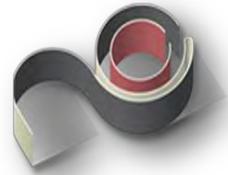




**the dti**

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA



NATIONAL CONSUMER COMMISSION

a member of **the dti** group

## **PORTFOLIO COMMITTEE ON TRADE AND INDUSTRY**

**NATIONAL CONSUMER COMMISSION**

**ANNUAL REPORT 2018/19 & 1<sup>st</sup> QUARTER REPORT 2019/20**

**MS THEZI MABUZA**

**ACTING COMMISSIONER**

**22 OCTOBER 2019**

# DELEGATION

Ms Thezi Mabuza- Acting Commissioner  
[T.Mabuza@thencc.org.za](mailto:T.Mabuza@thencc.org.za) - 0836532391

Mr. Anton Van Der Merwe –Chief Financial Officer  
[A.Vandermerwe@thencc.org.za](mailto:A.Vandermerwe@thencc.org.za) –0834131707

Mr Babs Kuljeeth- Company Secretary-  
[N.Kuljeeth@thencc.org.za](mailto:N.Kuljeeth@thencc.org.za) - 0832739647



# OUTLINE OF PRESENTATION

## A. ANNUAL REPORT

1. Regulatory Context
2. Strategic objectives
3. Key Highlights
4. Achievements against planned targets
5. Financial management
6. Auditors Report
7. Key challenges and financial projection

## B. 1<sup>st</sup> Quarter Report

1. Performance information
2. Financial Information
3. Progress against Audit Findings



# REGULATORY CONTEXT



# REGULATORY CONTEXT

## The NCC operates within the following regulatory framework

1. **the dti** is the custodian of Consumer Protection policy;
2. The NCC is established in terms of the Consumer Protection Act (CPA)
3. It has jurisdiction throughout the Republic of South Africa.
4. The core responsibility is to enforce and carry out the functions assigned to it in terms of the CPA.
5. The CPA seeks to promote a fair, accessible and sustainable marketplace for consumer products and services and for to establish national norms and standards relating to consumer protection.
6. CPA seeks to: provide for improved standards of consumer information, prohibit certain unfair marketing and business practices, promote responsible consumer behaviour and promote a consistent legislative and enforcement framework relating to consumer transactions and agreements;
7. NCC has concurrent jurisdiction on Consumer Protection
8. The NCC oversees functioning of alternate dispute resolution agents accredited by Minister in terms of section 82 of CPA.



# STRATEGIC OBJECTIVES



# VISION/ MISSION/ STRATEGIC OUTCOMES

## 1. Vision

NCC's vision aligned to its mandate as enshrined in the CPA: "To be the leading institution in consumer protection that is professional, responsive and effective."

## 2. Mission

The mission of the NCC is: *"To promote compliance with the CPA through advocacy and enforcement, in order to ensure fair business practice and uphold social and economic welfare of consumers"*.

## 3. Key Strategic Outcomes

To promote:

1. Consumer Protection and Consumer Safety;
2. Reform of consumer policy and compliance with consumer protection legislation; and
3. Public awareness on consumer protection.



# STRATEGIC OBJECTIVES

## 4. THREE (3) MAIN PROGRAMMES

### 4.1 (a) To promote Consumer Safety and Protection

- i. The goal is to ensure consumer protection and consumer safety through the enforcement of the provisions of the Consumer Protect Act; and to
- ii. facilitate an environment that enables resolution of disputes between consumers and suppliers that is expedient, cost effective, fair and transparent.

### 4.1 (b) The functions are to:

- 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 CPA
- iii. Make applications to the National Consumer Tribunal
- iv. Facilitate, conduct and monitor product recalls.

### 4.2 (a) To promote reform of Consumer Policy and Compliance with Consumer Protection Legislation

The goal is to promote compliance with national consumer protection policy and legislation and influence reform of inconsistent business practices.

### 4.2 (b) The functions are to:

- i. Identify legislation that affects the welfare of consumers which is inconsistent and develop proposals for the reform of such practices
- ii. Provide guidance to the public by issuing explanatory notes and/or non-binding opinions on the interpretation of provisions of the CPA
- iii. Make application for any declaratory order



# STRATEGIC OBJECTIVES

## **4.3 (a) To promote compliance with the CPA through advocacy, education and awareness**

- i. The goal is to increase knowledge on the nature and dynamics of the consumer market; and
- ii. To promote public awareness on consumer protection matters by implementing education and information measures and thereby develop public awareness of the provisions of the CPA.

## **4.3 (b) The functions are to:**

- i. Conduct targeted consumer education and awareness initiatives as well as business focused workshops and presentations aimed at facilitating a better understanding of the CPA; and to
- ii. Develop relevant consumer protection related education and awareness material.



# KEY HIGHLIGHTS

## FY 2018/19



# KEY HIGHLIGHTS

1. **Unqualified Audit**
2. Fewer external audit findings in 2018/19 when compared with 2017/18
3. NCC would have achieved a clean audit outcome however had omitted to make provision for a contract entered into with SITA in the prior year.
4. **Timeshare enquiry** – the report was released on 06 December 2018.
  - i. NCC held discussions with **the dti**, the Companies and Intellectual Property Commission, the National Credit Regulator, Competition Commission and with the Consumer Goods and Services Ombud.
  - ii. Timesharing legislative review is underway by **the dti**.
  - iii. In the interim- the NCC has agreed with the CGSO that it would assist in resolving complaints lodged by timeshare.
  - iv. In the last four months, NCC has persuaded the Timeshare service providers to cancel more than 997 contracts in relation to complaints that had been filed; only 233 complaints are outstanding
  - v. The estimated amount written off by the clubs for the cancellations is currently standing at R1,6 million, and the amount is expected to increase dramatically.
  - vi. Cooperation from the industry has been very positive, except for VRS. VRS insists on charging a cancellation fee



# KEY HIGHLIGHTS

## 5. Investigation of Motor Vehicle Complaints

- i. Majority of investigations related to motor vehicle transactions
- ii. A trend emerged where certain motor vehicle sellers are not willing to comply with the six-months warranty rights.
- iii. Some suppliers are providing a one-month warranty and insist that consumers purchase mechanical breakdown insurance.

6. Thirty four (34) investigations were conducted

7. Nine applications were made to the National Consumer Tribunal to declare certain investigated conduct as prohibited conduct.

8. **Chester Wholesale Meat – NCC**, Department of Agriculture, Land Reform and Rural Development (“DLRRD”) teamed up on an inspection. Evidence collected was used to open a criminal case with the SAPS Commercial Crimes Unit in Durban. The criminal case has just been finalised. The supplier entered an admission of guilt and was fined a total of R1, 440, 000-00, half of which was suspended for a period of 2 years.



# KEY HIGHLIGHTS

## 8. Ford Kuga Investigation

- i. The NCC has finalised its investigation into the conduct of Ford Motor Company.
- ii. Lawyers were appointed to assist in filing the matter with the National Consumer Tribunal.
- iii. Ford Motor Company proposed entering into a settlement agreement
- iv. Agreed that if an acceptable settlement agreement is not received by the 30 November 2019, NCC will proceed with the matter to Tribunal.
- v. NCC is mandated to consider settlement agreements during and after an investigation relating to prohibited conduct.
- vi. A fine can be a part of the settlement agreement
- vii. Any agreement reached will be made an order of the Tribunal
- viii. The NCC is precluded from claiming damages suffered by individual consumers, however, once a Respondent accepts that it has engaged in prohibited conduct, then any consumer that has suffered damages arising from that conduct can proceed straight to court to seek damages, without having to prove the prohibited conduct.



# KEY HIGHLIGHTS

## 9. Product Recalls

- i. NCC facilitated recalls on a range of goods that have either failed, are defective or unsafe;
- ii. Recalled products included unsafe foodstuffs, defective vehicles and medical equipment.
- iii. Recalls are preceded by recall plans which are then monitored by the Commission.



# KEY HIGHLIGHTS

- 10. Cooperation with Provincial Consumer Protection Authorities and other consumer protection regulators**
  - i. The NCC chairs the Consumer Protection Forum constituted by the Provincial Consumer Affairs Offices and other regulators
  - ii. It is evident that the majority of complainants have bypassed the Provincial Consumer Affairs Offices and approach the accredited ombuds or the NCC directly.
  - iii. Agreed that in 2019/20 NCC would assist with Capacity building program with the objective of:
    - a. Encouraging standardisation of messaging for consumers and suppliers;
    - b. Encouraging a common understanding and interpretation of the CPA across South African consumer protection offices;
    - c. Setting similar norms and standards for consumer protection related service delivery across South African consumer protection offices
    - d. Assessing the alignment of provincial consumer protection legislation with the CPA



# KEY HIGHLIGHTS

## 11. ACCREDITED OMBUDS

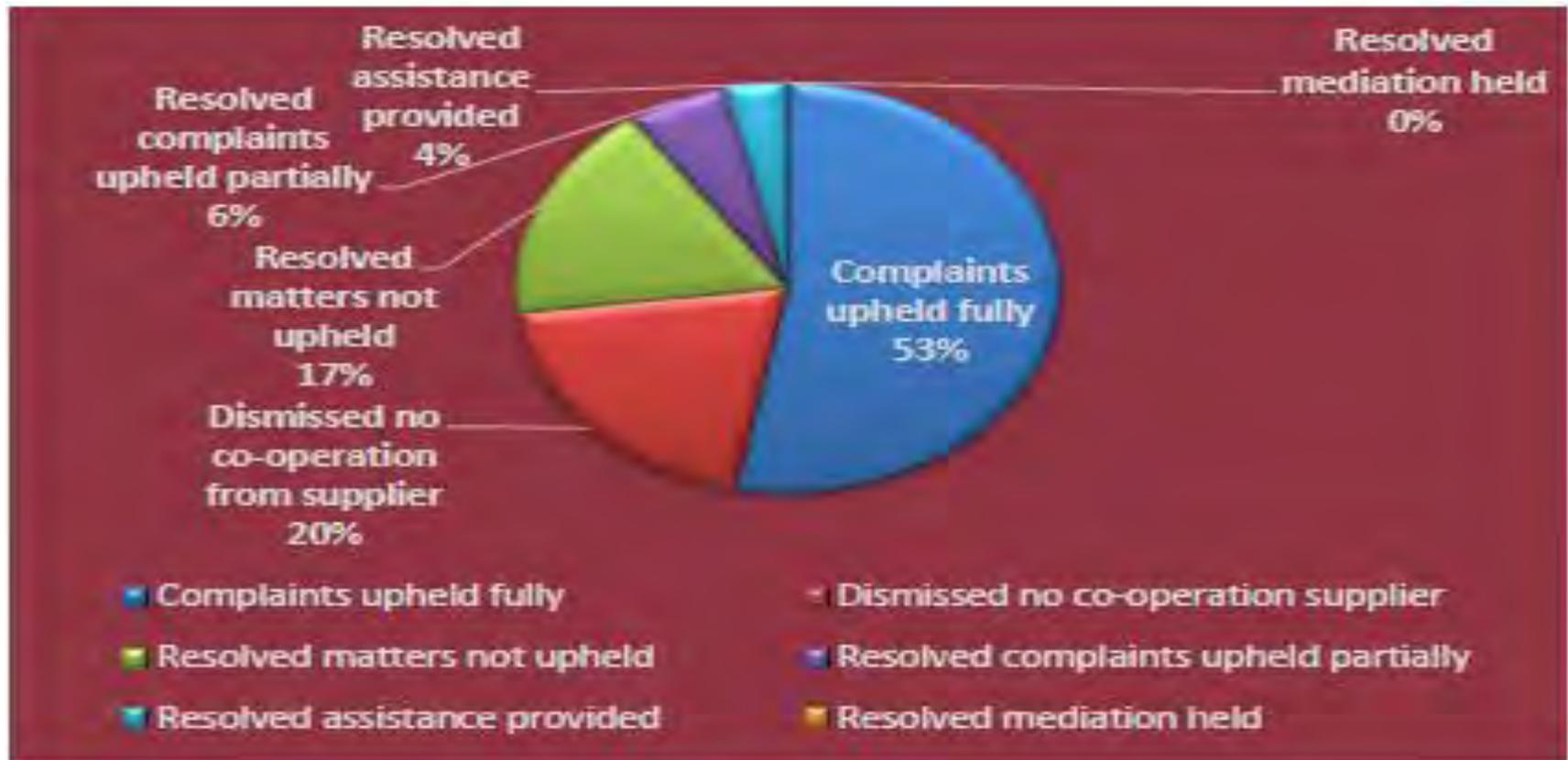
- i. Minister accredited: Consumer Goods and Services Ombud (CGSO) & Motor Industry Ombud (MIOSA)
- ii. Ombuds' function is to resolve disputes between consumers and suppliers.
- iii. Disputes are resolved through mediation or conciliation
- iv. Key objective is to provide an accessible, free and speedy dispute resolution service.



# KEY HIGHLIGHTS - CGSO STATISTICS

## 12. Consumer Goods & Services Ombud

- i. Received a total of **25 744** calls.
- ii. Received **8 261** complaints.
- iii. **7 717** Complaints closed (compared to 5553 closed in the previous financial year)



## KEY HIGHLIGHTS

### 13. Motor Industry Ombud of South Africa

- i. Received a total of 8502 complaints.
- ii. More than 50% of these complaints were received from consumers in Gauteng.
- iii. MIOSA closed 8 403 complaints. The average closure rate of cases was 54 days from submission to conclusion

	Problem Group	Number of Complaints	Percentage of Complaints
1	POOR SERVICE	2462	29.76%
2	ENGINE	2020	24.42%
3	LEGAL	1088	13.16%
4	AGREEMENT	995	12.02%
5	GEARBOX	440	5.31%
6	BODY	421	5.08%
7	WHEELS	253	3.05%
8	INTERIOR	217	2.62%
9	VEHICLE SERVICE	202	2.44%
10	ELECTRICAL	177	2.14%
<b>TOTAL</b>		<b>8275</b>	<b>100%</b>



# ACHIEVEMENT AGAINST TARGETS

**NCC fully met 73% (8 out of 11) of its target**



# ACHIEVEMENT AGAINST TARGETS

Performance indicator & target	Achievement	Reasons for variance
<b>Strategic Objective 1: To promote Consumer Protection &amp; Consumer Safety</b>		
1. 80% complaints referred or issued with non-referrals on an average of 40 days	<b>Achieved</b> 94% of complaints referred or issued with non-referrals within the average of 40 days	Target exceeded as the number of complaints received were reduced as it was mostly those that had failed at conciliation level and the form was refined to ensure that sufficient information is provided to conclude matters quicker
2. Submit assessment reports (one per quarter on each accredited Ombud Scheme) and submit to Executive Authority	<b>Not Achieved</b> Assessment reports, (one per quarter on each accredited Ombud Scheme) submitted to Executive Authority in relation to 3 quarters.	Assessment reports, (one per quarter on each accredited Ombud Scheme) were prepared. However, for quarter 3, the incorrect reports were inadvertently submitted to the Executive Authority.
3. 12 investigations conducted, reports with recommendations produced	<b>Achieved</b> 34 Investigations conducted and reports with recommendations produced.	Target exceeded because of the high number of motor vehicle complaints that remained unresolved on the shop floor or at the conciliation level.
4. 90% of matters approved for further enforcement action referred to the National Consumer Tribunal within 60 days of approval		<b>Not achieved.</b> 67% of matters approved for further enforcement action referred to the National Consumer Tribunal within 60 days of approval



# ACHIEVEMENT AGAINST TARGETS

Performance indicator & target	Achievement	Reasons for variance
5. Produce quarterly reports on the administration and monitoring of product recalls	<b>Achieved</b> Produced quarterly reports on the administration and monitoring of product recalls	None
6. 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.	<b>Achieved</b> Identified two Acts that affect the welfare of consumers which are inconsistent with the purposes of the CPA and developed proposals for reform of practices and reports produced.	None
<b>Strategic Objective 2: To promote reform of consumer policy and compliance with consumer protection legislation</b>		
7. 90 % of registered requests for explanatory notes and /or non-binding opinions provided within an average of 10 days	<b>Achieved</b> 100 % of registered requests for explanatory notes and /or non-binding opinions provided within an average of 10 days	The requests received were not complex. Numerous requests fell outside the ambit of the NCC.
8. Make one application for a declaratory order on the interpretation or application of a provision of the CPA.	<b>Not achieved</b> A timeshare company brought an action against a consumer. The NCC issued a notice of intention to join the proceedings. The timeshare company then withdrew the action against the consumer	The Plaintiff is entitled to withdraw an action brought by it. The NCC had no control over the withdrawal



# ACHIEVEMENT AGAINST TARGETS

Performance indicator & target	Achievement	Reasons for variance
<b>Strategic Objective 3: To promote public awareness on consumer protection</b>		
9. Receive and assess reports from accredited ombuds in line with published codes of conduct or as agreed with the Ombud. Compile quarterly assessment report and submit to Executive Authority	<b>Achieved</b> Received and assessed quarterly reports from accredited ombuds in line with published codes of conduct or as agreed with the Ombud. Compiled quarterly assessment reports and submitted to Executive Authority as part of quarterly reports.	None
10. 12 business compliance initiatives conducted.	<b>Achieved</b> 18 Business Compliance initiatives conducted.	6 additional business initiatives were conducted in response to the food-related videos circulating on social media relating to the alleged 'unsafe' manufacturing of certain "fake foods" in South Africa
11. 4 External Newsletters published and distributed to stakeholders.	<b>Achieved</b> 4 External Newsletters published and distributed to stakeholders.	None



# FINANCIAL MANAGEMENT



# BUDGET PER PROGRAMMES

Programme 1: To promote Consumer protection and Consumer safety							
Economic classification	Expenditure outcome			Adjusted Appropriation	Medium-Term Expenditure Estimate		
	2016/17	2017/18	2018/19		2019/20	2020/21	2021/22
	R '000	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000
Compensation of employees	17 776	18 887	21 062	22 179	23 441	24 964	26 287
Goods & services	1 786	1 423	2 014	2 349	2 362	2 398	2 017
<b>Total expenditure</b>	<b>19 562</b>	<b>20 310</b>	<b>23 076</b>	<b>24 528</b>	<b>25 803</b>	<b>27 362</b>	<b>28 304</b>
Programme 2: To promote Reform of the Consumer policy and compliance with Consumer protection legislation							
Compensation of employees	6 494	6 598	5 836	6 226	6 667	7 100	7 477
Goods & services	1 506	1 219	1 725	1 540	1 575	1 622	1 305
<b>Total expenditure</b>	<b>8 000</b>	<b>7 817</b>	<b>7 561</b>	<b>7 766</b>	<b>8 242</b>	<b>8 722</b>	<b>8 782</b>



# BUDGET PER PROGRAMMES

Programme 3: To promote Public awareness and Consumer protection							
Economic classification	Expenditure outcome			Adjusted Appropriation	Medium-Term Expenditure Estimate		
	2016/17	2017/18	2018/19		2019/20	2020/21	2021/22
	R '000	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000
Compensation of employees	-	-	-	-	-	-	-
Goods & services	1 455	1 345	-	565	582	582	604
<b>Programme 4: Administration</b> : 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:							
Compensation of employees	16 546	16 801	<b>18 081</b>	18 404	19 510	20 784	21 898
Goods & services	18 229	16 743	<b>22 744</b>	8 929	9 362	9 540	9 893
<b>Total expenditure</b>	<b>34 775</b>	<b>33 544</b>	<b>40 825</b>	<b>27 333</b>	<b>28 872</b>	<b>30 324</b>	<b>31 791</b>



# BUDGET PER ITEMS

<i>Details</i>	<i>2018/19</i>	<i>2019/20</i>	<i>2020/21</i>
Transfers received	69 674	58 304	61 508
Interest received	1 853	1 888	1 991
<b>Total revenue</b>	<b>71 527</b>	<b>60 192</b>	<b>63 499</b>
<b>Compensation of employees</b>	<b>(42 975)</b>	<b>(46 809)</b>	<b>(49 618)</b>
Salary & wages	(38 655)	(42 308)	(44 881)
Social contributions (employer contributions only)	(4 320)	(4 501)	(4 737)
<b>Use of Goods and Services</b>	<b>(10 713)</b>	<b>(13 383)</b>	<b>(13 881)</b>
Administrative fees	(374)	(2 227)	(2 226)
Advertising	(624)	(592)	(594)
Audit costs	(1 306)	(2 582)	(2 722)
Bank charges	(30)	(35)	(36)
Catering: internal activities	(228)	(169)	(179)
Communication	(235)	(165)	(174)
Computer services	(1 067)	(180)	(190)



# BUDGET PER ITEMS

<i>Details</i>	<i>2018/19</i>	<i>2019/20</i>	<i>2020/21</i>
Consultants	(1 220)	(791)	(808)
Inventory	-	(186)	(196)
Lease Payments	(156)	(298)	(315)
Legal fees	(561)	(840)	(887)
Non-life insurance	(98)	(109)	(115)
Printing and publication	(873)	(641)	(678)
Repairs and maintenance	(157)	(308)	(325)
Research and development	-	(565)	(582)
Training and staff development	(557)	(475)	(496)
Travel and subsistence	(2 290)	(1 764)	(1 821)
Venues and facilities	(10)	(43)	(46)
Depreciation and amortisation	(927)	(1 413)	(1 491)
<b>Total expenses</b>	<b>(53 688)</b>	<b>(60 192)</b>	<b>(63 499)</b>
Surplus / (Deficit)	<b>17 839</b>	-	-
<b>* Approval was granted to retain surplus of R15,312 million</b>			



# BUDGET PER ITEMS

<i>Statement on Financial position</i>	<i>2018/19</i>	<i>2019/20</i>	<i>2020/21</i>
<b>Assets</b>			
Trade and other receivables from non- exchange transactions	10	20	200
Trade and other receivables from exchange transactions	408	30	20
Prepayments	326	-	-
Cash and cash equivalents	23 951	7 462	6 995
<b>Current Assets</b>	<b>24 696</b>	<b>7 512</b>	<b>7 215</b>
<b>Non-Current Assets</b>			
Property, plant & equipment	3 077	3 500	2 700
Intangible assets	229	1 300	900
<b>Non-Current Assets</b>	<b>3 306</b>	<b>4 800</b>	<b>3 600</b>
<b>Total Assets</b>	<b>28 002</b>	<b>12 312</b>	<b>10 815</b>

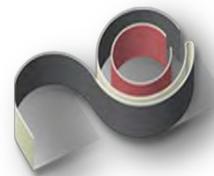


# BUDGET PER ITEMS

<i>Details</i>	<i>2018/19</i>	<i>2019/20</i>	<i>2020/21</i>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	750	1 000	700
Provisions	1 580	1 300	1 100
Other Current financial liabilities	-	800	819
Non- current liabilities	-	297	-
<b>Total liabilities</b>	<b>2 330</b>	<b>3 397</b>	<b>2 619</b>
<b>Assets</b>	<b>28 002</b>	<b>12 312</b>	<b>10 815</b>
<b>Liabilities</b>	<b>(2 330)</b>	<b>(3 397)</b>	<b>(2 619)</b>
<b>Net assets</b>	<b>25 672</b>	<b>8 915</b>	<b>8 196</b>
<b>Accumulated surplus</b>	<b>25 672</b>	<b>8 915</b>	<b>8 196</b>



# Cash flow projections



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iii. Cash Flow Projections	2018/19	2019/20	2020/21
<b>Receipts</b>	<b>71 451</b>	<b>60 192</b>	<b>63 499</b>
Transfer received	69 674	58 304	61 508
Interest received	1 777	1 888	1 991
<b>Payments</b>	<b>(53 391)</b>	<b>(60 192)</b>	<b>(63 499)</b>
Employee costs	(42 901)	(46 809)	(49 618)
Operating expenditure	(10 490)	(13 383)	(13 881)
<b>Cash flow from operating activities</b>	<b>18 060</b>	<b>-</b>	<b>-</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant & equipment	(1 590)	(650)	(650)
Purchase of intangible assets	(321)	(300)	(300)
<b>Net cash flow from investing activities</b>	<b>(1 911)</b>	<b>(950)</b>	<b>(950)</b>
<b>Total cash &amp; cash equivalents movement</b>	<b>16 149</b>	<b>(950)</b>	<b>(950)</b>



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# EXPENDITURE EXCEPTIONS

ITEM	2017/18	2018/19	2019/20 (YTD)
<b>Irregular expenditure</b> <i>(Year-end balance)</i>	1 396 347	1 551 965	Nil
<b>Fruitless expenditure</b> <i>(Year-end balance)</i>	62 951	154 338	5 200

All **Irregular expenditure** have been investigated, and appropriate corrective actions are being taken against staff causing the irregular expenditure. No losses were suffered. Where so recommended as per Investigation report, qualifying cases have been condoned.

All **Fruitless expenditure** have been investigated, and appropriate corrective actions are being taken against staff causing the Fruitless expenditure, including the recovery of losses suffered by the NCC. Where so recommended as per Investigation report, qualifying cases have been written off.



<b>Causes of Irregular expenditure (2018/19)</b>	
<b>ITEM</b>	<b>AMOUNT</b>
<i>3 Quotations not obtained</i>	54 097
<i>Evaluation criteria not applied</i>	368 632
<i>Deviation from delegated powers</i>	495
<i>Payments exceeded contract amounts</i>	102 436
<i>Unauthorized deviation from SCM policies</i>	310 503
<b>TOTAL</b>	<b>836 163</b>
<b>Causes of Fruitless expenditure (2018/19)</b>	
<i>Fines and penalties (SARS)</i>	18 058
<i>Supplier claiming VAT on invoices – not registered for VAT</i>	21 630
<i>Duplicated travel costs - accommodation</i>	51 699
<b>TOTAL</b>	<b>91 387</b>



# AUDITOR'S REPORT



# AUDIT REPORT SUMMARY

1. Rain Chartered Accountants Incorporated, rendered external audit services
2. Overall audit conclusion for 2018/19 financial year was reported as **unqualified with findings**.
3. **One** emphasis of matter: The NCC incurred computer expenses amounting to R465 575. The services from the supplier were rendered to the entity in the prior year but the expense was recognised in the current year, thereby contradicting the requirements of GRAP on accrual basis of accounting.
4. One (1) Report on the audit of compliance with legislation as disclosed in note 27 to the financial statements, the entity incurred irregular expenditure of R836 163. The irregular expenditures were due to non-compliance with Treasury regulations.
5. Risk areas following the audit outcome:

Good	Concerning	Good
<ul style="list-style-type: none"> <li>• Quality of submitted financial statements</li> </ul>	<ul style="list-style-type: none"> <li>• Quality of Submitted Performance Information</li> <li>• SCM</li> <li>• HR</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Health</li> <li>• Information Technology</li> </ul>



# KEY CHALLENGES



# KEY CHALLENGES

1. The slight underperformance is not as a result of any key challenges faced by the NCC. To the contrary, the underperformance areas were mainly beyond its control.
2. Lack of adequate (number of warm bodies) human resources
3. Union request for parity on remuneration (as compared with other entities within **the dti** group)
4. Enforcement of labelling of imported textiles relating to seizure, transportation, storage and destruction of non compliant textiles.
5. Opt Out Register development- skills and capacity constraints.



# **FIRST QUARTER REPORT**

## **2019/20**

### **FINANCIAL AND NON-FINANCIAL PERFORMANCE**



# PERFORMANCE INFORMATION

**NCC fully met 80% (8 out of 10) of its target**



# PERFORMANCE INFORMATION

Performance Indicator/ Measure	Q1 Milestones	Actual Achievement	Reasons for Variance	Corrective Action
<b>Programme 1: To promote Consumer Protection and Consumer Safety</b>				
1. Percentage (%) of complaints referred or issued with non-referrals in a pre-defined time period	80% complaints referred or issued with non-referrals on an average of 40 days	<b>Achieved</b> 92% (904 of 981) of complaints referred or issued with non-referrals on an average of 40 days of receipt.	Motor vehicle complaints analysis expedited in preparation for engagement with motor industry on 01 July 2019	No corrective action necessary
2. Report on accredited ombuds (MIOSA and CGSO) in line with the published codes of conduct or as agreed with the Ombud Scheme.	Compile quarterly assessment report and submit to Executive Authority	<b>Achieved</b> Quarterly assessment reports compiled and submitted to Executive Authority.	N/A	N/A
3. Percentage of investigations conducted and reports with recommendations produced	80% of approved investigations conducted. Reports with recommendations produced within 120 days of approval.	<b>Achieved</b> 92% (23 of 25) of approved investigations conducted. Reports with recommendations produced within 112 days of approval.	Most of the investigations that were finalised, were approved in the previous financial year.	None required
4. Percentage of matters approved for further enforcement in the National Consumer Tribunal within predetermined time period	Take enforcement action on 90% of matters approved for further enforcement within 60 days of approval.	<b>Not Achieved</b> Took enforcement action on 0% of matters approved for further enforcement within 60 days of approval. One matter approved for further enforcement on the 20/5/2019. Drafting of papers for filing at National Consumer Tribunal underway. 60 days has not yet lapsed.	N/A	N/A



# PERFORMANCE INFORMATION

Performance Indicator/ Measure	Q1 Milestones	Actual Achievement	Reasons for Variance	Corrective Action
<b>Programme 1: To promote Consumer Protection and Consumer Safety CONT...</b>				
5. Report on all product recalls in the line with the published Product Recall guidelines or as agreed with the supplier.	Quarterly Report produced on the administration and monitoring of product recalls.	<b>Achieved</b> Quarter One Report on the administration and monitoring of product recalls produced.	N/A	N/A
<b>Programme 2-To promote reform of consumer policy and compliance with consumer protection legislation</b>				
6. 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 affects the welfare of consumers which are inconsistent with the purposes of the CPA	<b>Not Achieved</b> Identified one Act that affects the welfare of consumers which are inconsistent with the purposes of the CPA (Alienation of Land Act)	Shortage of staff	Interviews of candidates finalised. Two new staff members to commence employment in August 2019
7. 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	<b>Achieved</b> 100% (146 out of 146) of registered requests for explanatory notes and /or non -binding opinions provided within an average of 10 days	N/A	N/A



# PERFORMANCE INFORMATION

Performance Indicator/ Measure	Q1 Milestones	Actual Achievement	Reasons for Variance	Corrective Action
<b>Programme 3: To promote public awareness on consumer protection matters</b>				
8. Number of consumer awareness initiatives conducted	5 initiatives conducted	<b>Achieved</b> 8 consumer awareness initiatives conducted (6 Consumer Workshops; 1 Youth Month exhibition; 1 campaign on paraffin stoves)	NCC responded to invitations received which fell outside the NCC's pre-planned initiatives.	No corrective action necessary
9. Number of business compliance initiatives conducted.	2 initiatives conducted	<b>Achieved</b> 3 initiatives conducted (One Business Workshop; Shop-shop visits conducted in two localities in Gauteng)	NCC responded to a request from the Soweto (Protea Glen) Community with regard to high levels of consumer rights violations in the area	No corrective action necessary
10. Number of newsletters published and distributed to consumers in predetermined frequencies	1 External newsletter developed, and approved by Commissioner for publication and distribution to consumers	<b>Achieved</b> 1 External newsletter developed, and approved by Commissioner for publication and distribution to consumers	N/A	N/A



# FINANCIAL INFORMATION



# FINANCIAL INFORMATION

## Financial table reflecting actual revenue vs budget

Description of item	Budget for the quarter R'000	Actual revenue for the quarter R'000	Variance for the quarter R'000	% Variance	Year to date Budget R'000	YTD Actual revenue R'000	YTD Variance R'000	Annual budget R'000	Year-end Forecast R'000	Year-end Variance R'000
<b>Government grants</b>	14,576	14,576	0	0%	14,576	14,576	0	58,304	58,304	0
<b>Interest income</b>	472	1,045	573	121%	472	1,045	573	1,888	1,888	0

## Financial table reflecting expenditure vs. budget summarized

Description of item	Budget for the quarter R'000	Actual expenditure for the quarter R'000	Variance for the quarter R'000	% Variance	Year to date Budget R'000	YTD Actual expenditure R'000	YTD Variance R'000	Annual budget R'000	Year-end Forecast R'000	Year-end Variance R'000
<b>Employee related costs</b>	11,702	12,256	(554)	(5%)	11,702	12,256	(554)	46,809	46,809	0
<b>Depreciation and amortization</b>	353	276	77	22%	353	276	77	1,413	1,413	0
<b>Repairs and maintenance</b>	77	28	49	64%	77	28	49	308	308	0
<b>General expenses</b>	2,916	2,195	721	25%	2,916	2,195	721	11,662	11,662	0



# FINANCIAL INFORMATION

## Statement of Financial Position as at 30 June 2019

	June	March
	2019	2019
	R	R
<b>Assets</b>		
<b>Current assets</b>	71,201,292	24,413,024
Cash and cash equivalents	70,646,672	23,951,077
Receivables from exchange transactions	9,146	9,879
Prepayments	238,292	291,300
Receivables from non-exchange transactions	307,182	160,768
Property, plant and equipment	2,841,143	3,077,455
Intangible assets	188,689	228,714
<b>Total assets</b>	<b>74,231,123</b>	<b>27,719,193</b>
<b>Liabilities</b>		
<b>Current liabilities</b>	48,072,801	2,427,515
Payables from exchange transactions	926,983	828,405
Provisions	3,417,819	1,599,110
dti Transfers	43,727,999	-
<b>Total liabilities</b>	<b>48,072,801</b>	<b>2,427,515</b>
<b>Net assets</b>	<b>26,158,323</b>	<b>25,291,678</b>



# PROGRESS AGAINST AUDIT FINDINGS



# PROGRESS AGAINST AUDIT FINDINGS

Areas of Audit Findings	Number of Findings	Findings Resolved	Unresolved Findings
HR	9	7	2
Finance	9	9	0
SCM	6	5	1
AOPO	4	4	0
Total	28	25	3

- i. **89.2%** (25 out of 28) findings resolved during and after the audit.
- ii. 3 findings remain unresolved.
- iii. Action plans on unresolved findings are tracked monthly.



# CLEAN AUDIT STRATEGY

## 1. Performance Information :

- i. Quarterly reporting on the APP are reviewed to ensure validity of output reported and proper record keeping of evidence in all activities.
- ii. Audit of performance information is conducted on a quarterly basis to ensure the reliability of records.

## 2. Compliance Issues:

Internal operating procedures were reviewed and training provided for all officials involved in SCM.

## 3. Overall:

- i. Management is committed to improving internal control environment by administering consequence management.
- ii. Strengthening of monitoring on implementation of all Audit recommendations. Internal audit verification of completed action plans.
- iii. To improve governance and accountability by improving systems, processes and practices.



# SENIOR MANAGEMENT CAPACITY

1. As of April 2018, three (3) positions were vacant: Head of Division-Legal Services, Senior Manager-Information Communication & Technology and Head-Finance and Supply Chain.
2. The position were filled as follows:
  - i. Head-Finance and Supply Chain was filled in April 2019
  - ii. Head of Division-Legal Services was filled in May 2019 after it was refinance from vacant position of Head-Research
  - iii. Senior Manager-Information Communication & Technology was filled in June 2019
3. The incumbent in the position of Senior Researcher was on incapacity leave from 1 April until the 30 October 2018.
4. The position of Senior Legal Advisor became vacant in February 2019 and the funds were utilised to finance two positions of Legal advisors (filled in August 2019)
5. All senior management positions are filled and training is offered as per personal development plans.
6. The position of Commissioner remains vacant and it is a challenge as the Acting Commissioner bears the responsibility of Accounting Authority and also deal with operational matters.



**Thank you!**

**National Consumer Commission  
South Africa**

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