CMH says e-toll system cannot work

By Marc Hasenfuss

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Combined Motor Holdings (CMH), one of South Africa's biggest vehicle retailers, has taken a swipe at the e-tolls billing system in Gauteng.

CMH's Jebb McIntosh says the e-tolls system cannot work and must be reconsidered. Image: Who's Who

In its commentary published with the results for the year to end-February released, CMH.s Chief Executive Jebb McIntosh said the ill-conceived billing system designed for Gauteng toll roads was proving unworkable in a dealership environment.

He said e-toll accounts were being received for vehicles long sold and also for (toll road) use before CMH dealerships had traded in used vehicles.

"This occurs, in part, because the toll system is linked to an already flawed eNaTIS system containing inaccurate vehicle ownership information."

He said attempts to have invoices redirected to owners were met with no response from an "obviously overloaded" South African National Roads Agency Limited billings department. "I hope that the inefficiencies highlighted since the opening of these toll roads will prompt a rethink by the appropriate authorities," he said.

Though McIntosh declined to quantify the cost of dealing with erroneous e-toll accounts, he said 20 extra staff were required at dealership level in Gauteng to deal with hitches. Toll road problems aside, CMH emerged from a tricky trading period with its profit engines ticking over smoothly.

Revenue was up 10% to R10.8bn, with the core retail motor segment and the car hire and financial services hubs showing real growth at top line.

The retail motor segment, accounting for 95% of revenue, reported an 11% drop in profit before tax to R171m. But this was offset by a 175% increase in pre-tax contribution from the financial services arm to R33m, and an 8% increase in profit from the car hire division to R28m.

Reflecting on the financial services division performance, McIntosh said insurance premium income increased almost 200% during the year.

Earnings came in 1.3% lower at R169m. McIntosh said although this was disappointing, the operational performance still represented a creditable 27% return on shareholders' funds.

He expects tougher trading conditions and predicted negative vehicle sales growth in the year ahead. But he expects continued growth from car hire, financial services and parts or workshop departments, as well as a boost in second-hand car sales after the increase in new vehicle prices.