



MEDIA INFORMATION

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## **NADA calls on the Minister of Transport to urgently address licensing department backlogs**

### ***An open letter to the Honourable Minister Fikile Mbalula***

Dear Minister Mbalula,

Extensive administrative delays in document turnaround times and vital operational systems are drastically impacting motor vehicle sales in South Africa. This is having a dramatic knock-on effect in the industry with many related businesses unable to do business and secure much needed income at this critical time.

In an economy crying for help, the motor industry has a significant part to play to contribute to its revitalisation. But, while motor dealers and consumers are willing to invest in time and money, South Africa needs to support the sector with the necessary infrastructure commitments.

The National Automobile Dealers' Association (NADA), a constituent association of the Retail Motor Industry Organisation (RMI), welcomes the work that has been done in recent weeks to increase capacity across the country in support of drivers' licence renewals. But this is just one administration in a chain that supports the trading of new and used vehicles in the country.

Yet, while we realise the enormous pressures and other priorities impacting South African mobility at this difficult time, our requests to assist the Department of Transport to address these issues have gone unanswered since 24 August. Meanwhile, direct value continues to be lost across the motor industry value chain, courtesy of lost deals from the simple inability of licensing departments to make transactions possible.

This is severely hurting the economy that could be forging a better path were it administratively possible.

In addition, there are many small business entrepreneurs who should be focusing on building their businesses instead of having employees queuing for driver's license renewals and chasing new vehicle registrations.

The automotive industry is highly dependent on municipal licensing departments to license, register, roadworthy and dealer stock vehicles as these are key legislative requirements in the purchase and sales process of motor vehicles. The backlogs at these departments have resulted in a material slowdown in vehicle sales that could have been mitigated.

There are extensive delays at licensing departments nationally. Document turnaround times have shifted from one-day processes to as much as a month or longer. The delays in issuing eNatis documents impacts sales directly, and the shortage of face value eNatis documents is delaying vehicle registrations.

Roadworthy test centres have additional delays in processing certificates. Gauteng and KZN have implemented arbitrary restrictions on the number of vehicle inspections that can be conducted per day, which is only contributing to the broader backlog slowing down the motor industry's recovery.

The consequence of the significant delays in drivers' license renewals – albeit beginning to be addressed – is a growing number of declined finance applications due to missing documentation and an inability for new owners to insure their vehicles.

These issues are eminently solvable through capacity-building and other measures that the NADA executive team are eager to engage the Honourable Minister on.

Over and above those solutions already being implemented by the Minister, other solutions that would greatly contribute to sector's ability to do business could include the extension of the validity period of learner's licenses, driving license cards, license discs, professional driving permits and registration of motor vehicles for a further 6 to 12 months while the backlogs are worked through.



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These quick, simple, and practical solutions would permit economic activities to function in the interim and to protect law-abiding drivers who are prejudiced by the current inability to renew license cards or vehicle discs or register new cars.

As the representative association of 1,340 motor vehicle dealerships (which includes motorcycle, passenger and commercial vehicle dealerships), employing 60 000 people, it is NADA's duty and responsibility to actively engage political leadership and prominent role players at all levels. We need to ensure that stable, predictable economic, legislative and labour frameworks enable a conducive environment for the businesses we represent, and encourage long-term investment and growth in the South African economy.

South Africa urgently needs these matters addressed to halt their devastating impact on the success of the retail automotive industry and the revitalisation of the economy.

**ENDS**

#### **ABOUT NADA**

The National Automobile Dealers' Association (NADA) is a professional body representing the interests of business persons who own, operate and manage new passenger and commercial vehicle franchise motor dealerships and qualifying used vehicle only outlets in South Africa. There are currently 1,326 NADA members. NADA members make up 85% of all new franchise dealerships in South Africa.

South Africa currently has approximately 1,600 new franchised automotive dealerships comprising R48-billion worth of investment. It employs 60,000 personnel directly and a further 25,000 indirectly.

NADA is a proud constituent association of the Retail Motor Industry Organisation (RMI) and has affiliations with a number of similar organisations world-wide. NADA is committed to enhancing the image of the retail motor business; facilitating the interface between dealers and the motor manufacturers and importers who supply them; building rewarding relationships between dealers and their customers; and bringing relevant issues facing its members to the attention of government at all levels.

As a major role player in the automotive industry, NADA and its members are strong supporters of complying with the Retail Motor Industry Organisation and the Consumer Protection Act's Codes of Conduct for the Automotive Industry. In all forums, NADA is the fully representative and respected voice of the retail motor industry in South Africa.

**PLEASE NOTE:** This content is relevant for November and December 2020. Please contact Meropa Communications for any updates if the content is going to be utilised thereafter.



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