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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

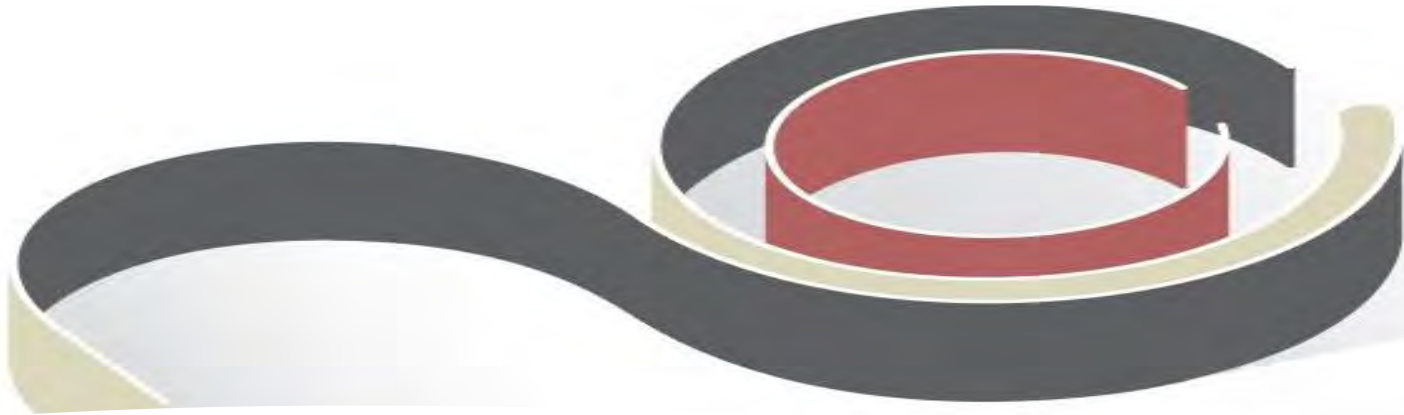


BRIEFING TO THE PARLIAMENTARY PORTFOLIO COMMITTEE ON TRADE, INDUSTRY AND COMPETITION

NATIONAL CONSUMER COMMISSION Q4 FINANCIAL AND NON-FINANCIAL PERFORMANCE FOR THE FY 2022/23

24 MAY 2023

**Ms. THEZI MABUZA
ACTING COMMISSIONER**



DELEGATION

Ms. Thezi Mabuza – Acting Commissioner

Ms. Phillipine Moshidi – Chief Financial Officer

Mr. Joseph Selolo - Company Secretary

OUTLINE

1. Regulatory context
2. Key Highlights
3. Performance information
4. Financial Information
5. Progress against Audit Findings



REGULATORY CONTEXT



REGULATORY CONTEXT

1. The NCC is established in terms of Section 85 of the Consumer Protection Act (CPA) with the core mandate of enforcing the CPA.
2. The CPA seeks to promote a fair, accessible, and sustainable marketplace for consumer products and services and to establish national norms and standards relating to consumer protection.
3. The CPA provides for improved standards of consumer information, prohibits certain unfair marketing and business practices, promotes responsible consumer behaviour and promotes a consistent legislative and enforcement framework relating to consumer transactions and agreements;
4. The NCC has concurrent jurisdiction on consumer protection matters with the provincial consumer affairs offices.
5. The NCC recommends for accreditation by Minister, the alternate dispute resolution agents in terms of section 82 of the CPA and thereafter, monitors their efficacy.



VISION, MISSION, AND IMPACT STATEMENT

1. Vision

“To be that national consumer protection regulatory authority that is proactive and responsive to ensure effective consumer protection.”

2. Mission

"To be that institution which tackles unfair business practice, promotes compliance and ensures redress by enforcing the law through advocacy, prosecutions, investigations, coordinating efforts with other institutions and at all times continuously educate consumers, continuously educate ourselves through relevant research, and being seen to be fair".

3. Impact statement

Accessible, fair, safe and sustainable markets for consumer goods and services



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KEY HIGHLIGHTS



BUSINESS AND CONSUMER AWARENESS

The NCC conducted focused sessions for different consumers and businesses as follows:

- a) Ten (10) business guidance programmes were conducted to guide businesses on the provision of the CPA, to inculcate compliance. Three (3) of these programmes focused on the new clothing, textile footwear, and leather (CTFL) guidelines that were developed by the Commission to assist the industry to comply with CTFL; and
- b) Twenty-two (22) in-person consumer education and awareness programmes were conducted for consumers in townships and rural areas.



ENFORCEMENT ACTIONS

The NCC's investigations and enforcement activities resulted in:

- a) Further enforcement action taken against **24** non-compliant suppliers;
- b) Redress to consumers to the amount of **R1 079 395.71**;
- c) Administrative fines to the value of **R61 000.00**; and
- d) The issuance of compliance notices, to the value of **R5 277 082.00** (custom declared value) that instructed importers of the non-compliant CTFL to either destroy or return the non-compliant goods to the country of origin.



PRODUCT RECALLS NOTIFICATIONS

11 new product recall notifications were received

CATEGORY	PRODUCT
Motor Vehicles	<ol style="list-style-type: none">1. Mercedes-Benz Model: 167 (GLE-Class).2. Mercedes-Benz Model ML Class (166).3. Mercedes-Benz Model GLE Class (292).4. Mercedes-Benz Model C-Class (W203), CLK-Class (209), E-Class (211).5. 2/2023/1 Lexus [GS200t (25veh), GS250 (138veh), GS350 (411veh), GS450h (52veh), IS200t (226veh), IS350 (845veh), RCF (3veh), RC200t (27veh), RC350 (97veh)]Fuel Tank Vent Tube Assy Replacement6. Mercedes-Benz Model: Vito/V-Class.7. Driver side front airbag fitted to Volkswagen up! vehicles of specific production period.8. Isuzu FTR 850 bus (Field Action 22FNH0041).9. Mercedes-Benz Model AMG G 63 (463).
Electrical equipment	GIZZU 500Wh and 300Wh Portable Power Station (for emergency power need, including load shedding)
Medical devices	INTELLANAV STABLEPOINT™ Ablation Catheter.



MEDIA COVERAGE

The following media interventions were undertaken:

- a) 52** radio interviews (national, community, and regional stations),
- b) 6** TV interviews (SABC's Morning Live, SABC's The Agenda, SABC's 404, Newsroom Afrika, ETV's Check Point, and SABC's On Point)
- c) 49** online media coverage (Community, regional and national newspapers houses),
- d) 28** sound bites for national, regional and community radio stations.
- e) 21** newspaper articles, and
- a) 5** media statements were issued.



PERFORMANCE INFORMATION

The NCC achieved 8 out of 9 deliverables in this quarter.

1. To promote accessible consumer protection

Output Indicator/ Measure	Target for 2022/23 as per APP	Q4 Milestones	Actual Achievement	Reasons for Variance	Corrective Action
1. Assessment reports on accredited Ombuds approved by the Commissioner.	Submit assessment reports (one per quarter on each accredited Ombud Scheme) to the Commissioner for approval	Compile a quarterly assessment report (one per quarter on each accredited Ombud Scheme) and submit it to the Commissioner for approval	Achieved Both MIOSA and CGSO's quarterly reports were assessed and approved by the Commissioner	None	None
2. Number of Consumer Education Programmes conducted.	36 Consumer Education Programmes conducted	Conducted 9 Consumer Education Programmes	Achieved 22 Consumer Education Programmes were conducted.	During the observance of World Consumer Rights Day, there were more opportunities for collaboration	None



2. To promote a Fair Marketplace

Output Indicator/ Measure	Target for 2022/23 as per APP	Q4 Milestones	Actual Achievement	Reasons for Variance	Corrective Action
3. Percentage of finalized investigation within a predetermined period	80% of approved investigations were conducted and reports with recommendations were produced within 90 days	Conducted 80% of approved investigations and produced reports with recommendations within 90 days	Not achieved 88.57% (31 of the 35) of investigations were finalized within 97.41 days.	Three complex investigations that were carried over from the previous year needed more time to finalize	None
4. Percentage of further enforcement action taken within a predetermined period.	Took further enforcement action against noncompliant Suppliers in 90 % of approved matters within 40 days of approval	Took further enforcement action against non-compliant suppliers in 90 % of approved matters within 40 days of approval	Achieved 100% (8 out of 8) of matters approved for further enforcement were referred to the NCT within the 40-days of approval.	None	None



3: To Promote the supply of Safe Goods to Consumers

Performance Indicator/ Measure	Target for 2022/23 as per APP	Q4 Milestones	Actual Achievement	Reasons for Variance	Corrective Action
5. Report on all product recalls and monitoring thereof.	Produce quarterly reports on the administration and monitoring of product recalls	Quarterly Report produced on the administration and monitoring of product recalls.	Achieved A report on the administration and monitoring of product recalls was produced	None.	None



4: To support the transformation of the economy by providing guidance to comply with the CPA

Performance Indicator/ Measure	Target for 2022/23 as per APP	Q4 Milestones	Actual Achievement	Reasons for Variance	Corrective Action
6. Number of Business guidance programmes conducted	18 Business guidance programmes conducted	Conducted 5 business guidance programmes: 1 per province in Gauteng, KZN, Limpopo, Mpumalanga and Western Cape	Achieved 10 Business Guidance Programmes were conducted in: - Western Cape (3), Mpumalanga (1), KZN (2), Free State (1), Limpopo (1) and Gauteng (2) Provinces .	The NCC developed and published new (CTFL) guidelines. The new guidelines necessitated more business guidance programmes for importers to ensure compliance.	None
7. Number of explanatory notes or non-binding opinions issued	8 explanatory notes or non-binding opinions issued	2 explanatory notes and /or non-binding opinions issued	Achieved Two explanatory notes were drafted, approved, and published on the NCC's website	None	None



5: To support industrialization by combating illegal imports related to clothing, textile, footwear and leather (CTFL)

Performance Indicator/ Measure	Target for 2022/23 as per APP	Q4 Milestones	Actual Achievement	Reasons for Variance	Corrective Action
8. Percentage of finalised investigation within a predetermined period	80% of approved investigations were conducted and reports with recommendations were produced within 20 days	Conducted 80% of approved investigations and produced reports with recommendations within 20 days	Achieved 83.13% (52 of 59) of imports were finalized within 13.27 days	None	None
9. Percentage of further enforcement action taken within a predetermined period.	Took further enforcement action against noncompliant suppliers in 90% of approved matters within 20 days of approval	Took further enforcement action against non-compliant suppliers in 90 % of approved matters within 20 days of approval	Achieved 100%(16 out of 16) of approved matters were taken for further enforcement within 20 days of approval.	None	None



FINANCIAL INFORMATION

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ACTUAL REVENUE VS THE BUDGET.

Description of item	Annual Budget	Year to date budget	Year to date actual	Variance
Government grants	59,388,000	59,388,000	59,388,000	-
Interest income	1,510,154	1,510,154	1,729,524	- 219,370
Interest received- debtors	-	-	2,027	- 2,027
Other Income	-	-	2,505	- 2,505
Total	60,898,154	60,898,154	61,122,056	-223,902



Comments on Revenue vs Budget

Government Grants

- The NCC had an allocated budget for the financial year of R 59,388,000 as per the allocation letter.
- The amount of R 35,633,000 was received in April 2022 and R 23,755,000 was received in October 2022.

Interest

- Funds received were invested in an interest-bearing account with the South African Reserve Bank (Corporation for Public Deposits).
- Interest income to the value of R 1,729,524 was earned during the 2022/2023 financial year.
- This interest is used to supplement the grant received.



EXPENDITURE VS BUDGET SUMMARIZED

Description of item	Annual Budget	Year to date budget	YTD Actual expenditure	YTD Variance
Compensation of employees	48,308,045	48,308,045	46,677,148	1,630,897
Goods and services	13,521,575	13,521,575	13,376,632	144,943
Capital Projects	4,878,674	4,878,674	1,538,948	3,339,726
Total	66,708,294	66,708,294	61,592,728	5,115,566



Comments on Expenditure vs Budget

Salaries and Wages

- Compensation of employees indicates an expenditure of 96.6% (R46,667,148) and a saving of 3.4% (R1,630,898). This is attributable to positions that would become vacant from time to time.

Goods and Services

- The total spending on good and services is 98,2% (R13,376,632). The expenditure is under budget with an amount of 1,8% (R144,943).

Capital Projects

- Capital projects are funded from retained surpluses as the NCC does not have allocations for Capital Expenditure in the baseline. After approval to retain surpluses was obtained from National Treasury, demand plans were revised, and the budget was adjusted to incorporate capital projects.
- Significant commitments were made with regard to Capital Projects by the end of the financial year as per the table in the next slide.



Summary of Key and Other Capital Projects

PO Number	Commodity	Initial Costs	Maintenance, support and other costs year 1	Maintenance, support and other costs year 2	Maintenance, support and other costs year 3	Amount
PO001758	Languard procurement	111,076.20	68,310.00	71,035.44	73,876.08	324,297.72
PO001759	ICT service desk		151,794.25	172,494.25	172,494.25	496,782.75
PO001760	Mimecast Procurement	92,064.94	398,175.16	398,175.16		888,415.26
PO001761	Procurement of Furniture and Office Equipment	146,240.00				146,240.00
PO001762	Customer Satisfaction Survey	916,320.00				916,320.00
PO001763	Procurement and configurations of 12x LAN (Local Area Network)	1,183,990.93				1,183,990.93
PO001764	Website re-design, hosting, support and Maintenance	63,000.00	128,220.00	155,385.00		346,605.00
PO001765	Procurement of an integrated Finance, SCM and HR/Payroll System	1,556,571.71	490,296.00	511,026.67	530,326.67	3,088,221.45
PO001742	Microsoft Licenses	738,840.37				738,840.37
		4,808,104.15	1,236,795.41	1,308,116.52	776,697.00	8,129,713.48



- **PROGRESS AGAINST AUDIT FINDINGS**

PROGRESS AGAINST INTERNAL AND EXTERNAL AUDIT FINDINGS

- 1. External Audit:** The NCC received a clean audit. There were no findings raised.
- 2. Internal Audit:** All the audit findings that were raised by internal audit were addressed fully in Quarter Three.



KEY CHALLENGES

1. Inadequate funding to cover costs of investigation resources
 - i. Additional warm bodies (unfunded positions)
 - ii. Appointment of specialised investigators for complex matters (Goods and Services)
2. Inadequate funding to cover costs of prosecution resources
 - i. Appointment of senior counsel to argue complex matters in the different forms
 - ii. Appointment of law firms to challenge some of the matters on review (Goods and Services)
3. Burden of work overload created by the vacant position of the Commissioner



DELEGATION DETAILS

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NATIONAL CONSUMER COMMISSION
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Thank you!

National Consumer Commission

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