

Vehicle sales improve slightly

"The ongoing albeit slow improvement in new vehicle sales in South Africa, in line with the decreasing lockdown levels, is welcome, but the motor industry needs significant government support to grow sales, thereby increasing the amount of taxation paid to the state," says Mark Dommissie, chairperson of the National Automobile Dealers' Association, following the distribution of retail new vehicle sales information for September by the National Association of Automobile Manufacturers of South Africa (Naamsa).



Mark Dommissie, chairperson of the National Automobile Dealers' Association

Total new vehicle sales in South Africa for September, at 37,403 units, were 12% up on the August figure of 33,515 units, but still reflected a decline of 23.9% from the 49,140 vehicles sold in September 2019.

"An estimated 33,080 units, or 88.4% of the September total represented sales through the dealer channel, compared to 30,875 units or 92% of the total in August. However, the good news is that dealer sales in September were only 11.6% down on September a year ago, indicating reassuring consumer demand in a market which was down more than double that amount," added Dommissie.

"Government spend is clearly up and supporting the market, with sales through government channels amounting to 5% of totals. The rental industry took 3.7% of the total, while 2.9% were bought by industry corporate fleets. The rental share was still low but at least it was better than the figure for August, which is important as the rental companies are a major source of vehicles for the used car market," explained Dommissie.

The passenger car market took the biggest hit, decreasing by 31.2% month-on-month, despite rental companies taking a 5.7% share. Light commercials held up well, being only 8.9% lower than the LCV market in August 2019. The LCV segment was buoyed by the 1 217 units sold to government, which made up 31.3% of the additional volume in this segment in September compared to the August figure. In effect, the LCV market could have been down 17.9% if it were not for these government sales.

The heavier commercial vehicles also performed far better than the car market, with medium trucks falling 13.9% to 680 units, while heavy trucks and buses, at 1 658 units, were only 5.8% lower than the corresponding month last year.

Exports, which are especially important to the viability of the local industry, were far better in September than in August, when they had been 40% lower month-on-month. In September, the 28,704 vehicles exported were only 20.9% below the figure of 36,270 vehicles shipped a year ago.

“Although we are grateful for the steady improvement in retail sales, we are still 33.4% below the 2019 figure in terms of a year-to-date comparison after nine months. So far this year the industry has retailed 265,412 units, compared to 398,290 units sold between January and September 2019,” said Dommissie.

“The industry is in dire need of a stimulus package to recover from the crippling effects of the COVID-19 pandemic. Here we are fully supportive of the recent appeal by the Naamsa to government to reduce taxes on new vehicles,” said Dommissie.

“Motorists are paying more than their fair share in terms of taxes, with 42% or about R189,000 of the retail price of a car costing R450 000 going to National Treasury. Naamsa wants the figure to go down to 35-38% by removing the carbon tax paid at time of purchase and reducing the ad valorem tax, which is a value-based tax on items considered a luxury in South Africa. Vehicles are certainly a necessity in a country without an efficient public transport system. Reducing taxes will not only provide a sales stimulus but also create more jobs and with more sales come additional revenue for the fiscus,” he continued.

Dommissie then went on to say that the Association was also in full support of Naamsa’s latest initiative to request much tighter control on so-called grey imports into South Africa. These are used vehicles intended for transshipping to neighbouring states which permit their sale, but Naamsa estimates that as many as 30,000 stay in South Africa each year, which has a significant impact on local vehicle sales.

“We need to pull together in these times as we strive to be a major contributor to the economic recovery of South Africa,” concluded Dommissie.

For more, visit: <https://www.bizcommunity.com>