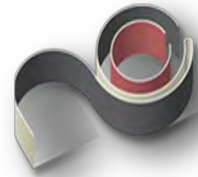




the dti

Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA



NATIONAL CONSUMER COMMISSION

a member of **the dti** group

BRIEFING TO THE PARLIAMENTARY PORTFOLIO COMMITTEE ON TRADE AND INDUSTRY

On the

1st QUARTER REPORT (2016-17)

of the

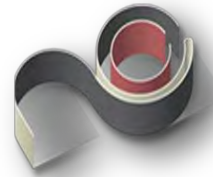
NATIONAL CONSUMER COMMISSION

09 September 2016

By

Mr EBRAHIM MOHAMED

COMMISSIONER

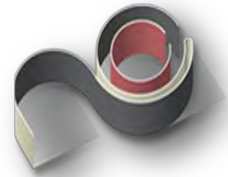


NATIONAL CONSUMER COMMISSION

a member of the dti group

OUTLINE OF PRESENTATION

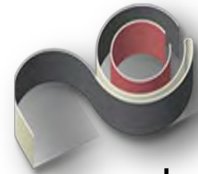
- Overview of 1st Quarter Report
- Achievements against Planned Targets
- Financial Management
- Progress against AGSA findings
- Key Challenges



NATIONAL CONSUMER COMMISSION

a member of the dti group

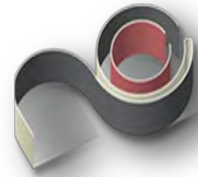
OVERVIEW OF 1st QUARTER REPORT



Highlights

- 5 investigations and 7 inspections were conducted
- 2 investigations related to speculative software (complaints against speculative software retailers are on the increase)
- Inspections focused on certain businesses in 7 municipalities in the Western Cape
- 8 products were recalled in the quarter, ongoing recall were monitored and two recall matters were closed.
- 78 non binding opinions/ explanatory notes were issued.
- 3 business compliance workshops were conducted
- A consumer protection & competition policy SADC meeting which was attended in Botswana.
- New complaints were lodged at the NCC and the case load was 2124, of which 71% were finalised
- The Motor Industry Ombud (MIO) received 1544 complaints in the quarter
- The Consumer Goods and Services Ombud (CGSO) received 2365 complaints from January 2016- July 2016.

Highlights- Product Recalls

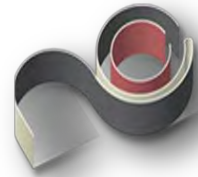


NATIONAL CONSUMER COMMISSION

a member of the dti group

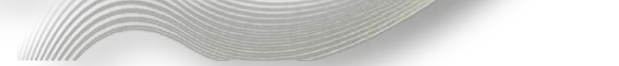
COMPANY NAME	PRODUCT BEING RECALLED	DESCRIPTION OF DEFECT
General Motors SA	Hummer H3 (My 2006 – 2010)	The connector model that controls the blower motor speed in the heat/vent/air-conditioning (HVAC) System may overheat under extended operational periods at high and medium – High Blower Speeds. If this condition occurs, there is a risk that the heat generated could melt the plastic surrounding the connector module, which increases the risk of a fire.
Toyota SA	Toyota Lexus ES	The subject vehicles are equipped with an Anti-Lock Braking System (ABS), Traction Control System (TRC), and Vehicle Stability Control System (VSC) which are controlled by the Break Actuator. There is a possibility that some Break Actuators may have been assembled with a pump containing an O-ring that is damaged in such a way that the brake fluid pressure may not be properly controlled during ABS, TRC and VSC activation. This could cause a loss of vehicle stability control and increase the risk of crash.
Toyota SA	TOYOTA YARIS	Rear inner seat belt
Toyota SA	LEXUS	Pressure sensor on the Lexus IS and GS Models
HP Inc	Lithium Iron Battery cells	Foreign material deposited inside the cell used in the batteries by unintentional abrasion of improperly adjusted manufacturing machine parts

Highlights

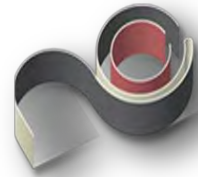


NATIONAL CONSUMER COMMISSION

a member of the dti group



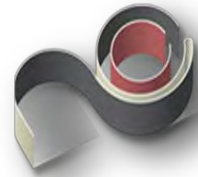
COMPANY NAME	PRODUCT BEING RECALLED	DESCRIPTION OF DEFECT
OSPREY CHILD SAFETY PRODUCT, LLC	Pocoag Child Carrier (POCAG, POCAG+, POCAG REMIUM)	<p>Certain POCOAG products from the Spring 2016 production were affected by a single, contained production error by one or more sub-contractor employees through which a POCOAG Carrier may have one or two buckles that could cause the shoulder strap to release on one or both sides of the harness. As a result of the error, the manufacturer ceased using the sub-contractor.</p>
QD Cellular	Energizer Ultimate USB Wall Charger 3.1 AMP	<p>Initial product certified by third party, INTERTEK, according to applicable Safety Standards dated 11-01-2013. The company's quality assurance personnel found the defect during random tests, and confirmed own results by a third party SGS dated 13-04-2016. It was found that there was only 1.47 mm clearance between the Main's Live Terminal and the metal body of the USB Circuit. 1.47 mm clearance is below the minimum requirement for basic insulation from the Mains.</p> <p>Basic insulation requires 2.0 mm clearance for the product to pass.</p>
THULE SUDAN AB	Thule Sprint 569 000 Bike Carrier	<p>Internal tests performed on the product have confirmed that there is a defect in the clamping mechanism of the product. The issue occurs when the torque limiting knob on the front of the carrier is tightened.</p>



Complaints Trends Highlights

Commenced with the development of a complaints database, the purpose of which, is to assist NCC in determining enforcement priorities and interventions.

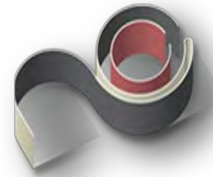
- In the current quarter (Q1 of 2016/17), there were 1 897 new complaints lodged at the NCC. Of these, 1 181(62%) were lodged by male consumers and 716 (38%) by female consumers.
- The age group of consumers indicates the level of awareness, especially that of the vulnerable groups (the youth and the elderly). 37% (701) are in 15-34 year age group; 29% (555) in 35-44 year age group; 27% (510) in 45-59 year age group and lastly 7% (131) in 60 years and above group.
- The African population filed the highest number of complaints at 51% (964). The second highest number of complaints came from the White group at 33% (631) followed by the Indian and Coloured groups at 10% (181) and 6% (121) respectively.



Trends Highlights

- The provincial trend in filing of complaints for the past six quarters have been fairly the same. Gauteng has been the leading province with the highest number of complaints that are around 54%, followed by the Western Cape at 19% and the third being KwaZulu Natal at 13%.
- The conduct or violations that consumers complained about related to: 45% (843) were on unconscionable conduct, contract cancellation at 23% (426) and defective goods at 15% (292).
- Out of 1 897 complaints filed with the NCC in Q1 of 2016/17, the highest numbers were related to the:
- ICT sector at 39% (745);
- Retail sector at 36% (676) and the third was from the Motor Vehicle sector at 12% (230).

Industry Codes Highlights

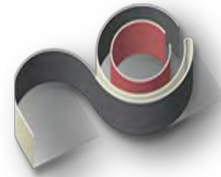


NATIONAL CONSUMER COMMISSION

a member of the dti group

Motor Industry Ombud of SA

		1 Apr 2015 - 30 June 2015	1 Apr 2016 - 30 June 2016
1	POOR SERVICE	545	1096
2	ENGINE	249	152
3	BODY	73	43
4	AGREEMENT	123	42
5	GEARBOX	75	42
6	INTERIOR	46	42
7	WHEELS	69	27
8	ELECTRICAL	50	22
9	UNDER CARRIAGE	40	19
10	LEGAL	62	16
11	SERVICE	48	15
12	IGNITION SYSTEM	24	7
13	WINDOWS	15	7
14	FUEL SYSTEM	28	7
15	STEERING	27	5
16	OUT OF MANDATE	7	2
	TOTAL	1481	1544

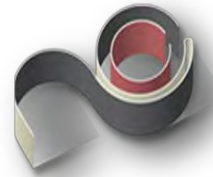


Industry Codes Highlights

Motor Industry Ombud of SA

Month	Total Number of Incoming Calls per Month	
	2015	2016
April	17 481	13 230
May	21 215	16 114
June	31 171	17 077
Total	69 867	46 421

Industry Codes Highlights



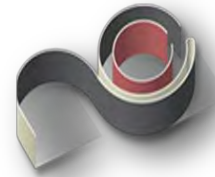
NATIONAL CONSUMER COMMISSION
a member of the dti group

CGSO INTERIM REPORT- 01/01/2016- 31/07/2016

- 42% of complaints were in relation to Goods, 29% on services and 23% on agreements. The remaining 6% related to disclosure etc.

Nature of complaint	Total
Goods	625
Services	223
Agreements	3
Other	58

Industry Codes Highlights



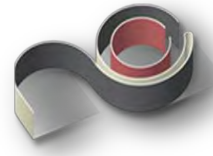
NATIONAL CONSUMER COMMISSION
a member of the dti group

CGSO INTERIM REPORT- 01/01/2016- 31/07/2016

- Since January 2016 up until 07 July 2016 the CGSO closed 2390 cases. Of these matters 909 matters referred by the NCC were closed in this period. The average time take to close a NCC file was 84 days.
- The matters referred by the NCC to CGSO were resolved as follows:

How Received	Ombudsman Outcome	Total
NCC	Resolved complaint upheld fully	368
	Resolved matter not upheld	133
	Dismissed non-cooperation from supplier	112
	Referred outside jurisdiction	92
	Dismissed non-cooperation from complainant	69
	Resolve assistance provided	64
	Resolved complaint upheld partially	39
	Complainant withdrawn complaint	28
	Resolved mediation held	3
	Matter not yet referred to supplier	1
NCC Total		909

Industry Codes Highlights

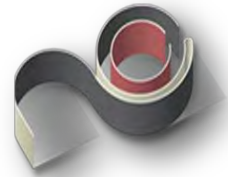


NATIONAL CONSUMER COMMISSION
a member of the dti group

CGSO INTERIM REPORT- 01/01/2016- 31/07/2016

The top 10 nature of complaints received from NCC are as

Nature	Total
Goods, Defective within 6 months	160
Agreements, Cancellation	111
Services, Overcharged	103
Services, Not of Expected Quality	83
Delivery, Not on Time or Reasonable	50
Services, Not Provided in Time	45
Delivery, Not as per Order or Requirements	39
Goods, Defective after 6 months	36
Goods, Not Given Option RRR	30
Agreements, Not as per Contract Terms	26

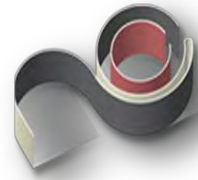


NATIONAL CONSUMER COMMISSION

a member of **the dti** group

ACHIEVEMENTS AGAINST PLANNED TARGETS

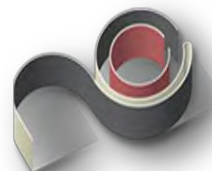
Achievements against planned targets



NCC fully met 13 out of its 20 applicable targets

Performance Indicator/ Measure	Q1 Milestones	Actual Achievement	Reasons for Variance	Corrective Action
Percentage (%) of ICT strategy implemented	ICT strategy implemented	70% of ICT Strategy implemented	There is 4-Week delay by supplier in delivering computer equipment that is required for the disaster recovery and data back-up processes. 17 ICT policies that form part of the ICT Strategy are pending approval.	The delivery of the computer equipment will be expedited. Installation scheduled for August 2016 Policies scheduled for approval by 31 July 2016

Achievements against planned targets

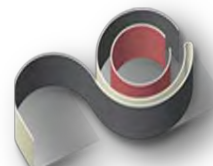


NATIONAL CONSUMER COMMISSION

a member of the dti group

Performance Indicator/ Measure	Q1 Milestones	Actual Achievement	Reasons for Variance	Corrective Action
Percentage (%) of complaints referred or issued with non-referrals in a pre-defined time period	90% of complaints processed on an average of 40 days	71% (1518 of 2124) Complaints were processed on an average of 19 days of receipt. The remaining 606 complaints were carried over to the next quarter. 1897 complaints were received in the quarter and 227 complaints were carried over from the previous quarter.	The realigned referral processes were not fully implemented.	Weekly assessment of referrals will be done and monitored.
Report on accredited ombuds in line with the published codes of conduct or as agreed with the supplier.	Receive and assess quarterly reports of accredited Ombuds; Compile quarterly assessment report and submit to Executive Authority	Quarterly report received from MIOSA and bi-annual report received from CGSO. Both reports assessed and included in quarterly report submitted to Executive Authority. The Reports are in line with agreement with Ombuds.		
Report on the performance of accredited Ombud Scheme(s) in line with MOU entered into between NCC and Scheme/s	Identify 2 industries and consult with stakeholders. Develop guidelines	Two industries were previously identified- namely, advertising and funeral industries. Stakeholders were previously consulted and guidelines provided. Draft Codes were reworked in consultation with stakeholders. Submissions were prepared and are en-route to be signed off for publication in the Government Gazette for comment.	Target exceeded as 2 codes, were identified in the previous financial year.	No corrective steps necessary at this stage.

Achievements against planned targets

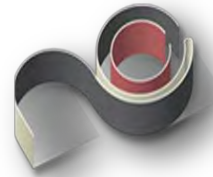


NATIONAL CONSUMER COMMISSION

a member of the dti group

Performance Indicator/ Measure	Q1 Milestones	Actual Achievement	Reasons for Variance	Corrective Action
Codes of good practice developed	One code of good practice on Alternative Dispute Resolution norms and standards developed in terms of section 93 (1) (d) of the CPA..	Stakeholders consulted. Code drafted and approved for publication in the Government Gazette for comment.	Target exceeded as the consultation was finalized earlier.	No corrective steps necessary at this stage.
Number of investigations conducted and reports with recommendations produced.	2 investigations conducted and reports produced	5 Investigations were concluded and 5 consolidated reports produced:•Speculative Software-(FX Kinetic, Wealth Builder System);• Motor Industry (City Auto CC; and Lisa bank);• Catalogue Shopping (Best Products (Pty) Ltd);•Speculative Software-Velocity Concept, Universal Trading Solutions; Hourglass Trading CC, Rhino Vest Group (McDonald);•Therapeutic Products (Herbal Health; USN (Ultimate Sport Nutrition)and Miracle Magnesium.	The target was exceeded. The NCC has little control over how many investigations will be concluded in a given period of time. This depends on cooperation received from the respective parties and the complexity of the matters.	No corrective steps necessary at this stage.

Achievements against planned targets

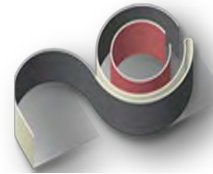


NATIONAL CONSUMER COMMISSION

a member of the dti group

Performance Indicator/ Measure	Q1 Milestones	Actual Achievement	Reasons for Variance	Corrective Action
Number of Inspections conducted and reports with recommendations produced.	4 inspections conducted and reports produced	Seven (07) inspections reports were conducted and reports produced. 1. Breede Valley Municipality; 2. Drakenstein Municipality; 3. Saldanha Municipality; 4. Stellenbosch Municipality; 5. Theewaterskloof Municipality; 6. Overstrand Municipality; and 7. Cape Town Municipality.	Target exceeded. Inspections were earmarked for particular localities within the Western Cape Province. Whilst in the Province it was determined that it would be more prudent to undertake more inspections in other localities in order to optimise on its use of resources.	No Corrective necessary at this stage.
Number of Applications made to the National Consumer Tribunal to declare certain investigated conduct as prohibited conduct	N/A	N/A in this quarter		
Report on all product recalls in the line with the published Product Recall guidelines or as agreed with the supplier.	Receive, register, analyze; and monitor product recalls in line with published Product Recall guidelines or as agreed with the supplier. Report produced	8 new product recalls received, registered, analyzed. Received updates on 10 existing product recalls. All receipts and updates are in line with published Product Recall guidelines or as agreed with the supplier. In addition, 2 Close out reports were received. A report was produced.		

Achievements against planned targets

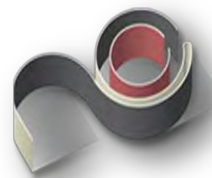


NATIONAL CONSUMER COMMISSION

a member of the dti group

Performance Indicator/ Measure	Q1 Milestones	Actual Achievement	Reasons for Variance	Corrective Action
Opt Out Register established, implemented, maintained and monitored in line with the SLA	Appoint Transactional advisor. Commence with feasibility study.	TOR completed and approved. Application for additional funding at the DBSA submitted awaiting response.	Advertisement for procurement in the Bulletin held in abeyance as there are negotiations with the DBSA to top up the funding for the feasibility study.	Appointment to be dealt with as soon as response received from DBSA in next quarter.

Achievements against planned targets

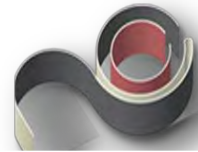


NATIONAL CONSUMER COMMISSION

a member of the dti group

Performance Indicator/ Measure	Q1 Milestones	Actual Achievement	Reasons for Variance	Corrective Action
Conduct research on matters relating to consumer protection and on the determination of national norms and standards regarding consumer protection in terms of the CPA that should apply generally and advise Minister.	Survey Consumer Protection Awareness amongst rural consumers on norms and standards relating to advertisements, agreements, marks, instructions, and labelling	Draft TORs for the research on Consumer Protection awareness and Labeling of in-house baked bread were developed and presented to MANCO.	Draft TORs for the research on Consumer Protection awareness and Labeling on in-house baked bread were developed and presented to MANCO.	The TORs will be approved in the next quarter and fast tracked
Identify number of legislation that affects the welfare of consumers which is inconsistent with the purposes of the CPA and develop proposals for reform of practices	Identify one Act that affects the welfare of consumers which is inconsistent with the purposes of the CPA	The enforcement of provisions related to Pyramid Schemes as contained in the Consumer Protection Act 68 of 2008 was identified as a problem affecting the welfare of consumers and is inconsistent with the purposes of the CPA. .		
Percentage (%) of requests for explanatory notes and /or non-binding opinions on the interpretation of provisions of the CPA provided within a pre-defined time period	80 % of registered requests for explanatory notes and /or non-binding opinions provided within an average of 20 days	100% (78 out of 78) explanatory notes and non-binding opinions issued provided within an average of 2, 3 days.	Target exceeded as a number of opinions/ explanatory notes sought, were not complex.	No corrective steps necessary at this stage.

Achievements against planned targets

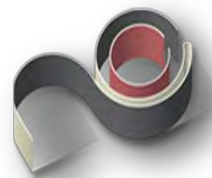


NATIONAL CONSUMER COMMISSION

a member of the dti group

Performance Indicator/ Measure	Q1 Milestones	Actual Achievement	Reasons for Variance	Corrective Action
Number of applications for declaratory orders on the interpretation or application of any provision of the CPA.	Identify subject of declaratory order and brief legal counsel.	Two issues where clarity is required were identified and approved. These relate to: Pyramid and related schemes (sec 43) and interpretation of section 63 of the Act. Counsel was briefed on the matter related to the Pyramid and related schemes.		
Number of consumer awareness initiatives conducted	5 workshops coordinated	6 Workshops were conducted. • 1 in Swellendam, WC• 2 for the Department of Minerals and Energy•3 in the Free State targeting consumers living with disabilities	Target exceeded as a result of an invitation received to present to DME employees as part of Financial Wellness Program.	No corrective steps necessary at this stage.
Number of business compliance initiatives conducted in different provinces	2 Workshops coordinated	3 Workshops were undertaken. 2- With SEDA 1- City of Tshwane	Target exceeded as a result of a growing need to educate small business about their rights as consumers and their responsibilities to uphold consumer's rights in the ordinary course of their business	No corrective steps necessary at this stage.

Achievements against planned targets

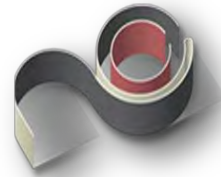


NATIONAL CONSUMER COMMISSION

a member of the dti group

Performance Indicator/ Measure	Q1 Milestones	Actual Achievement	Reasons for Variance	Corrective Action
Number of newsletters published and distributed to consumers in predetermined frequencies	N/A	Target relating to external newspapers not applicable to this quarter. Topics for articles identified and resources allocated.-Drafting in progress for distribution at the end of the 2nd quarter.		
	4 Internal Newsletters published and distributed internally.	1 Internal Newsletter developed and approved. Distribution delayed.	Distribution was done in the 1st week of July as the newsletter had to cover news until the 25th of March as the Commission's reporting cycle.	Timing for distribution to be revised to happen within the quarter concerned.
100% of complaints registered analysed, trends established and report produced.	100% of registered complaints analysed, trends established and annual report produced and approved by Commissioner	1897 of 1897(100%) consumer files were analysed, trends established and a report produced.		
Number of meetings with key stakeholders facilitated.	2 Meetings held with critical stakeholders including quarterly meetings with provincial consumer protection authorities	3 Meetings were held with critical stakeholders 1- Department of Health 1- SABRIC/ SAPS 1-COGTA	The COGTA Meeting was as a result of a need to prioritise development of strategy to promote consumer advocates within this financial year.	No corrective steps necessary at this stage.

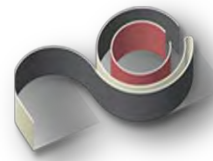
Achievements against planned targets



NATIONAL CONSUMER COMMISSION

a member of the dti group

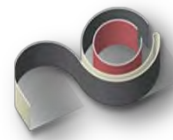
Performance Indicator/ Measure	Q1 Milestones	Actual Achievement	Reasons for Variance	Corrective Action
Number of conferences attended and papers presented	N/A	Target not applicable to this quarter. However, the NCC Participated in the SADC meeting on consumer and competition policy in Botswana and a presentation was made.	Target exceeded as the SADC meeting was planned at SADC level and SA is a signatory and NCC was invited as implementer of legislation.	No corrective steps necessary at this stage.
Number of research reports completed and issued to Minister	Terms of reference for the following research developed and presented to EXCO and approved. (to be determined)	Draft TORs for the research on Compilation of an Affordability Index were developed and presented at ManCo	Inputs were provided which required the scope of the research to be refined.	The processes will be fast tracked in the next quarter.



NATIONAL CONSUMER COMMISSION

a member of *the dti* group

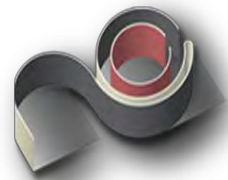
Progress against AGSA Findings



Progress on AGSA: Implementation Plan Summary

Number of action plans	Status	Percentage
36	Fully Implemented	76%
08	In progress	16%
04	Not started	08%
48	Total	100%

- Full and transparent cooperation with the Auditor General of South Africa;
- Progress tracked on all previous findings of the Auditor General;
- Genuine progress made against all findings;
- All Action Plans drafted and only 8% where implementation was to start in Q2;
- Progress scrutinized by Audit and Risk Committee.



NATIONAL CONSUMER COMMISSION

a member of the dti group

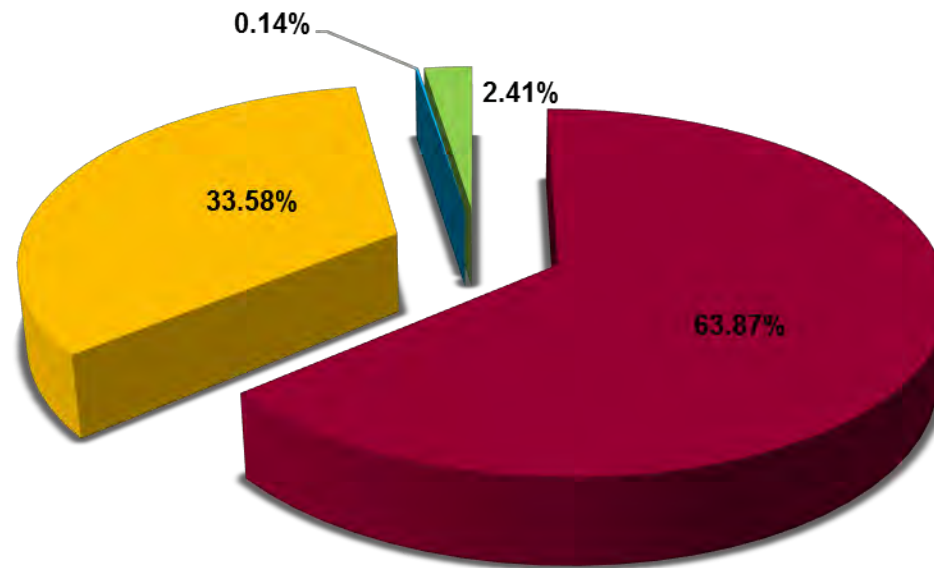
FINANCIAL MANAGEMENT

Financial Performance

Item	Annual Budget	YTD Budget	YTD Actual	Variance	% Variance	Remaining budget	% Available budget
Revenue							
Transfers received	58 013 000	14 503 250	14 503 250	-	0%	43 509 750	75%
Interest income	1 606 000	401 500	484 527	(83 027)	21%	1 121 473	70%
Total Revenue	59 619 000	14 904 500	14 987 777	(83 027)	1%	44 631 223	75%
Expenses							
Employee related costs	40 381 000	10 095 250	9 098 815	996 435	10%	31 282 185	77%
General expenses	17 731 000	4 432 750	4 783 094	(350 344)	(8%)	12 947 906	73%
Repairs and maintenance	99 000	24 750	19 556	5 194	21%	79 444	80%
Depreciation and amortisation	1 408 000	352 000	343 707	8 293	2%	1 064 293	76%
Total expenses	59 619 000	14 904 750	14 245 172	659 578	4%	45 373 828	76%
Surplus for the period	-	-	742 605				

Financial Performance

% of Expenditure by Economic Classification



■ Employee related costs

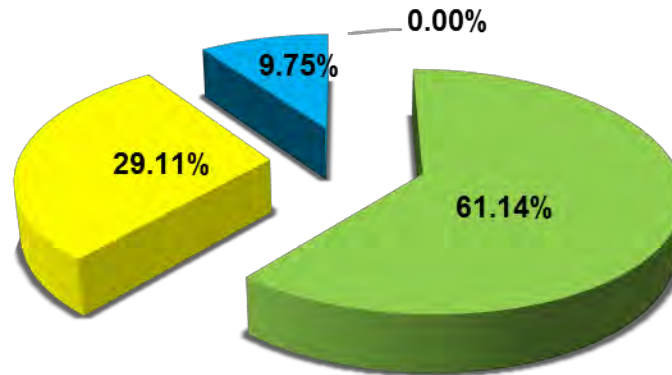
■ General expenses

■ Repairs and maintenance

■ Depreciation and amortisation

Financial Performance

% of Expenditure by Programme

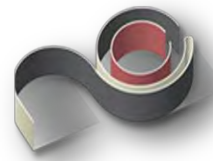


- Administration
- Promote compliance with CPA
- Research and development of public awareness on consumer protection matters
- Reform of consumer policy and consumer protection legislation

Reasons for material expenditure variance

Item description	Amount	Reasons for under/ (over) expenditure
Employee related costs	996 435	Underspending on employee related costs due to vacant posts and the salary increments for senior managers not yet approved by the DPSA. The vacancy rate as at 30 June 2016 was 14%.
General expenses	(350 344)	The overspending is mainly as a result of the following: <ul style="list-style-type: none"> • 80% of the annual training plan taking place in quarter 1. • Project management fees for the establishment of the opt-out register. • Professional fees relating to the ICT project.
Repairs and maintenance	5 194	Less required during the quarter, operational efficiency of the call centre system improved.
Depreciation and amortisation	8 293	Delays in the delivery of the ICT back-up equipment by the service provider.

Delegation Details



NATIONAL CONSUMER COMMISSION

a member of the dti group

Mr Ebrahim Mohamed- Commissioner- E.Mohamed@thencc.org.za - 0837865239

Ms Thezi Mabuza – Deputy Commisioner – T.Mabuza@thencc.org.za - 0836532391

Ms Ntsobe Nkoana –CFO Ntsobe.Nkoana@thencc.org.za – 0732892906

Thank You