



the dti

Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA



NATIONAL CONSUMER COMMISSION

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BRIEFING TO THE SELECT COMMITTEE ON TRADE AND INTERNATIONAL RELATIONS

On the

**2018/19 STRATEGIC AND ANNUAL PERFORMANCE PLANS OF THE
NATIONAL CONSUMER COMMISSION (NCC)**

06 June 2018

**Ms THEZI MABUZA
ACTING COMMISSIONER**



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OUTLINE OF PRESENTATION

- Overview of Strategy
- Overview of Annual Performance Plan
- Financial Plan

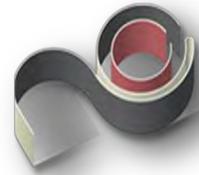


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STRATEGIC PLAN 2018/19- 2022/23

VISION/ MISSION/ VALUES



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- **Vision**

“To be the leading institution in consumer protection that is professional, responsive and effective.”

- **Mission**

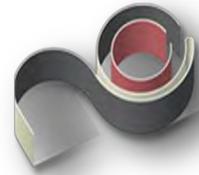
“To promote compliance with the Consumer Protection Act through advocacy and enforcement, in order to ensure fair business practice and to uphold the social and economic welfare of consumers”.

- **Value Statements**

Define and shape the culture of the NCC and guide interaction internally and with stakeholders.

- Professionalism and Ethical conduct –Efficiency & effectiveness – Transparency; Accountability; Teamwork

LEGISLATIVE MANDATE



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- The NCC is established in terms of Section 85 of the Consumer Protection Act No. 68 of 2008 (“the CPA”)
- Reports to the Department of Trade and Industry’s (“**the dti**”); Entity and Oversight Unit and to the Consumer and Corporate Regulation Division (“CCRD”)
- A key role of CCRD: the creation of “credible institutions for enforcement and implementation of regulatory instruments”.
- The NCC is responsible to enforce and carry out the functions assigned to it in terms of the CPA.
- The CPA promotes a fair, accessible and sustainable marketplace for consumer products and services;
 - Establishes national norms and standards relating to consumer protection.
 - Provides for improved standards of consumer information;
 - Prohibits certain unfair marketing and business practices;
 - Protects consumers from unfair and deceptive conduct
 - Promotes responsible consumer behaviour
 - Promotes a consistent legislative and enforcement framework relating to transactions and agreements and redress.

Performance Delivery Environment



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- Consumer protection is an integral part of a modern, efficient, effective and just market place.
- The CPA is critical to **the dti's** overall strategy to improve the competitiveness of business in South Africa.
- **the dti's** intention was to create an environment where a culture of consumer rights and responsibilities prevails.
- Confident consumers are an important driver of competitiveness and such an environment is beneficial to consumers and business.
- The enforcement of the CPA assists in regulating the conduct of suppliers of goods and services to consumers.
- South Africa no longer lags far behind other international jurisdictions in protecting its consumers.
- Consumer Protection is a concurrent functional area of national and provincial legislative competence.

Performance Delivery Environment



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- The NCC has aligned its strategy with its legislative mandate and ensured that conciliation and mediation in the resolution of consumer complaints is promoted.
- Minister has thus far approved that the Motor Industry Ombud (MIOSA) and the Consumer Goods and Services Ombud (CGSO) dealt with by the MIOSA and CGSO.
- NCC's key focus is investigations of alleged prohibited conduct; but NCC is unable to investigate every consumer complaint. Focus is on the investigation of systemic unfair conduct.
- Consumer safety is a priority, thus NCC has to ensure that consumers are supplied with reliable goods and services which are safe for consumer health and life as well as for the environment.
- To promote the supply of safe consumer goods and services, the NCC works closely with, the National Regulator for Compulsory Specifications (NRCS), South African Bureau of Standards (SABS) the Department of Agriculture, Forestry and Fisheries and the Department of Health.

Performance Delivery Environment



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- Has a funded structure comprises 85 officials and has adopted the salary scales, benefits and increments as determined by the Minister of the Department of Public Service and Administration.
- NCC officials are members of the GEPF.
- Officials are prevented by the Government Employees Medical Scheme (GEMS) from participating in GEMS.
- The usual benefits applicable to employees as negotiated at the PSCBC in relation to employees on levels 1-12 are granted to NCC employees on these levels.
- Corporate governance at the NCC embodies processes and systems by which public entities are directed, controlled and held to account.
- Has a recognition agreement with NEHAWU. The Executive Authority is in the process of facilitating the establishment of bargaining chambers for its entities.

Performance Delivery Environment



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- The NCC has an internal Risk Management Committee and external Audit and Risk Committee
- The Audit and Risk Management Committee made up of independent persons. One ex-officio member serve thereon at the behest of **the dti**
- Risk management is integral to corporate governance at the NCC. A risk strategy is implemented and revised from time to time, the risk register is monitored regularly and reported on at Audit and Risk Committee meetings.
- The NCC has outsourced the internal audit function. Internal Audit, in consultation with and the approval of the Audit and Risk Committee, prepares and submits
 - a) a rolling three-year strategic internal audit plan
 - b) an annual internal audit plan for the first year of the rolling three year plan;
 - c) plans indicating the proposed scope of each audit in the annual internal audit plan
 - d) reports provided to the Audit and Risk Committee detailing its performance.
- Internal Audit assists in maintaining efficient and effective controls by evaluating those controls to determine their effectiveness and efficiency and develops recommendations for enhancement or improvement.
- A Fraud Prevention Plan is in place.

Strategic Outcomes



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- The strategic objectives considered the legislative mandate and the environment in which the NCC operates.
- Up-to-date information about the organisation's performance and its challenges were gathered.
- Consideration was given to political, economic, social, environmental and technological aspects applicable to the NCC.
- The NCC was able to define the critical strategic tasks facing the NCC over the next five years.

Strategic Outcomes

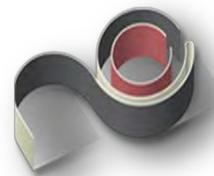


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Strategic Outcome Oriented Goal 1	To Promote Consumer Protection and Consumer Safety
Goal statement	<p>The goal is to ensure consumer protection and consumer safety through the enforcement of the provisions of the Consumer Protection Act and to facilitate an environment that enables resolution of disputes between consumers and suppliers that is expedient, cost effective, fair and transparent.</p>
Description	<p>The functions in relation to this objective are performed by the Legal Division and the Enforcement and Investigations Division</p> <p>The purpose is to:</p> <ul style="list-style-type: none"> (i) Facilitate an environment that enables resolution of disputes between consumers and suppliers that is expedient, cost effective, fair and transparent. (ii) Conduct investigations so as to enforce the provisions of the Consumer Protection Act thereby ensuring compliance with the provisions of the Consumer Protection Act; (iii) Make applications in terms of the CPA to the National Consumer Tribunal (iv) Facilitate, conduct and monitor product recalls

Strategic Outcomes

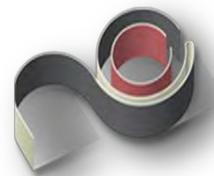


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Strategic Outcome Oriented Goal 2	To promote reform of consumer policy and compliance with consumer protection legislation.
Goal Statement	To promote compliance with consumer protection policy and the reform of consumer legislation/ business practices that are inconsistent with the CPA.
Description	The functions in relation to this objective are performed by the Legal Division. The purpose is to: <ul style="list-style-type: none">i) Identify legislation that affects the welfare of consumers which is inconsistent with the purposes of the CPA and develop proposals for reform of practicesii) Provide guidance to the public by issuing explanatory notes and/or non-binding opinions on the interpretation of provisions of the CPAiii) Make application for declaratory order on the interpretation or application of any provision of the CPA

Strategic Outcomes



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Strategic Outcome Oriented Goal 3	To promote public awareness on consumer protection
Goal Statement	To increase knowledge on the nature and dynamics of the consumer market and promote public awareness on consumer protection matters by implementing education and information measures to develop public awareness of the provisions of the CPA.
Description	The functions in relation to this objective are performed by the Advocacy, Education and Awareness Divisions. The purpose is to conduct targeted consumer workshops as well as business focused workshops and presentations aimed at facilitating a better understanding of the CPA



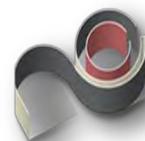
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ANNUAL PERFORMANCE PLAN 2018/19

Programme 1

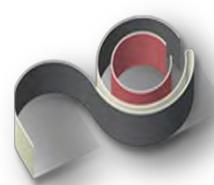
To promote Consumer Protection and Consumer Safety



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Goal/ Outcome	Output	Performance Indicator/ measure	Medium Term Targets 2018/19
Facilitate an environment that enables resolution of disputes between consumers and suppliers that is expedient, cost effective, fair and transparent.	1. Complaints processed timeously	Percentage (%) of complaints referred or issued with non-referrals in a pre-defined time period	95% complaints referred or issued with non-referrals on an average of 20 days
	2. Accredited Ombud Scheme/s monitored regularly	Report on accredited ombuds (MIOSA and CGSO) in line with the published codes of conduct or as agreed with the Ombud Scheme.	Submit assessment reports (one per quarter on each accredited Ombud Scheme) and submit to Executive Authority
Conduct investigations so as to enforce the provisions of the Consumer Protection Act thereby ensuring compliance with the provisions of the Consumer Protection Act	3. Investigations conducted and reports produced.	Number of investigations conducted and reports with recommendations produced	12 investigations conducted, reports with recommendations produced
Make applications in terms of the CPA to the National Consumer Tribunal	4. Applications made to the National Consumer Tribunal for enforcement action	Percentage of matters approved for further enforcement in the National Consumer Tribunal within predetermined time period	90% of matters approved for further enforcement action referred to the National Consumer Tribunal within 60 days of approval
Facilitate, conduct and monitor product recalls	5. Administer and monitor product recalls	Report on all product recalls in the line with the published Product Recall guidelines or as agreed with the supplier.	Produce quarterly reports on the administration and monitoring of product recalls



Programme 2

To promote reform of consumer policy and compliance with consumer protection legislation

Goal/ Outcome	Output	Performance Indicator/ measure	Medium Term Targets 2018/19
Identify legislation that affects the welfare of consumers which is inconsistent with the purposes of the CPA and develop proposals for reform of practices	6. Develop and submit proposals for reform of practices inconsistent with the CPA	Number of legislation identified affecting the welfare of consumers which are inconsistent with the purposes of the CPA, develop proposals for reform of practices and reports produced.	Identify two Acts that affect the welfare of consumers which are inconsistent with the purposes of the CPA and develop proposals for reform of practices and reports produced.
Provide guidance to the public by issuing explanatory notes and/or non-binding opinions on the interpretation of provisions of the CPA	7. Issue explanatory notes and /or non-binding opinions on the interpretation of provisions 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	90 % of registered requests for explanatory notes and /or non-binding opinions provided within an average of 10 days
Make application for declaratory order on the interpretation or application of any provision of the CPA	8. Apply for declaratory orders on the interpretation or application of any provision of the CPA.	Apply for declaratory orders on the interpretation or application of any provision of the CPA.	Make one application for a declaratory order on the interpretation or application of a provision of the CPA.

Programme 3

To promote public awareness on consumer protection matters

Goal/ Outcome	Output	Performance Indicator/ measure	Medium Term Targets 2018/19
Conduct targeted consumer awareness initiatives as well as business compliance initiatives aimed at facilitating a better understanding of the CPA;	9. Consumer awareness initiatives conducted	Number of consumer awareness initiatives conducted	24 consumer initiatives conducted
	10. Business compliance initiatives conducted.	Number of business compliance initiatives conducted.	12 business compliance initiatives conducted.
	11. Publish and distribute educational material to consumers	Number of newsletters published and distributed to consumers in predetermined frequencies	4 External Newsletters published and distributed to stakeholders



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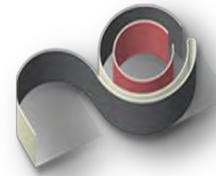
FINANCIAL PLAN

Financial Plan

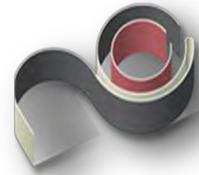


Consumer Safety and Protection							
Economic classification	Expenditure outcome			Adjusted Appropriation	Medium-Term Expenditure Estimate		
	2014/15	2015/16	2016/17		2017/18	2018/19	2019/20
	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000
Compensation of employees	8 085	16 675	17 776	18 887	19 935	21 051	22 314
Goods & services	5 259	887	1 786	1 423	1 535	2 353	2 387
Total expenditure	13 344	17 562	19 562	20 310	21 470	23 404	24 701
To promote reform of consumer policy and compliance with consumer protection legislation							
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000
Compensation of employees							
Goods & services			1 455	1 345	1 232	1 301	1 320
Total expenditure			1 455	1 345	1 232	1 301	1 320

Financial Plan



To promote public awareness on consumer protection matters							
Economic classification	Expenditure outcome			Adjusted Appropriation	Medium-Term Expenditure Estimate		
	2014/15	2015/16	2016/17		2017/18	2018/19	2019/20
	R '000	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000
Compensation of employees	3 233	5 776	6 494	6 598	6 963	7 353	7 794
Goods & services	2 105	4 829	1 506	1 219	1 452	801	812
Total Expenditure	5 338	10 605	8 000	7 817	8 415	8 156	8 606

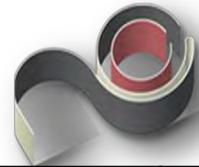


Financial Plan

The NCC does not have a core deliverable relating to Administration. It does incur expenditure in relation to administration, including costs applicable to support services/ functions and remuneration relating to support staff. The difference between the income received and the cost estimates outlined for programmes 1, 2 and 3 is administration related costs. These costs are stated as follows:

Administration							
Economic classification	Expenditure outcome			Adjusted Appropriation	Medium-Term Expenditure Estimate		
	2014/15	2015/16	2016/17		2017/18	2018/19	2019/20
	R '000	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000
Compensation of employees	21 525	14 129	16 453	17 132	18 081	19 094	20 240
Goods & services	11 718	14 966	17 436	7 705	8 455	8 928	9 362
Total expenditure	33 243	29 095	33 889	24 837	26 536	28 022	29 602

Financial Plan

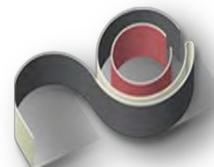


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<i>Details</i>	<i>2018/19</i>	<i>2019/2020</i>	<i>2020/21</i>
Transfers received	55 865	58 993	62 238
Interest received	1 788	1 888	1 991
TOTAL REVENUE	57 653	60 881	64 229
Compensation of employees	44 979	47 498	50 348
Salary & wages	40 717	42 997	45 611
Social contributions (employer contributions only)	4 262	4 501	4 737
Use of goods and services	12 674	13 383	13 881
Administrative fees	1 652	1 745	2 590
Advertising	1 460	1 505	887
Assets less than R5 000	25	26	27
Audit costs	1 887	1 993	2 081
Bank charges	29	31	32
Catering: internal activities	292	308	322
Communication	977	1 032	397
Computer services	100	105	110

Financial Plan



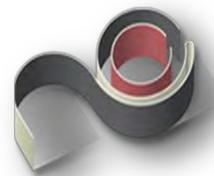
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<i>Details</i>	<i>2018/19</i>	<i>2019/2020</i>	<i>2020/21</i>
Consultants	663	700	711
Contractors	835	880	512
Consumables / Inventory	262	277	289
Lease Payments	432	494	506
Legal fees	800	845	865
Non-life insurance	92	97	101
Printing and publication	950	1 003	1 013
Repairs and maintenance	111	117	122
Property payments	512	541	0
Research and development	360	380	800
Training and staff development	181	191	496
Travel and subsistence	642	678	1 566
Venues and facilities	412	435	454
Depreciation and amortisation			
TOTAL EXPENSES	57 653	60 881	64 229

ii. Asset and Liability Management	2018/19	2019/20	2020/2021
Assets			
Current Assets			
Trade and other receivables from non- exchange transactions	20	20	200
Trade and other receivables from exchange transactions	30	30	20
Cash and cash equivalents	7 462	7 462	6 995
Current Assets	7 512	7 512	7 215
Non-Current Assets			
Property, plant & equipment	3 500	3 500	2 700
Intangible assets	1 300	1 300	900
Non-Current Assets	4 800	4 800	3 600
Total Assets	12 312	12 312	10 815
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	1 000	1 000	700
Other Current financial liabilities	1 097	1 097	819
Provisions	1 300	1 300	1 100
Total liabilities	3 397	3 397	2 619
Assets	12 312	12 312	10 815
Liabilities	(3 397)	(3 397)	(2 619)
Net assets	8 915	8 915	8 196
Accumulated surplus	8 915	8 915	8 196

Cash Flow Projections



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iii. Cash Flow Projections	2018/19	2019/20	2020/2021
Receipts	57 653	60 881	64 229
Transfer received	55 865	58 993	62 238
Interest received	1 788	1 888	1 991
Payments	57 653	60 881	64 229
Employee costs	44 979	47 498	50 348
Operating expenditure	12 674	13 383	13 881
Cash flow from operating activities	-	-	
Cash flow from investing activities			
Purchase of property, plant & equipment	(650)	(650)	(650)
Purchase of intangible assets	(300)	(300)	(300)
Net cash flow from investing activities	(950)	(950)	(950)
Total cash & cash equivalents movement	(950)	(950)	(950)



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Thank You