

## South African Vehicle Rental and Leasing Association

*"Steering Industry Standards"*

PO Box 2627  
North Riding, 2162



The Department of Trade and Industry,  
77 Meintjies Street,  
Block B, Ground Floor,  
Sunnyside,  
Pretoria.

19 August 2008

### **Re: South African Vehicle Rental And Leasing Association (SAVRALA) - Commentary on the draft Sector Code for the Tourism Charter (General Notice 783 of 2008)**

Dear Sirs,

SAVRALA represents both the large and small car rental and leasing companies operating in Southern Africa. In terms of market representation and expressed in fleet size, it means about 90% of the rental vehicles in South Africa. Founded over 30 years ago, it is a self regulating association. Appropriate codes of conducts and charters are in place to ensuring that its members offer a customer friendly and fair service to the public,

SAVRALA engages on a continuing basis with regulatory authorities and industry related organizations such as the TBCSA, ASATA, SATSA and BAC to contribute where possible in the creation of a proud South Africa. The need for transformation and empowerment of previously disadvantaged persons is a key strategic imperative recognized by the association.

We welcome the opportunity to comment on the draft Sector Code for the Tourism Charter and wish to acknowledge the great effort that has been made by all concerned to achieve this milestone. We are however concerned at some aspects of the Charter which we would like to submit to you hereunder. We would wish to consult further with your offices to develop greater clarity and understanding namely:

#### **1) SCOPE OF APPLICATION**

We respectfully request greater clarity and further consultation on paragraph 7. Scope of Application. In particular, we wish to understand how this scope will be read with the Transport Charter which is also being developed and to consider the appropriateness of the car rental industry being included in the current scope.

Paragraph 3.1.7 of Code 000 Statement 003 is emphatic as to the need for absolute clarity of the definition of the scope of the sector. Paragraph 3.3.5 compels the Minister to refuse an application for gazetting if a draft Sector Code " ... contains inadequacies or a potential for ambiguity in defining the scope of the sector as referred to in paragraph 3.1.7". Our members are of the view that the definition of the scope of the charter as contained in paragraph 7 is seriously flawed in that insufficient attention has been paid to the fact that a number of the listed business activities may have absolutely nothing to do with tourism, but nevertheless fall within the definition.

Examples follow:

- a. Restaurants that are outsourced canteens of corporates or government departments cannot conceivably fall within the tourism sector and happen to be fairly common enterprise development initiative of many large corporates;
- b. Many of our car rental members are known to derive well in excess of 55% of their revenues from the corporate business rather than inbound tourism trade. We recognise that car rental companies present a unique challenge and suspect that wide latitude could be applied here, but would submit that a failure to include within the ambit of the scope, metered taxis and transit shuttles seriously impairs the consistency of the scope definition, particularly in view of the fact that the Transport Charters prepared by the DOT for possible gazetting as Sector Codes do not cover those sectors either. Indeed the question must be asked as to why one would include rental cars and coach operators, but exclude passenger airlines and passenger rail transport.
- c. This is further complicated by most car rental members being part of larger industrial conglomerates or vehicle dealership groups who may find that the nature of their business better suits the Transport Charter or the Codes of Good Practice.

## 2) **VARIANCES TO TARGETS AND WEIGHTINGS**

We understand that a proposed Sector Code may deviate from the Codes of Good Practice issued in February 2007 but that these deviations should be supported by sound economic principles, sectoral characteristics or empirical research. Neither General notice 783 nor any related documents provide any such justifications which are of grave concern to our members as it may render the proposed sector code open to challenge..

We would request that the motivation used in the preparation of the proposed targets and weightings be made public so that our members may better prepare a response.

We again thank you for considering our request for further consultation to address the above concerns and look forward to working with your offices and TECSA to ensure that SAVRALA can continue to play an active role in furthering transformation and broad-based economic empowerment in the tourism sector.

Yours Sincerely

*(Document submitted electronically without signature)*

Val Van den Berg  
General Manager

Paul Pauwen  
President