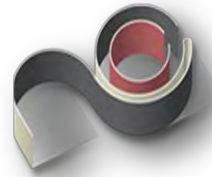




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Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA



NATIONAL CONSUMER COMMISSION

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# **BRIEFING TO THE PARLIAMENTARY PORTFOLIO COMMITTEE ON TRADE AND INDUSTRY**

**On the**

**4th QUARTER REPORT (2014-15)**

**of the**

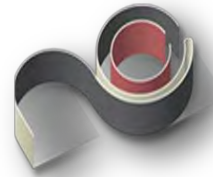
**NATIONAL CONSUMER COMMISSION**

**19 August 2015**

**By**

**Ms Thezi Mabuza**

**DEPUTY COMMISSIONER**

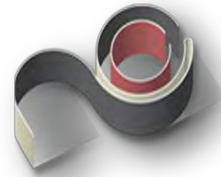


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# OUTLINE OF PRESENTATION

- Overview of 4th Quarter Report
- Achievements against Planned Targets
- Financial Management
- Progress against AGSA findings
- Key Challenges

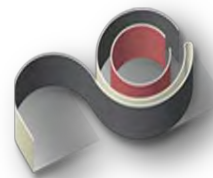


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# OVERVIEW OF 4th QUARTER REPORT

# Highlights



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## Inspections & Investigations

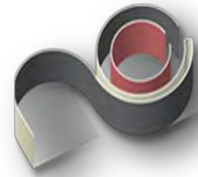
- 11 investigations were completed and reports approved.
- 7 inspections conducted and reports produced

## Findings:

- Investigations
  - Fixed term contracts: cancellations fees
  - Unauthorised debit orders
- Inspections
  - Follow up on recalled products (fast moving goods like Tastic Rice and Parmalat Apple Juice)
  - Non-compliant goods (paraffin stoves)

**Way forward: Partnered with NRCS: non-compliant goods (paraffin stoves)**

# Highlights



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## Product Recalls were received in relation to:

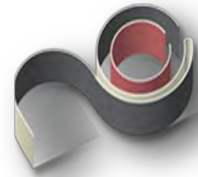
- Cloudfight CC trading as Escape Gear (Seat Covers Flap, deflate the side airbag in a side impact vehicle collision);
- General Motors RT50: The relevant vehicle model appears to have been produced with a rear axle tube that does not fully conform to the specifications;
- Recaro, relating to racing seats;
- Massmart Logic Heaters; and
- Remington Arms Company, in respect of the Model 887 Shotgun

## Updates on product recalls were received from:

- Yale Security: The company has been advised to put their request for closing the product recall;
- Parmalat, in respect of the recalled 200ml Apple Juice UHT;
- Update from China Africa Motors, trading as BAW in relation to Aluminum Wheels; and
- Update on Massmart's Logic Heaters.
- VWSA, recalling 2015 Model VW Polo because of the airbag control unit; VW Crafter because of the propshaft damper weight;
- GMSA, recalling Chevrolet Sonic because of abnormal wear of Key Cylinder Trigger; Chevrolet Trailblazer because of Locking Sensor installed with wrong handle in their retractors of the 3<sup>rd</sup> row safety belt;

**Way forward: fast moving goods were followed up with inspections at retailers (Parmalat 200ml juice)**

# Highlights

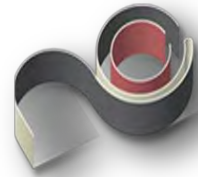


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## Accreditation of Consumer Goods and Services Code

- In March 2015, Minister accredited the Consumer Goods and Services Code (Code) and the Ombud scheme linked to the code.
- The NCC, in recommending the Code to Minister and Minister's subsequent accreditation thereof, is thereby promoting the informal resolution of disputes and effectively increasing accessibility of alternate dispute resolution (ADR) mechanisms for consumers. This is in line with the NCC's strategy.
- Accreditation gives code- force of law. The industry sustains the Ombuds.
- Accessing the Ombuds is free of any charges to consumers.
- Reports will be provided to Parliament on the work of Ombuds.



# Highlights

## Visibility

- The NCC continued on sustaining and increasing its visibility.
- All media enquiries were attended to within 48 hours from the time that these were received.
- World Consumer Rights Day was commemorated on Sunday 15 March 2015, led by Deputy Minister Masina.
- Participated in planning for the Africa Dialogue conference (which is to be held in next financial year). Planning involved Federal Trade Commission (USA), Malawi, Tanzania, Kenya, Egypt, Ethiopia and South Africa.
- Participated in the World Retail Conference.
- Attended a conference in Zimbabwe where they were launching consumer protection legislation.

## Newspapers:

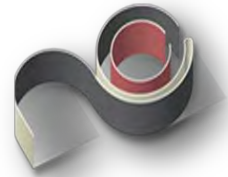
- At least ten articles were published. The tone of the coverage was positive in all instances.

## Radio:

The NCC participated in nineteen (19) radio interviews.

## Television:

The NCC participated in three (3) television interviews.



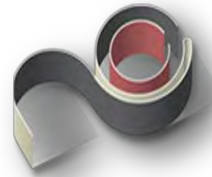
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# ACHIEVEMENTS AGAINST PLANNED TARGETS



# Achievements against planned targets- Summary

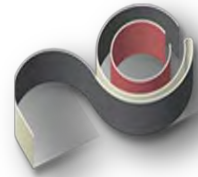


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- 15 out of 18 targets were fully achieved;
- 2 targets have been partially met; and
- 1 target has not been met at all.
- 1582 complaints were received and all were registered and analysed within 1 working day of receipt.
- 85% of complaints received were resolved in 12 working days.
- 2 Research Reports on Funeral Services & Tow-truck Services were still at a draft phase.
- The codes relating to the interpretation of rights contained in section 23 to 28 have been approved for publication.

## Achievements against planned targets- Summary



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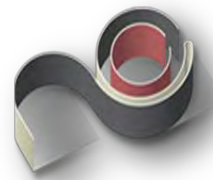
- Processes are being developed for the three industry codes (Timeshare, Franchise and Register of Exercise Professionals South Africa) to facilitate their accreditation;
- The ICT Strategy of the NCC was approved on 31 July 2014, and the deliverables thereof are being implemented;
- 76 (92%) of the 83 funded posts of the NCC were filled on 31 March 2015. Delays were experienced with the recruitment process. Counter offers were made to selected applicants (hence the NCC could not afford them) and minor restructuring of the establishment prevented the filling of all vacancies by 31 March 2015.

# Achievements against planned targets



Performance Indicator/ Measure	Q1 Milestones	Actual Achievement	Reasons for Variance	Corrective Action
Percentage (%) of complaints received registered	95% of complaints received registered on an average of three days from receipt	100% of registered Complaints were analysed (1582 of 1582) on an average of one (01) day of allocation.		
Percentage (%) of registered complaints analysed within a pre-defined time period	95% of registered Complaints analyzed on an average of eight days from receipt.	100% of registered Complaints were analyzed (1582 of 1582) in an average of one (01) day of allocation..		
Percentage (%) of complaints resolved in a pre-defined time period	70% of complaints resolved within 60 working days of receipt	85% of complaints resolved /referred (1 602 of 1 882) in an average of twelve (12) days of receipt.		11

# Achievements against planned targets

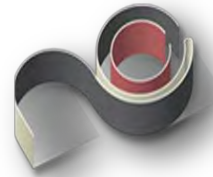


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Performance Indicator/ Measure	Q1 Milestones	Actual Achievement	Reasons for Variance	Corrective Action
Number of investigations and Inspections finalised and Approved by the Commissioner	4 Targeted inspections conducted and reports produced	7 inspections were conducted and reports were compiled and approved		
	3 investigations conducted and reports produced	11 investigations were completed and reports approved.		
Turnaround time for the recommendation of codes to the Minister from date of receipt of the codes	Receipt of codes. Perusal of codes. Consultation with stakeholders. Recommendation of codes to Minister within 6 months from date of receipt of compliant codes	Worked on processes for the three industry codes (Timeshare, Franchise and Register of Exercise Professionals South Africa)		

# Achievements against planned targets

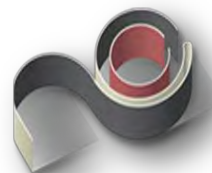


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Performance Indicator/ Measure	Q1 Milestones	Actual Achievement	Reasons for Variance	Corrective Action
Number of research reports completed and signed off by the executive committee	Research reports finalized; signed off by the Accounting Authority and submitted to Minister	Recommendations were made for the appointment of a service provider. The process is still underway. The project is deferred to the next financial year.	Recommendations were made for the appointment of a service provider. The process is still underway. The project is deferred to the next financial year.	
Number of consumer awareness initiatives conducted	3 Workshops.	• 2 workshops held in Polokwane and Klerksdorp.	Achieved in the previous quarter	
	2 Consumer Education – Malls/ Train exhibitions held	2 mall activations held in Polokwane and Tsakane. (Incorporating an Outside Broadcast which took place in Tsakane)		
	1 Club established.	None	Project behind schedule	13

# Achievements against planned targets

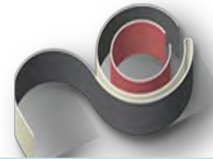


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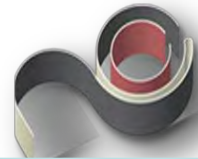
Performance Indicator/ Measure	Q1 Milestones	Actual Achievement	Reasons for Variance	Corrective Action
Number of codes of good practice developed	Amended Draft Code of Good Practice approved by Commissioner for recommendation to Minister.	The codes relating to interpretation of rights contained in section 23 to 28 has been approved for publication.		
Percentage (%) of positions filled	Advertise all vacant and funded position within a month of being vacant.	76 (92%) of the 83 funded posts of the NCC were filled on 31 March 2015.	Delays with the recruitment process, counter offers made to selected applicants, and the restructuring of the establishment prevented the filling of all vacancies by 31 March 2015.	All 7 vacant posts have been advertised and are in the process of being filled.

# Achievements against planned targets



Performance Indicator/ Measure	Q1 Milestones	Actual Achievement	Reasons for Variance	Corrective Action
Number of meetings with key stakeholders	1 meeting held with stakeholders and a report compiled	Meeting held with ICASA. Conference attended at EAAB along with Home Owners Association. Corporate Governance Seminar attended at the dti. Met with the Direct Marketers Association		

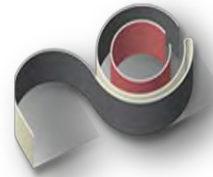
# Achievements against planned targets



Performance Indicator/ Measure	Q1 Milestones	Actual Achievement	Reasons for Variance	Corrective Action
Number of meetings with key stakeholders	1 Quarterly meeting with provincial consumer protection authorities	Meeting hosted by NCC with representatives of provincial consumer protection authorities in January 2015.		
	<ul style="list-style-type: none"> <li>• Participate in World Consumer Rights day Conference</li> <li>• Participate in World Retail Conference</li> </ul>	<ul style="list-style-type: none"> <li>• World Consumer Rights Day was commemorated on Sunday 15 March 2015 led by Deputy Minister Masina.</li> <li>• Participated in planning for Africa Dialogue conference (which is to be held in next financial year). Planning involved Federal Trade Commission (USA), Malawi, Tanzania, Kenya, Egypt, Ethiopia and South Africa.</li> <li>• Participated in the World Retail Conference.</li> <li>• Attended conference in Zimbabwe launching consumer protection legislation.</li> <li>• Attended National Credit Amendment Act Conference</li> </ul>		



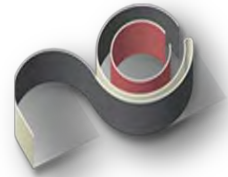
# Achievements against planned targets



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Performance Indicator/ Measure	Q1 Milestones	Actual Achievement	Reasons for Variance	Corrective Action
Number of internal Newsletters developed and distributed	1 Internal Newsletter developed and distributed	Newsletter developed and distributed		
Turnaround time for attending to all media enquiries	Attend to all media enquiries within 48 hours from the time these are received.	All media enquiries attended to within 48 hours from the time these were received		
ICT strategy Developed	ICT strategy implemented	The ICT Strategy of the NCC was approved on 31 July 2014, and the deliverables thereof are being implemented.	Capacity constraints (Skills and a 50% staff vacancy in the ITC unit) are delaying the full implementation of the ICT Strategy and the development of related policies.	An external service provider is being appointed to assist with the implementation of the ICT Strategy, and the development of related ICT policies.

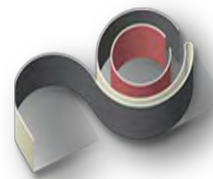


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# FINANCIAL MANAGEMENT

# Statement of Financial Performance

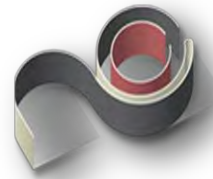


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<b>STATEMENT OF FINANCIAL PERFORMANCE</b>			
<b>as at 31 March 2015</b>			
	NOTES	Mar-15	Mar-14
		R	R
<b>REVENUE</b>			
Revenue	9.1	53 376 000	45 498 094
Other income	9.2	1 530 511	372 293
<b>TOTAL REVENUE</b>		54 906 511	45 870 387
<b>EXPENDITURE</b>			
Employee Related Costs	10	32 605 458	28 045 226
Amortisation and Depreciation	12	1 736 656	1 822 520
Operating Expenditure	16	17 099 690	15 048 544
<b>TOTAL EXPENDITURE</b>		51,441,804	44 916 290
<b>SURPLUS/ (DEFICIT) FOR THE YEAR</b>		3 464 707	954 097

# Notes to Statement of Financial Performance



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## Revenue – Transfer and Grants

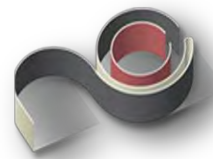
- Note 9.1 Grant received from the DTI amounted to R53,376,000 as approved by National Treasury.
- Note 9.2 Interest Income - interest received on current account based on the available balance from the bank amounted to R1,522,431.
- Note 10 Employee related costs- R32,605,458. This is comprised of basic salaries and social contributions which include medical aid, pension fund, PAYE and housing allowance.
- Note 16 Operating Expenditure R17,099,690. Constitutes fixed cost (office rental, printer, security & cleaning expense) and other administrative expense (audit committee, internal & external audit, publication, stationery, postage & courier, consultant cost, legal cost etc.)
- Note 12 Depreciation amounts to R1,736,656.

**STATEMENT OF FINANCIAL POSITION**

as at 31 March 2015

	NOTES	Mar-15	Mar-14
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	4	9 271 806	6 931 849
Trade and other receivables from exchange transactions	5	31 132	32 341
Trade and other receivables from non-exchange transactions		22 943	34 410
Prepayments		1 137 415	0
<b>Current Assets</b>		<b>10 463 296</b>	<b>6 998 600</b>
<b>NON-CURRENT ASSETS</b>			
Property Plant and Equipment		2 551 440	2 578 779
Intangible Assets		662 648	774 353
<b>NON-CURRENT ASSETS</b>		<b>3 214 088</b>	<b>3 353 132</b>
<b>TOTAL ASSETS</b>		<b>13 677 384</b>	<b>10 351 733</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables from exchange transactions	7	1 745 341	1 707 612
Provision for Leave Pay	18	958 358	945 612
Deferred Operating lease liability	8	377 364	581 171
<b>TOTAL LIABILITIES</b>		<b>3 081 063</b>	<b>3 234 395</b>
<b>Assets</b>		<b>13 677 384</b>	<b>10 351 733</b>
<b>Liabilities</b>		<b>(3 081 063)</b>	<b>(3 234 395)</b>
<b>Net Assets</b>		<b>10 596 321</b>	<b>7 117 338</b>
<b>Net Assets</b>			
<b>Accumulated Surplus</b>		<b>10 596 321</b>	<b>7 117 338</b>

# Notes to Statement of Financial Position

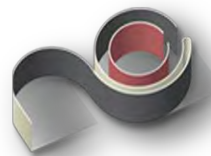


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- Note 4: Cash and Cash Equivalent – The balance in the bank comprises of the retained accumulated surplus for 2013/2014 approved by the National Treasury in December 2014, interest earned and balance of grant income.
- Note 5: Trade and receivable – Non Exchange transaction: relates to staff debtors. Recovery is done on monthly basis.
- Note 7: Trade and other payables - Exchange transactions: Increase is due to an increases in accruals.
- Note 18: Provision for Leave pay – relates to leave taken by National Consumer Commission’s employees.
- Note 8: Deferred Operating lease liability - During the previous financial period, Depreciation on operating lease expense on the building had been straight lined. Based on the previous contract, straight lining should never have taken place (no escalation, straight amount).

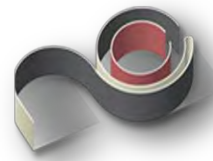
# STATEMENT OF CHANGES IN NET ASSETS



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<b>STATEMENT OF CHANGES IN NET ASSETS</b>			
<b>for the month ended 31 March 2015</b>			
	<b>Note</b>	<b>Accumulated surplus</b>	<b>Total net assets</b>
<b>Balance at 1 April 2013</b>		<b>6,163,241</b>	<b>6,163,241</b>
<b>Surplus for the year</b>		954,097	954,097
<b>Balance as at 31 March 2014</b>		<b>7,117,338</b>	<b>7,117,338</b>
<b>Balance as at 1 April 2014</b>		<b>7,117,338</b>	<b>7,117,338</b>
<b>Prior year errors</b>		14 276	14 276
<b>Surplus for the period</b>		3 464 707	3,474,422
<b>Balance as at 31 March 2015</b>		<b>10 596 321</b>	<b>10,606,036</b>



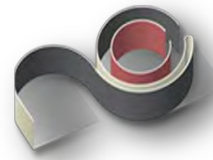
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# Progress against AGSA Findings



# Progress on AGSA Findings: Summary

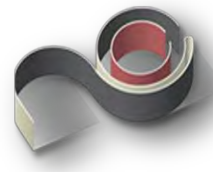


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<b>Total number of action plans</b>	<b>94</b>	<b>(100%)</b>
<b>Action plans successfully completed</b>	<b>71</b>	<b>(76%)</b>
<b>Action plans in progress</b>	<b>15</b>	<b>(16%)</b>
<b>Action plans not completed and not started</b>	<b>08</b>	<b>(08%)</b>

- Full, open and transparent cooperation with the Auditor General of South Africa;
- Progress tracked on all previous findings of the Auditor General;
- Genuine progress made against 86 findings out of 94;
- These findings related to the absence of policies, revision of internal processes in supply chain management, finance, asset management, recruitment of personnel, leave management, travel; etc;
- Action plans were drafted and the vast majority (86) were fully implemented;
- Internal Audit Findings are also tracked.
- All progress on audit findings monitored by the Audit and Risk Committee.

# Key Challenges



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## Vacancies

- As at 31 March 2015, only 83 of the 183 positions in the establishment were funded; 77/83 were filled and 6 were vacant. Recruitment processes were underway;
- Formal restructuring will be undertaken- envisaged that most of the vacant/ unfunded posts will be abandoned;

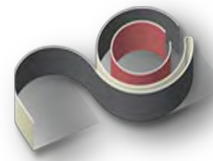
## Skills

- As per a skills audit conducted at the NCC, it is apparent that a major skills shortage exists within the entity;
- A proper skills upgrade programme is not in place due to lack of funds. In the interim, internal training was provided in relation to the Consumer Protection legislations;
- Training was also provided to also staff in relation to computer literacy (MS Word, Basic and Intermediate Level Excel).

## Irregular Expenditure

- Bulk of irregular expenditure arise from lease;
- 1 year to expiry of lease contract;
- Cost of cancellation and possible relocation is not feasible in the short term.

# Delegation Details



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Ms Ntsobe Nkoane – Chief Financial Officer- [N.Nkoane@thencc.org.za](mailto:N.Nkoane@thencc.org.za) – 0732892906

Mr Narain Babs Kuljeeth- Head Governance- [N.Kuljeeth@thencc.org.za](mailto:N.Kuljeeth@thencc.org.za) - 0832739647



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Department:  
Trade and Industry  
**REPUBLIC OF SOUTH AFRICA**



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# Thank You