approach that will always balance the need to resume economic activity with the imperative to contain the virus and save people's lives.

The Department of Trade, Industry and Competition (DTIC) have carefully crafted new directives which would empower the retail automotive aftermarket across the country to cautiously resume with their operations, whilst reducing the risk of infection across the entire automotive value chain and save the lives of our employees and those they come into contact with in the various businesses.

In terms of these new directions, the following trading activities on vehicles will be permitted during Alert Level 4:

- i. trade in new and used cars;
- ii. wholesale trade of new and used cars by OEMs and importers;
- iii. export and import of all category of cars through national ports of entry under strict guidelines;
- iv. trade-in purchases, car lease scheme returns and wholesale trading of used cars.
- v. Parts Supply and Logistics, including bond stores and parts distribution centres;
- vi. Car testing centers;
- vii. Homologation services from the National Regulator for Compulsory Specifications [NRCS];
- viii. Weigh bridges;

- ix. Logistics for the wholesale distribution of cars across South Africa, subject to the following:
- a. movement of cars under own power to be permitted from Port of arrival to an approved storage facility provided vehicles moved do not exceed batches of 10 at a time;
  - b. new cars to be driven between dealerships within the same province where a car is required for sale only; and
  - c. movement of cars to be permitted to service outlets required to complete the repair of the car where unable to perform the work at the dealership but excluding the fitment of accessories.
- x. All car maintenance and repairs, including the following specific activities :
- a. Repairs on essential services cars, or on the cars of persons performing essential services;
  - b. repairs required to restore a car's safety and roadworthiness to good running condition;
  - c. routine servicing of cars that is due or overdue in terms of the manufacturer's recommended service intervals, whether due as a result of -
    - 1. mileage;
    - 2. time interval since last service;
    - 3. recommendation by car on-board computer;
    - 4. urgent collision repairs; and
    - 5. specific OEM activated recall or warranty campaigns.
  - d. Auto electricians;
  - e. Tyre fitment, windscreen replacement centres;
  - f. Motor body repairers; and
  - g. Any other related business that can attend to the mentioned repairs, such as general mechanical repair shops, driveline and transmission shops, diesel pump rooms, automotive engineers, etc.

In this context, “**car**” means any vehicle designed or adapted for propulsion or haulage on a road by means of fuel, gas or electricity or any other means, including Passenger Cars (PCs), Light Commercial Vehicles (LCV), Medium Commercial Vehicles (MCV), Heavy Commercial Vehicles (HCV), Extra Heavy Commercial Vehicles (XHCV), inclusive of buses, motorcycles, trailers, caravans, agricultural or any other implement designed or adapted to be drawn by such car

**Please note** : -The following categories are not classified as emergency car repairs:

- i. Cosmetic repairs, such as minor scratches and dents or cosmetic enhancements;
- ii. voluntary or routine servicing that is not overdue in terms of manufacturer's service intervals; and
- iii. warranty campaigns of a cosmetic nature unless warranty is due to expire within 30 days of the intended repair date.



The return to normal trading activity will take place in three phases. During **phase 1**, which will be from **13 May to 23 May 2020**, the following restrictions and conditions to the resumption of business will apply:

1. All automotive businesses and support services businesses will operate with up to 30% of employment subject to, in the case of vehicle dealerships only, a maximum of one employee or customer per every nine (9) square meters of floor space. Small businesses may operate with a minimum of five employees irrespective of whether that number exceeds 30% of employment.
2. The majority of car sales will be done remotely via the internet, eCommerce or telephone. Personal contact will be kept to a minimum and only on appointment under very strict hygiene and social distancing conditions in line with the Regulations.
3. Test drives of vehicles that are for sale, will be conducted on an appointment-only basis.
4. Home delivery of newly-purchased vehicles with full sanitisation will be mandatory.
5. Where possible, electronic, or virtual signatures will be used for finance and insurance documentation.

Specific restrictions and conditions apply to **phases 2 and 3**, the details of which will be communicated at a later date, but which can be found in clauses 2.3.2 and 2.3.3 of the published regulations. The timelines for phases 2 & 3 are as follows: Phase 2 commencing 25 May and Phase 3 commencing 8 June.

All automotive businesses and Members are urged to ensure that they **apply the prescribed Risk Adjustment Strategy** circulated under CoVid-19 Monitor banner on 30 April 2020 (a copy attached for ease of reference).

In the case of **automotive dealerships** (new and used), the following **further directions** in relation to the sale of cars were captured in the latest directions which should be applied:

- i. All dealerships and used car outlets will ensure limited teams of employees and contractors to access the dealerships to prepare for the start-up in line with COVID-19 risk mitigation measures.
- ii. All dealerships and used car outlets shall implement health and safety measures, including, but not limited to the following:
  - a) Sanitisation procedures at all sites will be strictly applied to ensure that all work surfaces, equipment and cars on the floor are disinfected before the dealership is opened, and regularly cleaned during the working period;
  - b) maintaining social distancing protocols at all times;
  - c) ensuring that all staff and customers wear a cloth face mask or a home-made item that covers the nose and mouth and not allowing any customer access to a dealership, used car outlet or auction without a face mask;
  - d) not allowing an employee who is sick or who has COVID-19 symptoms to work;
  - e) mandatory screening of all employees when they arrive for work on a daily basis;
  - f) mandatory signing of a register by all visitors and customers to all sites; and
  - g) not permitting children access to dealerships and used car outlets under Alert Level 4.



- iii. Dealer Principals or other persons in charge of dealerships and used car outlets will ensure that ongoing training and guidance on personal hygiene and preventative measures are communicated to all employees on a regular basis.
- iv. All dealerships and used car outlets shall at all times act in compliance with risk-adjusted measures for occupational health and safety as a prerequisite for operation.

Members are urged to ensure that they comply strictly with these directions, as failure to do so, will not only place individual businesses at risk of being closed-down by law enforcement entities, but also place the entire automotive retail sector at risk of being prohibited from trading under these conditions, any further.

Members who have questions or queries, may contact the appropriate RMI Associational Director, who's details are listed below.

<b>SAPRA</b>	<b>Vishal Premllal</b>	<b>082 886 6392</b>
<b>SAMBRA</b>	<b>Richard Green</b>	<b>082 378 4899</b>
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## SCHEDULE

### 1. Definitions

In these Directions, any word or expression to which a meaning has been assigned in the Disaster Management Act or the Regulations bears the meaning so assigned and, unless the context indicates otherwise —

**“Alert Level 4”** means Alert Level 4 as determined in terms of regulation 3(2) of the Regulations, commencing on 1 May 2020;

**“car”** means any vehicle designed or adapted for propulsion or haulage on a road by means of fuel, gas or electricity or any other means, including Passenger Cars (PCs), Light Commercial Vehicles (LCV), Medium Commercial Vehicles (MCV), Heavy Commercial Vehicles (HCV), Extra Heavy Commercial Vehicles (XHCV), inclusive of buses, motorcycles, trailers, caravans, agricultural or any other implement designed or adapted to be drawn by such car;

**“COVID-19”** means the Novel Coronavirus (2019-nCov2), (SARS-COV 2 / COVID-19);

**“CPA”** means the Consumer Protection Act, 2008 (Act No. 68 of 2008);

**“Disaster Management Act”** means the Disaster Management Act, 2002 (Act No. 57 of 2002);

**“importer”** means an importer of cars and includes distributors of cars;

**“OEM”** means an Original Equipment Manufacturer;

**“Regulations”** means the Regulations issued in terms of section 27 (2) of the Disaster Management Act and published on 29 April 2020 in Government Notice No. R.480 of Government Gazette No. 43258;

**“trade associations”** means associations that act as a collective to represent, assist, educate, and advise their members in matters of common interest; and

**“used car”** means a car that has been previously licensed or registered and includes demonstration (demo) cars, but excludes a car or the components thereof disposed of as scrap or utilised for parts and not saleable as an operating car.

## **2. Permitted trading activities**

### **2.1. The following trading activities with regard to cars are permitted during Alert Level 4:**

- 2.1.1. Trade in new and used cars;
- 2.1.2. wholesale trade of new and used cars by OEMs and importers;
- 2.1.3. export and import of all category of cars through national ports of entry under strict guidelines; and
- 2.1.4. trade-in purchases, car lease scheme returns and wholesale trading of used cars.

### **2.2. To allow for and facilitate the sales of cars, and the proper functioning of the supply chain, it is necessary that the various administrative and other functionaries, such as roadworthy assessment and testing centres, and other testing stations are operational.**

### **2.3. Car sales will be allowed under the following conditions:**

#### **2.3.1. Phase One:**

- 2.3.1.1 All dealerships and used car outlets will operate with up to 30% of employment subject to a maximum of one employee or customer per every nine (9) square metres of floor space: Provided that small businesses may operate with a minimum of five employees.
- 2.3.1.2 The majority of car sales will be done remotely via the internet or e-Commerce or telephone. Personal contact will be kept to a minimum and only on appointment under very strict hygiene and social distancing conditions in line with the Regulations.
- 2.3.1.3 Test drives will be conducted on appointment only.
- 2.3.1.4 Home delivery of vehicles with full sanitisation will be mandatory.
- 2.3.1.5 Where possible, electronic, or virtual signatures will be used for finance and insurance documentation.
- 2.3.1.6 Car auctions for all categories will be conducted online in compliance with the CPA Regulations.

#### **2.3.2 Phase Two:**

- 2.3.2.1 All dealerships and used car outlets will operate with up to 60% of employment.
- 2.3.2.2 Limited customers will be allowed to enter the dealership under very strict hygiene and social distancing conditions in line with the Regulations.
- 2.3.2.3 Remote vehicle sales will continue for those potential customers with access to online services.

- 2.3.2.4 Test drives can be arranged on site by appointment only, and under very strict hygiene conditions including fully sanitised cars.
- 2.3.2.5 On site pick-ups and deliveries of fully sanitised cars will be allowed under strict hygiene conditions with an option of home delivery of fully sanitised cars, if possible.
- 2.3.2.6 Car auctions for all categories will be conducted online in compliance with the CPA Regulations and limited physical contact will be allowed for viewing prior to the auction under very strict hygiene conditions including fully sanitised cars.

2.3.3 Phase Three: From 8 June 2020 until Alert Level 4 is Lifted:

- 2.3.3.1 All dealerships and used car outlets will operate with up to 100% of employment.
- 2.3.3.2 Customer on-site contact will be allowed, but kept to a minimum, whilst remote vehicle sales is encouraged.
- 2.3.3.3 Test drives can be arranged on site by appointment only, and under very strict hygiene conditions including fully sanitised cars.
- 2.3.3.4 On site pick-ups and deliveries of fully sanitised cars will be allowed under strict hygiene conditions with an option of home delivery of fully sanitised cars if possible.
- 2.3.3.5 Car auctions for all categories will be conducted online in compliance with the CPA Regulations and limited physical contact will be allowed for viewing prior to the auction under very strict hygiene conditions including fully sanitised cars and limits on the numbers of persons at auctions in order to maintain a distance of at least 1,5m between persons at all times, including when entering or exiting from an auction.

2.3.4 Further Directions in relation to the sale of cars:

- 2.3.4.1 All dealerships and used car outlets will ensure limited teams of employees and contractors to access the dealerships to prepare for the start-up in line with COVID-19 risk mitigation measures.
- 2.3.4.2 All dealerships and used car outlets shall implement health and safety measures, including, but not limited to the following:
  - (a) Sanitisation procedures at all sites will be strictly applied to ensure that all work surfaces, equipment and cars on the floor are disinfected before the dealership is opened, and regularly cleaned during the working period;
  - (b) maintaining social distancing protocols at all times;
  - (c) ensuring that all staff and customers wear a cloth face mask or a home-made item that covers the nose and mouth and



- not allowing any customer access to a dealership, used car outlet or auction without a face mask;
  - (d) not allowing an employee who is sick or who has COVID-19 symptoms to work;
  - (e) mandatory screening of all employees when they arrive for work on a daily basis;
  - (f) mandatory signing of a register by all visitors and customers to all sites; and
  - (g) not permitting children access to dealerships and used car outlets under Alert Level 4.
- 2.3.4.3 Dealer Principals or other persons in charge of dealerships and used car outlets will ensure that ongoing training and guidance on personal hygiene and preventative measures are communicated to all employees on a regular basis.
- 2.3.4.4 All dealerships and used car outlets shall at all times act in compliance with risk-adjusted measures for occupational health and safety as a prerequisite for operation.

### Support and Enablement Services

In order to improve efficiency and support car sales, the following entities must be allowed to operate under strict risk-adjusted measures, hygiene and physical distancing requirements stipulated in the Regulations -

- (a) Car testing centres;
- (b) Homologation services from the National Regulator for Compulsory Specifications [NRCS];
- (c) Weigh bridges;
- (d) Logistics for the wholesale distribution of cars across South Africa, subject to the following:
  - (i) movement of cars under own power to be permitted from Port of arrival to an approved storage facility provided vehicles moved do not exceed batches of 10 at a time;
  - (ii) new cars to be driven between dealerships within the same province where a car is required for sale only; and
  - (iii) movement of cars to be permitted to service outlets required to complete the repair of the car where unable to perform the work at the dealership but excluding the fitment of accessories.

### 3. Emergency Automobile Repairs

#### 3.1. Service Operations:

- 3.1.1. All car maintenance and repairs will be confirmed through appointment only. Unsolicited walk-ins will only be allowed under exceptional and emergency



circumstances and a full record of each such instance will be kept in writing at the premises of the business for a period of 3 months after the state of disaster has been lifted.

- 3.1.2. Members of the public will not be allowed, under any circumstances, to enter the workshop environment. These workspaces will exclusively be reserved for technical and support staff.
- 3.1.3. Car owners are to maintain or service their cars within their own municipal boundaries unless in case of extraordinary circumstances.
- 3.1.4. The following categories are classified as emergency car repairs for passenger cars (PCs), Light Commercial Vehicles (LCV), Medium Commercial Vehicles (MCV), Heavy Commercial Vehicles (HCV), Extra Heavy Commercial Vehicles (XHCV), inclusive of buses, motorcycles, trailers, caravans, agricultural or any other implement designed or adapted to be drawn by such car:
  - 3.1.4.1. Repairs on essential services cars, or on the cars of persons performing essential services;
  - 3.1.4.2. repairs required to restore a car's safety and roadworthiness to good running condition;
  - 3.1.4.3. routine servicing of cars that is due or overdue in terms of the manufacturer's recommended service intervals, whether due as a result of -
    - (a) mileage;
    - (b) time interval since last service;
    - (c) recommendation by car on-board computer;
    - (d) urgent collision repairs; and
    - (e) specific OEM activated recall or warranty campaigns.
- 3.1.5 The following categories are not classified as emergency car repairs:
  - (a) Cosmetic repairs, such as minor scratches and dents or cosmetic enhancements;
  - (b) voluntary or routine servicing that is not overdue in terms of manufacturer's service intervals; and
  - (c) warranty campaigns of a cosmetic nature unless warranty is due to expire within 30 days of the intended repair date.

### 3.2. Parts Supply and Logistics

- 3.2.1. Aftersales car servicing and parts sales should operate to support regular services and maintenance of cars under Alert Level 4 and to avoid or minimise any mechanical breakdown that might result in permanent damage given continued car usage and mileage increases during the extended lockdown by ensuring the provision of the necessary parts.

- 3.2.2. In order to give effect to the provisions of subparagraph 3.2.1 the following facilities may be reopened under strict trading risk-adjusted measures, hygiene and social distancing restrictions:
- 3.2.2.1. Auto electricians;
  - 3.2.2.2. tyre fitment, windscreen replacement centres;
  - 3.2.2.3. bond stores and parts distribution centres;
  - 3.2.2.4. motor body repairers; and
  - 3.2.2.5. any other related business that can attend to the mentioned repairs.
- 3.3. Support services should operate at the same staggered workforce levels as set out in paragraph 2, except for bond stores and parts distribution centres which shall operate at 50% from Phase One and ramp up thereafter.

#### **4. COMMENCEMENT**

These Directions come into effect on the date of publication in the *Government Gazette*.