

# Competition Commission invites comments on draft code

The Competition Commission is calling for public comment by 3 November 2017 on its draft code of conduct for competition in the South African automotive industry.



Les Mc Master

Says Les Mc Master, director of [Right to Repair SA \(R2RSA\)](#): “It is crucial that the public has a look at the draft code and submits comments. This is our chance to see real change that will benefit consumers and their rights when it comes to servicing their vehicles.

“We have been sold the misperception that independent workshops and aftermarket parts will reduce the safety of vehicles if they do repairs. But in reality, if you look at Europe and the US, where the principles of Right to Repair (R2R) were introduced decades ago, the roadworthiness of vehicles is much higher.”

## Owners neglecting the maintenance

“We see vehicle owners in SA neglecting the maintenance of their vehicles because of financial constraints. R2R is going to reduce the cost of parts helping owners maintain their vehicles. We also believe that access to technical information, training and tools for the informal sector will have a positive influence on safety. Our car park is getting older and the part prices, especially the systems controllers, are escalating beyond the value of the vehicle. The consequence of this is that our roads are littered with highly dangerous vehicles with partially working safety systems,” says Mc Master.

Referring to maintenance and motor plans, Mc Master says it appears that, according to the draft code, maintenance plans locking the consumer into a contract with the Original Equipment Manufacturers (OEMs) dealerships are still permitted, but must be offered independently of the vehicle.

“If those products are beneficial to the consumer, the consumer will still have the option to purchase them. What’s important is that the consumer also has the right to decline them. Already we are seeing brands offering vehicles, especially entry-level vehicles, with the option to purchase a basic warranty, a service plan or a maintenance plan. Because these aren’t automatically included in the purchase of the vehicle it brings the price down,” he adds.

## **Competition is good for the economy**

According to an [article in the Economist](#), a study by New York University showed that less competition leads to less investment in the economy and lazy firms. Another study by MIT showed that less competition leads to more inequality. Both are major issues for South Africa.

He says the draft outlines the conditions which the R2R campaign has been working towards.

“The code is particularly encouraging considering the R2R campaign’s initiators approached the OEMs requesting that they voluntary and by mutual agreement participate in the drafting of a code which would benefit all parties.

"At the time, this approach was given the cold shoulder by the OEMs and partners so this draft will now require that the OEMs participate in the process. R2RSA is eagerly awaiting the reaction from the OEM fraternity,” concludes Mc Master.

Review the [draft code here](#).

All comments on the code can be emailed to by 3 November 2017.

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