

# ANNUAL REPORT

2022|2023

Agility **with** Resilience



**New NCR premises at 232, 15<sup>th</sup> Road, Randjespark, Midrand**



**NCR premises at 127, 15<sup>th</sup> Road, Randjespark, Midrand**

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# PART A

## GENERAL INFORMATION

## 1. National Credit Regulator general information

### **Registered name**

National Credit Regulator (NCR)

### **Registered office address**

127 -15<sup>th</sup> Road  
Randjespark  
Midrand  
1685

### **Postal address**

P.O. Box 209  
Halfway House  
1685

### **Contact telephone number**

**Switchboard:** 011 554 2600 / 2700

**Toll Share:** 0860 627 627  
0860 NCR NCR

### **Email address**

**Complaints:** [complaints@ncr.org.za](mailto:complaints@ncr.org.za)

**Enquiries:** [info@ncr.org.za](mailto:info@ncr.org.za)

### **Website address**

[www.ncr.org.za](http://www.ncr.org.za)

### **External auditor's information**

#### **Auditor-General of South Africa**

300 Middel Street  
New Muckleneuk  
Pretoria  
0081

### **Banker's information**

**Standard Bank of South Africa**

### **Company secretary**

**Mr Lesiba Mashapa**

## 2. List of abbreviations/acronyms

AA	Accounting Authority
ADRA	Alternative Dispute Resolution Agent
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
ARMC	Audit and Risk Management Committee
B-BBEE	Broad-Based Black Economic Empowerment
CB	Credit Bureau
CBA	Credit Bureau Association
CBI	Corporate Banking Institution
CBM	Credit Bureau Monitor
CCM	Consumer Credit Market
CCR	Central Credit Register
CEC	Consumer Education Committee
CEO	Chief Executive Officer
CIF	Credit Industry Forum
COVID-19	Novel Coronavirus Disease
CP	Credit Provider
CPF	Consumer Protection Forum
CPO	Consumer Protection Officer
CSD	Central Supplier Database
dtic	Department of Trade, Industry and Competition
DC	Debt Counsellor
DCRS	Debt Counselling Rules System
DHS	Debt Help System
DPME	Department of Planning, Monitoring and Evaluation
EAP	Employee Assistance Programme
EE	Employment Equity
ECDPW	Eastern Cape Department of Public Works
FBO	Faith-Based Organisations
FIC	Financial Intelligence Centre
FPISA	Financial Planning Institute of Southern Africa
FSCA	Financial Sector Conduct Authority
FSCEF	Financial Services Consumer Education Foundation
FSP	Financial Services Provider
4IR	Fourth Industrial Revolution
GBV	Gender-based Violence
GCIS	Government Communications and Information System
GRAP	Generally Recognised Accounting Practice
HR	Human Resources

ICCR	International Committee on Credit Reporting
ICT	Information and Communication Technology
IFC	International Finance Corporation
IFWG	Intergovernmental Fintech Working Group
J-KPI	Joint Key Performance Indicator
MFSA	Microfinance South Africa
MSWSA	Money Smart Week South Africa
MoU	Memorandum of Understanding
NAMFISA	Namibian Financial Institutions Supervisory Authority
NCA	National Credit Act
NCC	National Consumer Commission
NCFEC	National Consumer Financial Education Committee
NCR	National Credit Regulator
NCT	National Consumer Tribunal
NGB	National Gambling Board
NGO	Non-governmental Organisation
NRCS	National Regulator for Compulsory Specification
NT	National Treasury
NYDA	National Youth Development Agency
OHS	Occupational Health and Safety
PDA	Payment Distribution Agent
PFMA	Public Finance Management Act
POPIA	Protection of Personal Information Act
PSC	Public Service Commission
QCTO	Quality for Trades and Occupation
SACRRA	South African Credit and Risk Reporting Association
SANCA	South African National Council on Alcoholism and Drug Dependence
SAPS	South African Police Service
SARB	South African Reserve Bank
SARS	South African Revenue Service
SASSA	South African Social Security Agency
SCA	Supreme Court of Appeal
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SLA	Senior Legal Advisor
WCF	Workman's Compensation Fund

#### Definitions used to measure performance

Effective	Successful in producing a desired or intended result
Enhance	Improve the quality of performance
Facilitate	To make an action or process easier
Support	To give assistance





## 3

## Foreword by the Minister of Trade, Industry and Competition

It is my pleasure to table the Annual Report of the National Credit Regulator (NCR) for the 2022/23 financial year. The report sets out the work of the Regulator during the year under review to facilitate the social and economic advancement of South Africa by means of a fair and non-discriminatory consumer-credit market that promotes responsible credit granting.

The NCT secured approximately R14.2 million in redress to consumers by way of monetary refunds and/or adjustment on outstanding account balances because of complaints evaluations, compliance monitoring and investigations. The NCR launched its mobile unit, which enabled the NCR to reach more consumers, particularly in peri-urban and rural areas, and increased the visibility of the NCR. The lack of visibility of regulators in the consumer protection arena has long been a complaint raised in feedback from consumers.

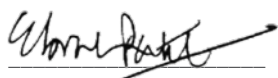
The report reflects the work of the NCR in implementing their core mandate, and the outcome of joint efforts to align work of the dtic's 18 entities towards a set of three shared outcomes:

- **Increased industrialisation**
- **Strengthened transformation in the economy; and**
- **Building a capable state.**

Focusing around these central outcomes allows the entities in **the dtic** Group – comprising regulators, financiers and technical institutions – to pool capacities and collaborate to best deliver for the South African people.

In the coming year, NCR will need to further strengthen work in its core mandate area and align its activities within its mandate around a common set of outcomes defined for **the dtic** Group, including the forty-five central outcomes established for the 2023/24 Financial Year. These outcomes are focused on measuring performance in terms of real impact; defined through key measures like the number of jobs supported, investment unlocked, and output generated by our work.

I thank the Chief Executive Officer, Ms Nomsa Motshegare, management and the NCR team for their efforts in the past year.



**Mr Ebrahim Patel**

Minister of Trade, Industry and Competition



# 4 Foreword by the Accounting Authority

## PERFORMANCE OF THE NATIONAL CREDIT REGULATOR

The National Credit Regulator (NCR) is driven by the imperatives of advancing the social and economic welfare of South Africans in the consumer credit industry.

In pursuit of this outcome, the organisation's annual performance plan (APP) for 2022/23-2024/25 and strategic plan (SP) for 2022-2027 was tabled in Parliament by the Minister of Trade, Industry and Competition on 4 April 2022.

In preparing its APP 2022/23-2024/2025, the NCR used the Revised Framework for Strategic Plans and Annual Performance Plans issued by the Department of Planning, Monitoring and Evaluation (DPME). In terms of the Joint Key Performance Indicators (J-KPIs), Department of Trade, Industry and Competition (**the dtic**) entities had to align their APPs to the three outputs (J-KPI 1 to 3).

The NCR identified the following performance areas for delivery in its APP:

Programme Regulatory	Total number of targets set	Number of targets achieved	Number of targets exceeded	Number of targets substantially achieved	Number of targets not achieved
Programme 1: Improved Regulatory Environment	3	-	3	-	-
Programme 2: Enforcement of the NCA	8	2	6	-	-
<b>NCR's contribution to the achievement of the dtic Joint KPIs</b>					
J-KPI 1: Integrated Support to Drive Industrialisation	4	1	2	-	1
J-KPI 2: Actions to Promote Transformation	6	4	2	-	-
J-KPI 3: Delivery/Capable State	2	-	1	1	-
<b>TOTAL</b>	<b>23</b>	<b>7 (30%)</b>	<b>14 (61%)</b>	<b>1 (4%)</b>	<b>1 (4%)</b>

Out of the 23 set targets, 91% were either achieved or exceeded. One was substantially achieved and another one not achieved due to capacity constraints and challenges related to ICT system workflow. To improve on this, recruitment of a finance manager is underway.

### Programme 1: Improved Regulatory Environment

Delivering on this programme included:

- Conducting consumer education and awareness campaigns and activities regarding deceptive and unfair practices and consumer rights in general; and
- Improving the efficiency of the registration process of persons and entities.

## Programme 2: Enforcement of the NCA

The enforcement of the Act entailed:

- Improving compliance with regulations pertaining to the total cost of credit (including credit life insurance);
- Taking enforcement action where necessary by the end of the financial year;
- Investigating credit providers for reckless lending;
- Taking enforcement action where necessary by the end of the financial year; and
- Improving compliance by encouraging credit bureaus to remove paid-up judgements and adverse consumer credit information.

The NCR contributed directly or indirectly to **the dtic's** J-KPIs:

*J-KPI 1: Integrated Support to Drive Industrialisation*

- Implemented increased industrialisation and localisation opportunities.

*J-KPI 2: Actions to Promote Transformation*

- Promoted a growing and inclusive economy.

*J-KPI 3: Delivery/Capable State*

- Contributed to functional, efficient and integrated services within **the dtic** to improve economic development and ease of doing business.

Sections 13 to 18 of the National Credit Act (NCA), 2005 (Act. No. 34 of 2005) set out the functions of the NCR. The following is an overview of what was achieved during the reporting period.

### Registration

The NCR is responsible for the registration of credit providers (CPs), credit bureaus (CBs), debt counsellors (DCs), alternative dispute resolution agents (ADRAs) and payment distribution agents (PDAs).

The extent to which the NCR has improved the registration processes of persons and entities is reflected in the fact that 99,06% applications were registered within eight (8) business days of receipt of the signed proposed conditions and payment of registration fees (compared to 98,2% and nine business days in the previous financial year).

### Consumer education and communication

About 1 600 consumer education and awareness activities were conducted in the form of radio and TV interviews, online and print coverage, digital/virtual platforms, and face-to-face interventions.

Several media releases were issued to better publicise the work undertaken by the NCR. These included: MSR Financial Solutions and other credit providers flout the NCA; Keep your credit record clean; Make smart credit choices; A debt relief measure for over-indebted consumers; Cancellation of Mathusa Batho Financial Services; Don't let Black Friday lead to Blacklisting; Spend Wisely during the festive season; Borrow Wisely. "Ts & Cs apply!"

The NCR also launched a mobile unit as part of an exhibition at the Keya Rona mall in Modderspruit in the Bojanala District Municipality in North West. A number of primary stakeholders, including the North West Consumer Protection Office, **the dtic**, Financial Sector Conduct Authority (FSCA) and the Banking Services Ombudsman participated in the event.

The FSCA has been hosting the National Financial Literacy Speech Competition for Grade 11 learners since 2016. The NCR has been participating in this initiative throughout. The competition is funded by the Financial Services Consumer Education Foundation (FSCEF) and encourages learners to become more financially literate by doing research and delivering a five-minute speech on a financial literacy topic. It consists of four (4) rounds, namely, school, district, provincial and national. The provincial finals are adjudicated by representatives of the NCR, FSCA, and the Financial Planning Institute of Southern Africa (FPISA), as well as FSCEF trustees. NCR officials acted as adjudicators at all the provincial finals, except Northern Cape, and at the national finals.

In addition to the media, which includes community radio stations, the NCR partners with other organisations, other regulators, provincial consumer protection offices, TVET colleges, religious groups, consumer representative organisations and tribal authorities to disseminate messages to consumers. These partners include the Consumer Protection Forum (CPF), National Consumer Financial Education Committee (NCFEC), Bataung Tribal Authority, Black Sash, various entities that report to **the dtic** (National Gambling Board (NGB), National Consumer Commission (NCC), etc), the National Youth Development Agency (NYDA), universities, Money Smart Week South Africa (MSWSA), South African Social Services Agency (SASSA), South African National Council on Alcoholism and Drug Dependence (SANCA) and the Women Development Bank (WDB).

## Compliance monitoring

The NCR provides different guidance and compliance resources to help registrants understand and comply with the NCA. These include regular circulars and guidance on the statutory returns that registrants are required to submit to the NCR. Stakeholder engagements on compliance related matters take place face to face or via webinars and workshops, while monitoring is done on site and through desk-top studies.

In terms of its District Development Model and Spatial Equity, the NCR conducted compliance monitoring, investigations and registration of entities and persons in all district municipalities, except in the Central Karoo Municipality in the Western Cape. Consumer education and awareness campaigns and activities, however, took place in all district municipalities in all provinces.

## Enforcement of the NCA

The NCR's mission is to stand up for consumers and make sure that they are not prejudiced as they engage with players in the credit industry who choose to break the law. To this end, one of its core functions is to enforce the NCA by holding credit industry players who contravene it accountable. Enforcement is done through referrals to the National Consumer Tribunal (NCT) and the courts, settlement orders and the issuing of compliance notices.

### Enforcement highlights

- 31 matters were referred to the NCT
- 18 registrants were issued with compliance notices
- 20 settlement orders were concluded between the NCR and affected registrants
- 7 judgements were handed down in favour of the NCR
- R4,1 million in administrative fines were imposed
- R14,2 million were paid to consumers in refunds and credit balance adjustments
- R13.82 billion distributed to credit providers by PDAs (2021/22: R12.82 billion).

## Research and statistics

The NCR monitors consumer credit trends and market conditions by collecting and analysing statistics submitted by credit industry players. This data is aggregated and published quarterly in the form of the Consumer Credit Market (CCM) and Credit Bureau Monitor (CBM) reports. These are used by industry analysts, researchers, economists, investors, registrants and consumers, and to inform policy.

For the period ended 31 March 2023, the value of the gross debtor's book as reported in the CCMR stood at R2,29 trillion. This was a year-on-year growth of 6.21%.

The CBM report recorded 27,07 million credit-active consumers, an increase of 590,511 (2.23%) consumers when compared to March 2022. The number of consumers classified to be in good standing was 17.25 million (63.71%).

## Debt counselling

Debt counselling is one of the debt relief measures available to over-indebted consumers in terms of the NCA. Under this formal legal process, a consumer can be declared over-indebted and his or her debt counsellor can negotiate new payment terms or a restructured payment plan with credit providers. Consumers under debt counselling can either pay their credit providers directly or through payment distribution agents (PDAs) who act on their behalf. The value of payments through PDAs amounted to R13,82 billion (R12,82 billion in the previous year) during this reporting period.

## STAKEHOLDER MANAGEMENT AND COLLABORATIONS

### National Register of Credit Agreements

The National Register of Credit Agreements (also referred to as the Central Credit Register (CCR) for purposes of the steering committee) is to be established in terms of Section 69 of the NCA. Participating regulators, which also form the steering committee, are the NCR, South African Reserve Bank (SARB), FSCA and Financial Intelligence Centre (FIC), with National Treasury (NT) and **the dtic** providing support. The NCR and SARB alternate in chairing the committee.

The NCR Senior Legal Advisor (SLA) chairs the Legislative Workstream, which was tasked to obtain a legal opinion on the hosting of the register and the form (new Act or amendments). The SLA presented the opinion to the committee who decided, at its last meeting, to start drafting regulations to develop a small register based on the existing legislation, i.e., Section 69 of the NCA. At the



same time, a task team headed by the SARB will start drafting proposed amendments to the current legislation to, in the long run, develop a comprehensive register that meets the needs of all the participating regulators. The NCR has submitted the names of two (2) officers to be included in the task team.

Further to the design and implementation of a register, the International Finance Corporation (IFC) will provide the NCR with technical support in drawing up specifications relating to business credit information and improved micro and macro supervision.

### Intergovernmental Innovation Hub

The NCR is part of the intergovernmental Innovation Hub that was launched during 2019 to test new products that financial players want to introduce to market. The hub was created collaboratively by several South African financial sector regulators, including the FIC, FSCA, NCR, SARB and South African Revenue Service (SARS), under the auspices of the Intergovernmental Fintech Working Group (IFWG). Its purpose is to demystify the regulatory landscape and actively advance innovation in financial services by providing a safe space for the testing of innovative ideas.

The hub consists of three (3) components: the Regulatory Guidance Unit, the Innovation Accelerator and the Regulatory Sandbox. The Regulatory Sandbox allows market innovators to test new products and service concepts that push the boundaries of existing regulation, all under the responsible supervision of relevant regulators.

An entity that had registered with the NCR to operate as a niche credit bureau has applied to the Regulatory Sandbox to test its ideas. This is a specialised credit-scoring company that assists low-income consumers to build credit scores that are strong enough for them to qualify for housing finance. The target market for the solution is tenants paying rent of between R2 000 and R6 000 a month who could potentially qualify for mortgage loans. The core premise of this company's innovation is that tenants who consistently pay their rent in full and on time can likely afford mortgage repayments of a similar amount. Its approach to credit scoring has the potential to enable massive access to developmental credit for affordable housing and help close the long-standing housing deficit in South Africa, largely within the gap market. This approach also has the potential to promote and advance the economic welfare of South Africans through job creation.

### On-boarding of small credit providers

The NCR is a member of the International Committee on Credit Reporting (ICCR), the only recognised standard setting body on credit reporting. As a member of the ICCR, the NCR undertook to participate in testing the predictive value of alternative data for credit decisions. As a result of the undertaking, the International Finance Corporation ("IFC") and the NCR entered into a Cooperation Agreement in terms of which the parties agreed to cooperate with one another for the alternative data project as well as various projects aimed at improving credit information reporting in South Africa.

One of these projects is what the NCR and the IFC referred to as the Onboarding Project. Under the Onboarding Project, the NCR and the IFC intend to enable fee categories 6 to 9 credit providers to report consumer credit information to credit bureaus through the SACRRA's Data Transmission Hub.

As part of their conditions of registration, credit providers must comply with all applicable legislation and regulations. This includes the sharing of data with other stakeholders such as credit bureaus in a manner that complies with Regulation 19(13). The requirement is important as it enables data-driven policy formulation, informs the credit underwriting process and enables better quality lending decisions.

Notwithstanding all these benefits, the NCR has noticed high levels of noncompliance, which may partly be attributed to small credit providers' low levels of digitisation. The importance of enhancing the compliance and resilience of credit providers, prompted a rethink of how the credit industry can work collectively to solve this pain point. The obvious answer was to make better use of technology.

The NCR, with the assistance of IFC took a decision to host a TechSprint aimed at facilitating the leveraging of technology innovation by small credit providers in order to improve the resilience and compliance of small credit providers. The focus of the TechSprint is to accelerate the development of affordable technology solution that will enable small to medium credit providers to automatically submit consumer credit information to credit bureaus in line with Regulation (19)13 of the NCA.

### Regenesys Business School/BANKSETA International Executive Development Programme

The NCR's statistics and research supervisor presented a paper on "The role of the NCR in relation to developmental finance/financial inclusion" to students as part of the above programme.

### Collaboration with regulators in the region

In order to encourage regional corporation and to ensure a greater impact on matters of consumer protection, the NCR hosted several benchmarking and information sharing meetings with other regional regulators such as the Namibian Financial Institutions Supervisory Authority (NAMFISA).

## Governance

The NCR remains proud of its sound and effective governance system and prudent financial management practices that has resulted in clean audits in 2014/15, 2015/16, 2017/18, 2018/19, 2019/20 and 2022/23 and unqualified audit opinions for the 2020/21 and 2021/22 financial years.

## CHALLENGES

Different interpretations of the NCA do sometimes result in uncertainty regarding the regulatory framework. Such challenges are usually resolved by referring matters to the NCT and the courts. Continuous amendments to the Act furthermore assist in creating greater certainty within the regulatory framework.

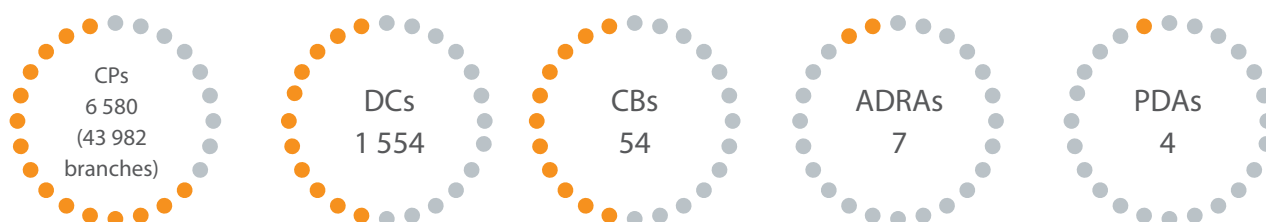
Additional challenges arise from the very high number of consumers who require support. High levels of unemployment coupled with slow economic growth and rising interest rates increase over-indebtedness among consumers, creating a correspondent spike in demand for the NCR's services.

Budget constraints in the public sector impact the NCR's ability to efficiently implement some of the key functions within its mandate. The organisation requires, for instance, additional funding to retain and attract critical skills and to develop ICT systems to improve operational efficiencies. Lengthy litigation, which is the norm rather than the exception in this sector, requires significant funding and places the NCR's finances under additional pressure.

In addition, as the credit industry evolves, new and innovative ideas are being introduced by various players and stakeholders. To keep abreast of these innovations, the digitisation of the regulatory environment is imperative. It is also increasingly important to collaborate and cooperate with other regulators locally and internationally in the interest of effectively regulating the domestic industry.

In response to these challenges, the NCR explores other options to carry out some of its functions. These include, but are not limited to, partnering with other regulators and organisations in the areas of consumer education and communication, enforcement and research. In addition, the NCR is investigating other possible income streams, such as the review of registration fees.

By 31 March 2023, the following was recorded:



## Highlights

Summary of key highlights during 2022/23:



33 referrals to the NCT



Achieved or exceeded 100% of APP targets



15 judgements handed down in favour of the NCR



Received clean audit report for FY 2022/23



R14,2 million paid to consumers in refunds and credit balance adjustments



1 600 consumer education and awareness activities

## 5. Overview by the Chief Executive Officer

### General financial review

For the 2022/23 financial year, the NCR had a final approved budget of R147 531 130 (2021/22: R169,407,304). The NCR received R83 241 000 in funding from **the dtic** (2021/22: R81,432,000), which constituted 61% of the NCR's funding. The balance of R51 749 515 (2021/22: R49 886 785) was from registrant fees and other income.

### Spending trends

The NCR used its budget as follows during the financial year under review:

Item	2022/23	2021/22
Programme expenditure	R16 022 556	R21 026 546
Personnel expenditure	R79 570 097	R77 934 792
Administrative and other expenditure	R28 783 543	R24 087 822
Capital expenditure	R6 229 640	R9 659 306

### Challenges and capacity

Funding continued to be a challenge during the year under review. By implementing cost-cutting measures and improving efficiencies, the NCR was able to deliver against its strategic plan.

Reduced funding had a negative effect on the NCR's ability to attract and retain people with the right skills. Some positions had to be frozen, resulting in capacity constraints.

With the Fourth Industrial Revolution (4IR) upon us, advancements in information technology continued to pressurise the NCR into further digitisation of its processes. New systems were introduced in the supply chain management (Great Plains (GP) and document management system (SigniFlow).

### Discontinued activities

No activities were discontinued during the year under review.

### New activities

No new activities were undertaken during the year under review.

### Supply chain management

The NCR's supply chain management (SCM) processes and systems comply with the SCM Regulations and Practices in the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) and Treasury Regulations (TR). These policies and procedures ensure that the NCR procures goods and services in a fair, competitive, transparent and equitable manner.

### Concluded unsolicited bid proposals

No unsolicited bid proposals were concluded during the year under review.

### Audit report matters in the previous year

The audit report for the 2022/23 financial year from the Auditor-General reflects the following:

NCR obtained a clean audit for the period under review.

### Plans for the future to address uqualified financial challenges

The NCR team will continue finding innovative ways to augment the budget and new ways of working smarter in order to execute its legislative mandate. To increase capacity and boost staff complement, we will continue to recruit interns to assist with, in particular, information communication technology.

### Events after the reporting date

The NCR is not aware of any events after the reporting date of 31 March 2023 that are likely to have a material impact on its financial results or operations.

### Economic viability

The NCR derives its income from the transfers from **the dtic** and registrants' fees. These sources of income ensure the entity's financial viability.

### Acknowledgements

I thank the NCR executive team, management and personnel for their hard work throughout the year. Their contributions make it possible for the NCR to achieve its mission and fulfil its mandate.

My sincere appreciation also goes to the members of the Audit and Risk Management Committee (ARMC) for providing oversight. I would also like to thank the Minister of Trade, Industry and Competition, Honourable Mr Ebrahim Patel, **the dtic** and the Portfolio Committee on Trade and Industry for their guidance and support.



**Ms Nomsa Motshegare**  
Chief Executive Officer  
31 July 2023

## 6. Statement of responsibility and confirmation of the accuracy of the annual report

To the best of my knowledge and belief, I confirm the following:

- All information and amounts disclosed in the annual report are consistent with the annual financial statements (AFS) audited by the Auditor-General;
- The annual report is complete, accurate and is free from omissions;
- The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury;
- The annual financial statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) applicable to the public entity;
- The accounting authority (AA) is responsible for the preparation of the annual financial statements and the judgements made in this information;
- The accounting authority is responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the human resources information and the annual financial statements; and
- The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, this annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs for the financial year ended 31 March 2023.



**Ms Nomsa Motshegare**

Accounting Authority and Chief Executive Officer

31 July 2023



**Mr Lesiba  
Mashapa**

Company Secretary

On medical leave of absence since 1 February 2023



**Adv. Obed  
Tongoane**

Deputy Chief  
Executive Officer

Contract expired on 31 December 2022

### Executive Team



**From left:** Ms Nomsa Motshegare (Chief Executive Officer and Accounting Authority), \*Adv. Kedlatile Legodi (Debt Counselling Manager and Acting Company Secretary), Ms Lynette De Beer (Chief Financial Officer) and \*Ms Nthupang Magolego (Senior Legal Advisor)

\*Adv. Legodi and Ms Magolego were appointed as interim Executive Committee members with effect from 01 February 2023.

## 7. Strategic overview

### Overall objectives

The National Credit Regulator aims to improve the regulatory environment and ensure the enforcement of the Act as amended.

To achieve these objectives, the regulator focuses on:

- Programme: Improved regulatory environment
- Programme: Enforcement of the National Credit Act.

The outcomes of these programmes are:

- Increased efficiency in registration of persons and entities to facilitate creation of job opportunities.
- Improved compliance through enforcement of the NCA.

### Mission

*"To support the social and economic advancement of South Africa by:*

- *Regulating for a fair and non-discriminatory market for access to consumer credit*
- *Promoting responsible credit-granting use and effective redress."*

### Vision

*"To promote a South African consumer credit market that is fair, transparent, accessible and dynamic."*

### Values

#### **Service excellence:**

we strive for service excellence that exceeds the expectations of all stakeholders.

#### **Integrity:**

we are committed to honesty and integrity without compromise.

#### **Empowerment:**

we strive for empowerment in the consumer credit market, and we are also committed to employee empowerment.

#### **Good corporate governance:**

we strive to be a model of good corporate governance at all times.



## 8. Legislative and other mandates

In terms of the PFMA, the NCR is a Schedule 3A public entity.

The purpose of the NCR is to:

- Promote a fair and non-discriminatory marketplace for access to consumer credit and for that purpose to provide for the general regulation of consumer credit and improved standards of consumer information;
- Promote black economic empowerment and ownership within the consumer credit industry;
- Prohibit certain unfair credit and credit-marketing practices;
- Promote responsible credit granting and use and for that purpose prohibit reckless credit granting;
- Provide for debt reorganisation in cases of over-indebtedness;
- Provide for registration of credit bureaus, credit providers, debt counsellors, payment distribution agents and alternative dispute resolution agents;
- Establish national norms and standards relating to consumer credit;
- Promote a consistent enforcement framework relating to consumer credit;
- Establish the NCR and the NCT; and
- Promote and advance the social and economic welfare of South Africans; promote a fair, transparent, competitive, sustainable, responsible, efficient, effective and accessible credit market and industry.

The NCR enforces the provisions of the NCA by:

- Promoting informal resolution of disputes between consumers and credit providers, credit bureaus and/or debt counsellors;
- Receiving complaints regarding contraventions of the NCA;
- Monitoring the consumer credit market and industry to prevent, detect and/or prosecute contraventions;
- Investigating and evaluating alleged contraventions of the NCA;
- Issuing and enforcing compliance notices in respect of contraventions;
- Negotiating and concluding undertakings and consent orders as a means of resolving consumer complaints; and
- Referring matters to the NCT for adjudication.

The NCR is also mandated to undertake research on the nature and dynamics of the consumer credit market by:

- Implementing education and information measures to develop public awareness of the provisions of the NCA;
- Providing guidance to the credit market and industry;
- Monitoring socioeconomic patterns of consumer credit activity in the Republic of South Africa;
- Conducting reasonable periodic audits of registered credit providers in respect of historical data relative to credit applications and credit agreements;
- Monitoring trends in the consumer credit market and industry;
- Reviewing legislation and regulations, and reporting to the minister concerning matters related to consumer credit.

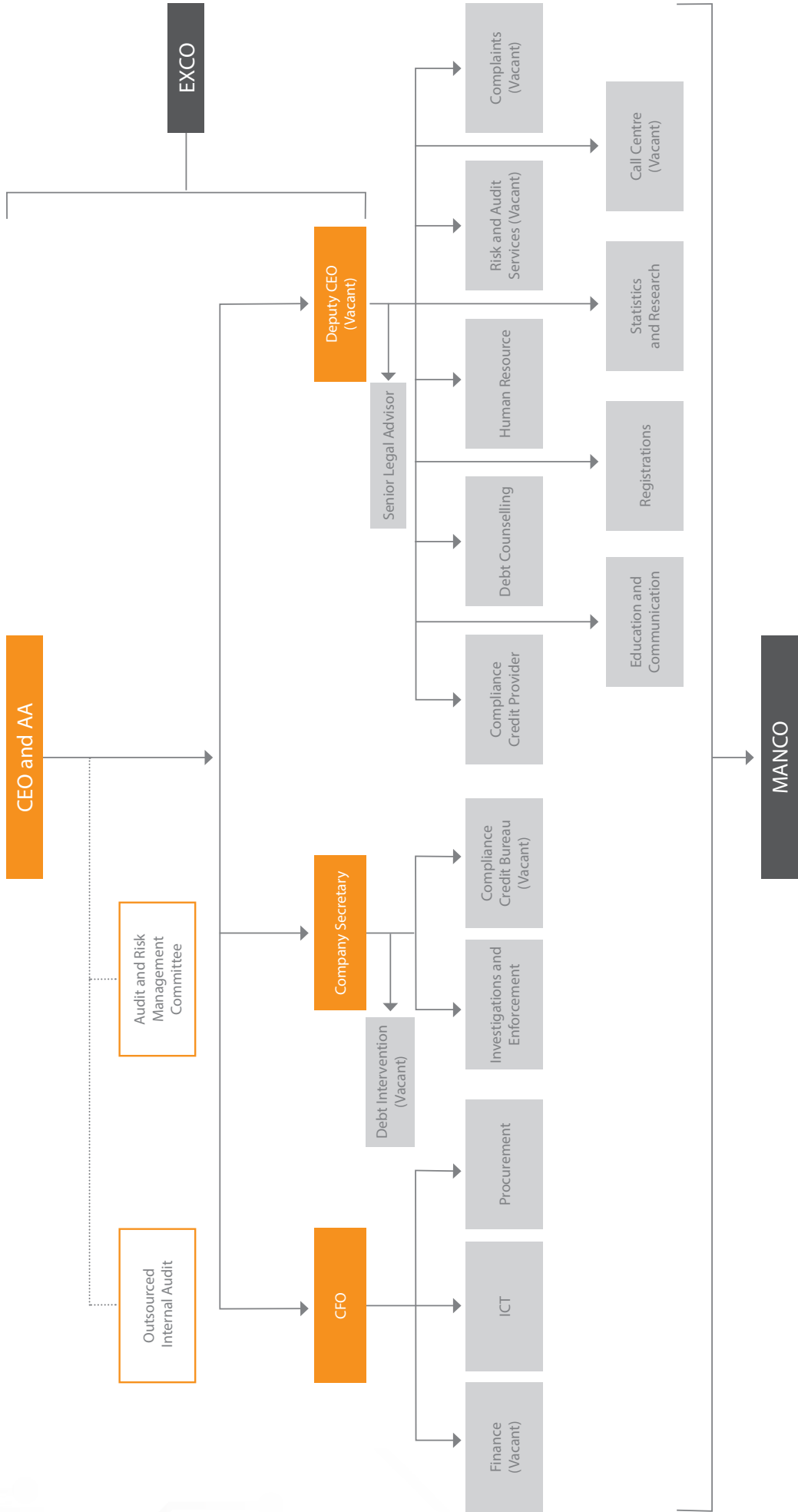
The NCR promotes public awareness around consumer credit matters by:

- Implementing education and information measures.

The NCR is also mandated to advise the Minister of Trade, Industry and Competition on matters of national policy relating to consumer credit and on the determination of national norms and standards regarding consumer protection.

## 9. Organisational Structure

The organogram provides a high-level overview of the organisation structure of the National Credit Regulator as at 31 March 2023.

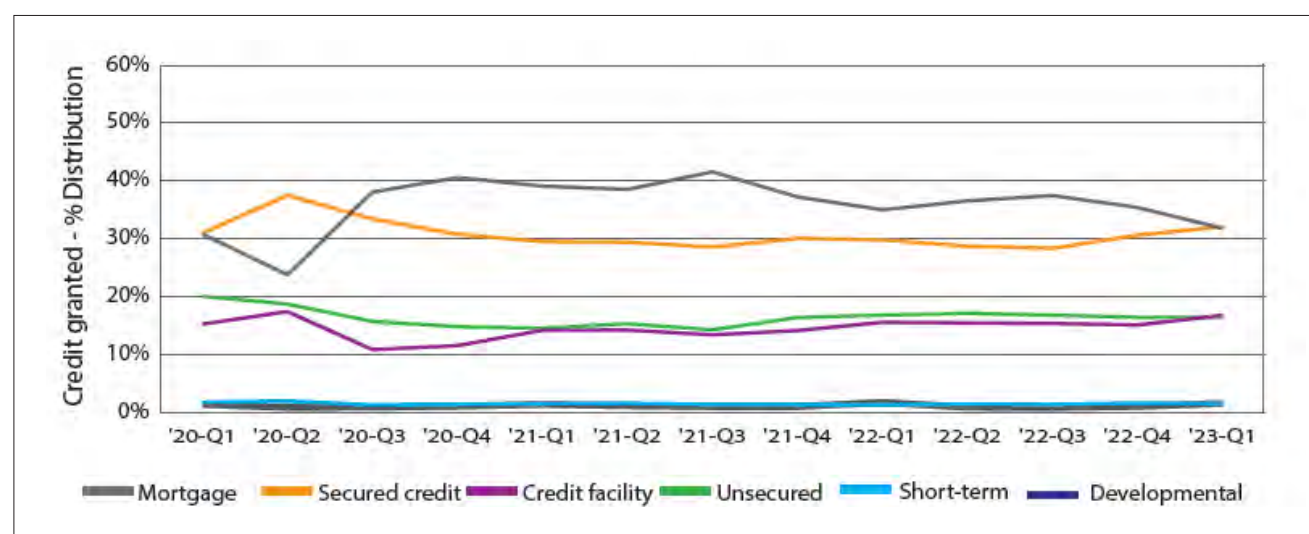


## 10. Statistical overview of the consumer credit market

### Credit granted

New credit granted decreased from R159, 16 billion in the quarter ended March 2022 to R141, 78 billion (10,92%) in the quarter ended March 2023.

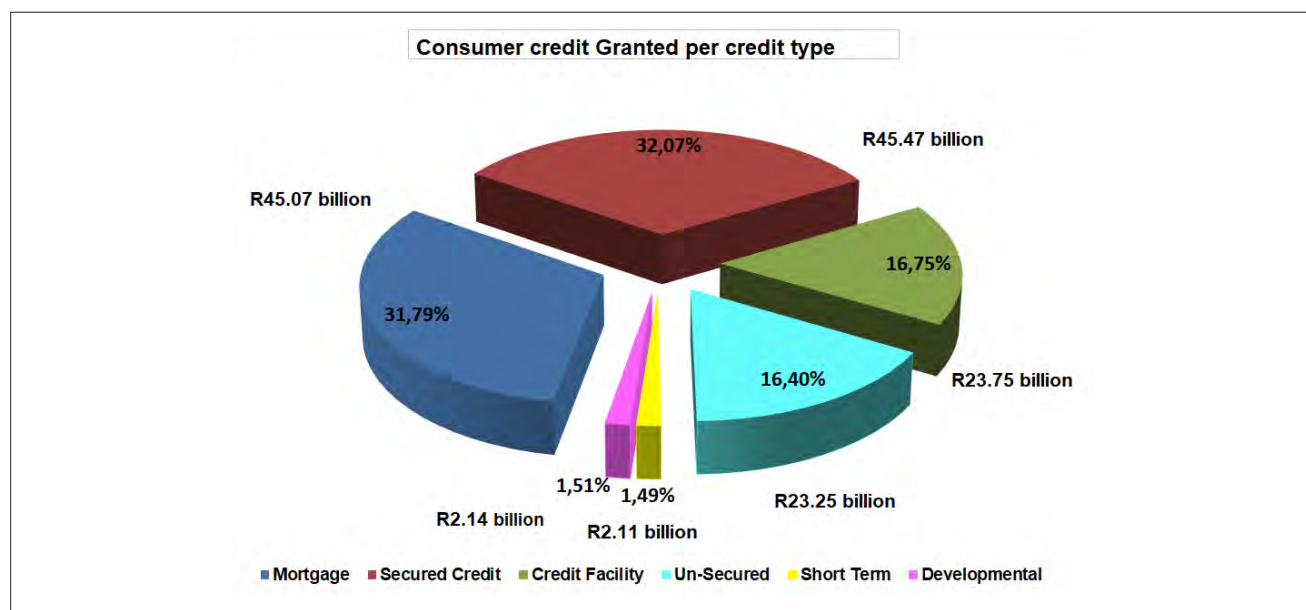
Credit granted								
Agreement R'000	2022-Q1 R'000	2022-Q2 R'000	2022-Q3 R'000	2022-Q4 R'000	2023-Q1 R'000	2023-Q1% Distribution R'000	% Change (Q1/Q4)	% Change (Y/Y)
Mortgage	R55 705 855	R57 501 161	R62 983 755	R57 916 362	R45 067 547	31,79%	-22,19%	-19,10%
Secured Credit	R47 407 415	R45 140 710	R47 636 256	R50 091 814	R45 467 184	32,07%	-9,23%	-4,09%
Credit Facility	R24 712 560	R24 270 767	R25 784 062	R24 658 931	R23 746 234	16,75%	-3,70%	-3,91%
Unsecured credit	R26 687 775	R26 980 192	R28 169 815	R26 846 123	R23 251 160	16,40%	-13,39%	-12,88%
Short-term credit	R1 992 181	R2 188 857	R2 230 822	R2 527 141	R2 109 825	1,49%	-16,51%	5,91%
Developmental credit	R2 653 813	R1 284 329	R1 306 980	R1 583 970	R2 142 997	1,51%	35,29%	-19,25%
<b>Total</b>	<b>R159 159 599</b>	<b>R157 366 015</b>	<b>R168 111 690</b>	<b>R163 624 342</b>	<b>R141 784 947</b>	<b>100,00%</b>	<b>-13,35%</b>	<b>-10,92%</b>



### New credit granted

The unsecured credit share of total credit granted decreased from R26,85 billion for the quarter ended December 2022 to R23,25 billion for the quarter ended March 2023.

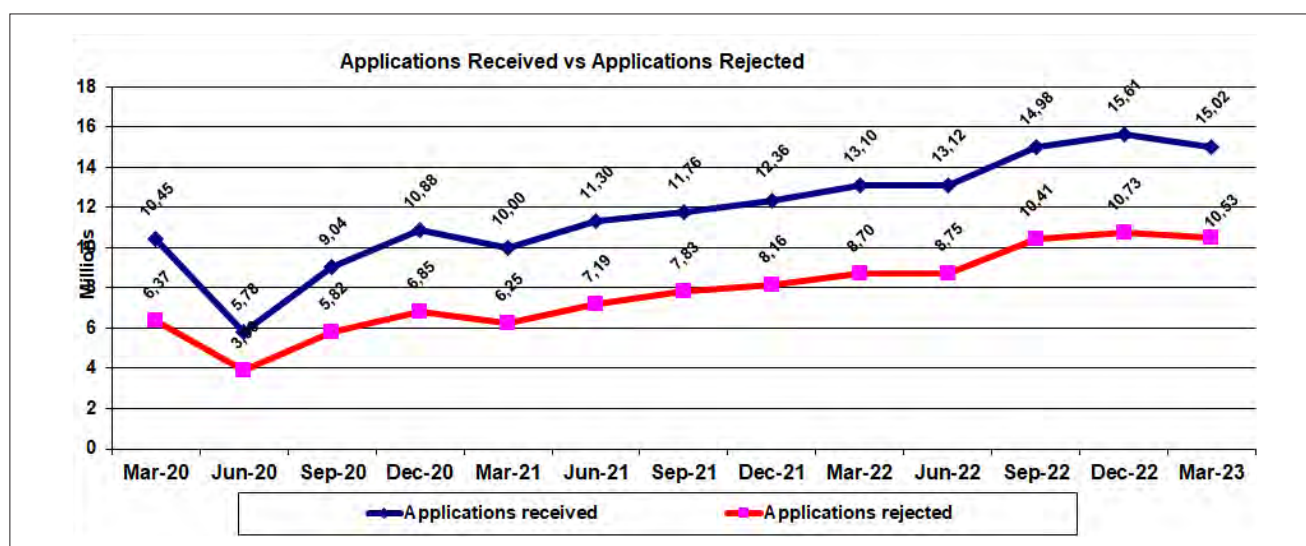
Mortgages' share of total credit granted decreased from R57,92 billion for the quarter ended December 2022 to R45,07 billion for the quarter ended March 2023.



### Rejection rate

The rejection rate increased from 68,73% for the quarter ended December 2022 to 70,07% for the quarter ended March 2023. The number of applications received decreased by 3,77% and number of applications rejected decreased by 1,89% for the quarter ended March 2023.

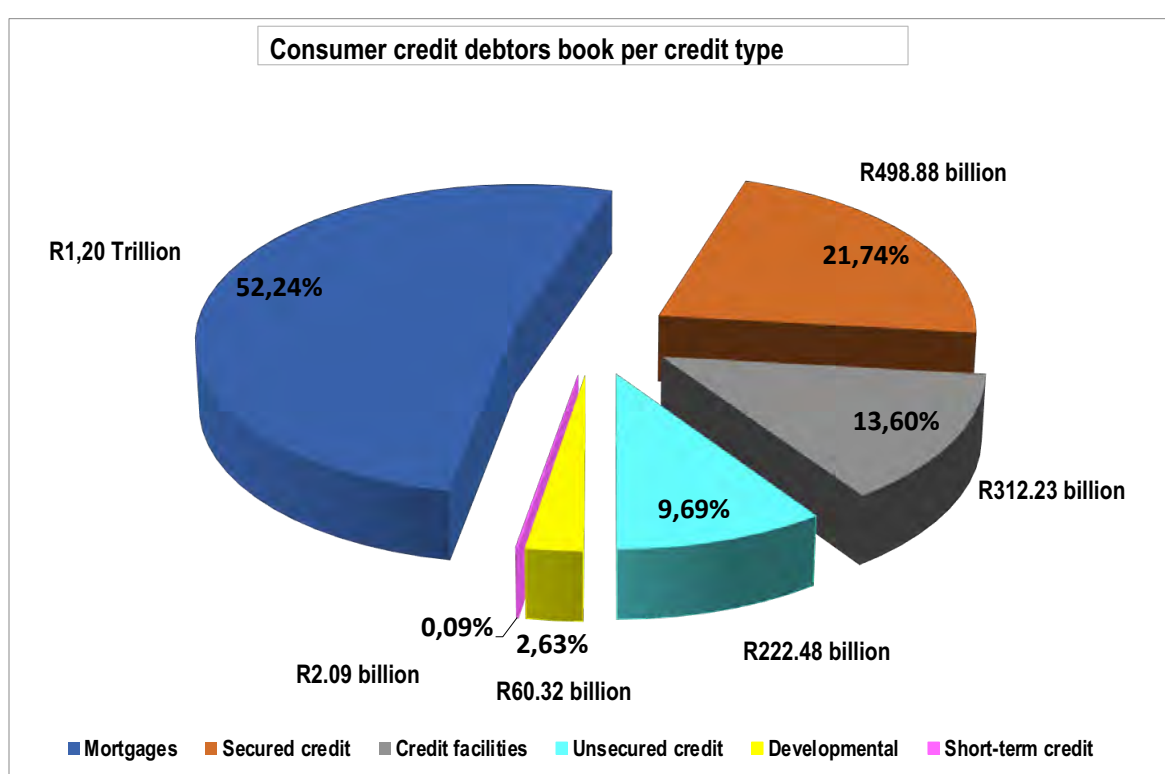
Rejection rate							
Agreement R'000	2022-Q1	2022-Q2	2022-Q3	2022-Q4	2023-Q1	% Change (Q1/Q4)	% Change (Y/Y)
	R'000	R'000	R'000	R'000	R'000		
Number of applications received	R13 103	R13 119	R14 984	R15 613	R15 025	-3,77%	14,66%
Number of applications rejected	R8 700	R8 751	R10 410	R10 731	R10 528	-1,89%	21,01%
% of applications rejected	66,40%	66,70%	69,48%	68,73%	70,07%		



### Gross debtors book

There was a quarter-on-quarter increase of R31,69 billion (1,40%) in the value of the gross debtors' book for the period ended March 2023. The corresponding year-on-year growth was R134,26 billion (6,21%). The mortgage credit book increased by R14,67 billion (1,24%) quarter on quarter and by R73,96 billion (6,57%) on a year-on-year basis. The secured book increased by R5,41 billion (1,10%) quarter on quarter and by R20,08 billion (4,19%) on a year-on-year basis.

Gross debtors book								
Agreement R'000	2022-Q1 R'000	2022-Q2 R'000	2022-Q3 R'000	2022-Q4 R'000	2023-Q1 R'000	2023-Q1% Distribution R'000	% Change (Q1/Q4) R'000	% Change (Y/Y) R'000
Mortgages	R1 125 045 076	R1 143 045 914	R1 165 976 857	R1 184 338 300	R1 199 004 490	52,24%	1,24%	6,57%
Secured credit	R478 795 068	R479 873 181	R485 163 785	R493 471 629	R498 876 742	21,74%	1,10%	4,19%
Credit facilities	R282 974 932	R286 647 255	R292 866 752	R304 206 959	R312 224 548	13,60%	2,64%	10,34%
Unsecured credit	R214 013 059	R216 309 347	R218 227 222	R221 506 217	R222 481 450	9,69%	0,44%	3,96%
Short-term credit	R1 841 124	R1 859 410	R1 962 918	R2 230 124	R2 093 108	0,09%	-6,14%	13,69%
Developmental Credit	R58 066 007	R57 449 472	R57 329 307	R57 554 786	R60 318 110	2,63%	4,80%	3,88%
<b>Total</b>	<b>R2 160 735 265</b>	<b>R2 185 184 580</b>	<b>R2 221 526 842</b>	<b>R2 263 308 016</b>	<b>R2 294 998 447</b>	<b>100,00%</b>	<b>1,40%</b>	<b>6,21%</b>



### Credit bureaus

As at the end of March 2023, there were 54 registered credit bureaus that deal with consumer data. The number of consumers that are classified as impaired increased slightly from 9.71 million in December 2022 to 9.82 million in March 2023. The deterioration was mainly due to the increase in the interest rates and tough economic times.

### Credit standing of consumers

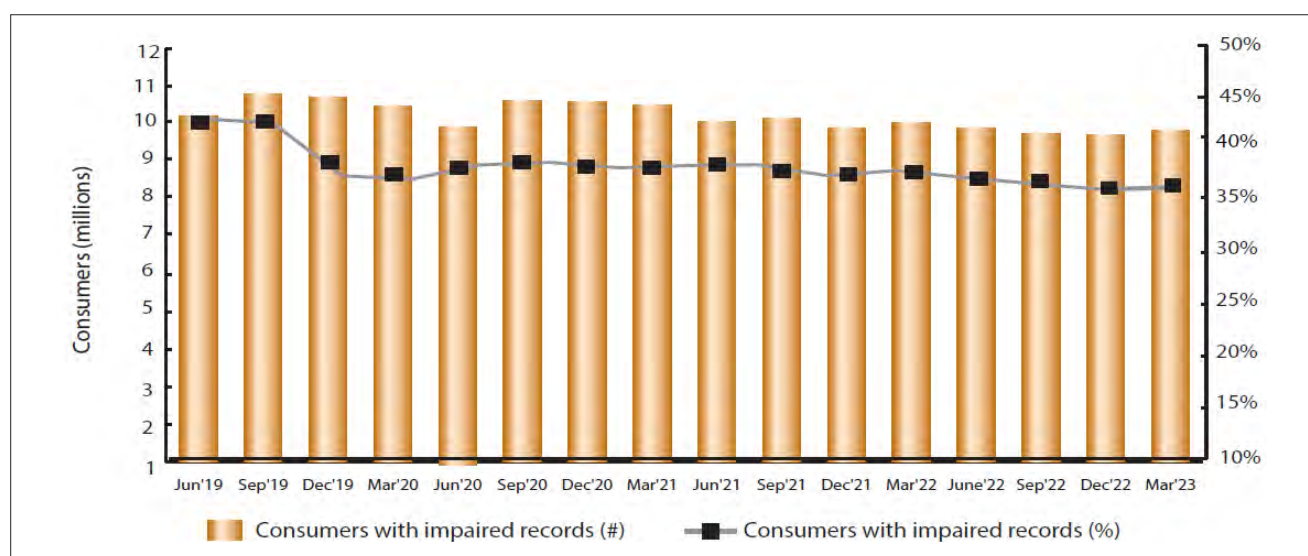
There were 27,07 million credit-active consumers as at the end of March 2023, an increase of 165 856 quarter-on-quarter and 590 511 year-on-year. Of these credit-active consumers, 63,71% were in good standing.

The number of consumers with impaired records (the inverse of those in good standing) increased by 108 192 to 9,82 million. Percentage wise this translates to 36,29% of credit-active consumers. Of these, 23,78% are three months or more in arrears, 9,69% have adverse listings and 2,81% have judgments and administration orders.



## Credit standing of Consumers

Consumers	Jun 20	Sep 20	Dec 20	Mar 21	Jun 21	Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23
Good Standing (#)	16.96m	17.02m	16.80m	17.01m	16.14m	16.25m	16.50m	16.44m	16.63m	16.88m	17.19m	17.25m
Good Standing (%)	62.90	61.52	61.28	61.80	61.59	61.51	62.55	62.08	62.73	63.36	63.89	63.71
Current %	53.33	52.41	52.12	53.08	53.60	53.79	54.64	53.93	54.80	55.60	55.81	55.47
1-2 months in arrears (%)	9.57	9.11	9.17	8.72	7.99	7.72	7.91	8.15	7.94	7.75	8.08	8.24
Impaired records (#)	10.00m	10.64m	10.61m	10.53m	10.07m	10.17m	9.88m	10.04m	9.88m	9.76m	9.71m	9.82m
Impaired records (%)	37.10	38.48	38.72	38.20	38.41	38.49	37.45	37.92	37.27	36.64	36.11	36.29
3+ months in arrears (%)	22.90	23.75	23.41	22.84	23.34	24.27	24.07	24.31	24.67	24.16	23.72	23.78
Adverse listings (%)	10.89	11.47	12.07	12.17	12.04	11.26	10.46	10.73	9.70	9.59	9.55	9.69
Judgements and administration orders (%)	3.31	3.26	3.24	3.19	3.03	2.96	2.92	2.88	2.90	2.89	2.84	2.81
Credit Active Consumers (#)	26.96m	27.66m	27.41m	27.53m	26.22m	26.42m	26.38m	26.48m	26.52m	26.65m	26.90m	27.07m

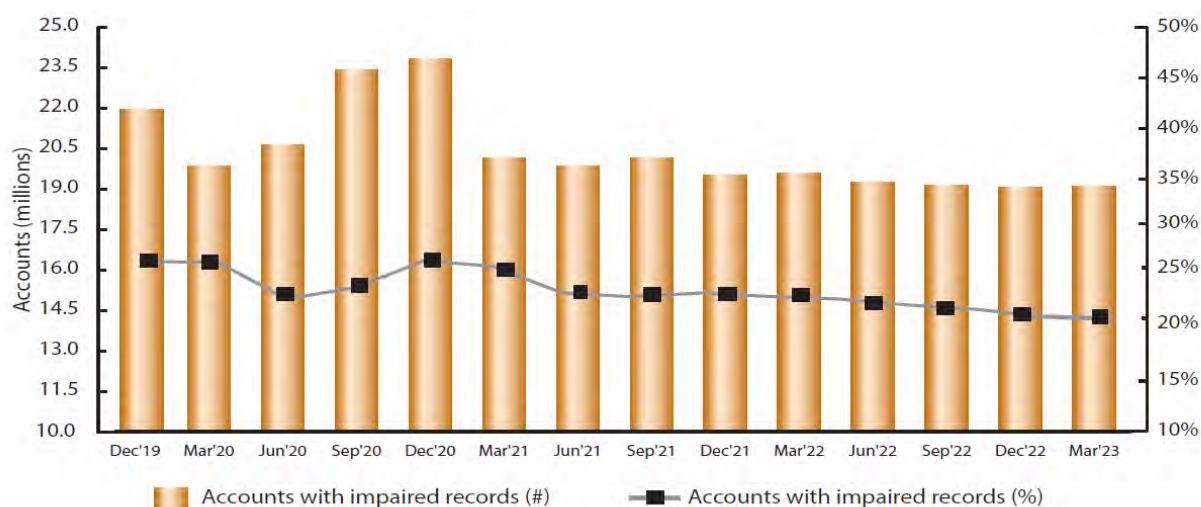


## Credit standing of accounts

As at March 2023, the credit bureaus held records for 27.07 million credit-active consumers, an increase of 590,511 (2.23%) consumers when compared to March 2022. The number of consumers classified to be in good standing was 17.25 million (63.71%) while the balance of 9.82 million (36.29%) had impaired records for the quarter ended March 2023.

## Credit standing of accounts

	Jun 20	Sep 20	Dec 20	Mar 21	Jun 21	Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23
Good Standing (#)	64.57m	63.68m	66.64m	64.91m	65.22m	64.91m	64.08m	65.14m	66.23m	67.60m	70.28m	71.31m
Good Standing (%)	75.76	73.09	73.66	76.29	76.66	76.30	76.63	76.88	77.47	77.90	78.64	78.85
Current (%)	67.77	65.96	66.70	69.95	70.47	70.25	70.59	70.53	71.44	71.97	72.62	72.57
1-2 months in arrears (%)	7.99	7.13	6.96	6.64	6.19	6.05	6.04	6.35	6.03	5.93	6.02	6.28
Impaired records (#)	20.66m	23.44m	23.83m	20.18m	19.86m	20.16m	19.54m	19.59m	19.26m	19.17m	19.09m	19.13m
Impaired records (%)	24.24	26.91	26.34	23.71	23.34	23.70	23.37	23.12	22.53	22.10	21.36	21.15
3+ months in arrears (%)	17.07	17.05	16.47	17.16	16.98	17.78	17.64	17.50	17.21	16.78	16.24	16.05
Adverse listings (%)	6.28	9.01	9.06	5.55	5.38	4.96	4.77	4.69	4.39	4.40	4.24	4.25
Judgements and administration orders (%)	0.88	0.84	0.80	1.00	0.98	0.96	0.96	0.93	0.93	0.92	0.88	0.86
Consumer accounts (#)	85.23m	87.12m	90.47m	85.09m	85.08m	85.07m	83.62m	84.73m	85.49m	86.77m	89.37m	90.44



## Fast facts

### South African consumer credit industry fast facts 2022/23



**461,73 million** enquiries were made on consumer credit records.



**17,25 million** consumers classified in good standing.



Banks and other financial institutions (**29,41%**), retailers (**14,09%**) and telecommunication providers (**2,62%**).



Banks issued almost **81%** total of all new credit granted and retailers almost **4%**.



**790,05 billion** new credit granted from 1 April 2022 to 31 March 2023



**3,6 million** total number of credit health reports issued to consumers in 2022/23.



**9,82 million** consumers with impaired records, a year-on-year decrease of **2,18%**.



**R 27,07 million** credit-active consumers as at 31 March 2023, 590 511 more than a year ago.



# PART B

## PROGRAMME PERFORMANCE INFORMATION

## 1. Auditor-General's Report: Predetermined Objectives

The Auditor-General of South Africa performs the necessary audit procedures on performance information to provide reasonable assurance in the form of an audit conclusion. The report on other legal and regulatory requirements is provided in the Auditor-General's Report on page 74 of this report.

## 2. Situational Analysis

### 2.1. Internal Factors

#### 2.1.1 Performance of the NCR

During the year under review, the NCR was able to implement its strategic plan and annual performance plan, despite difficult external and organisational environments, as described below.

##### 2.1.1.1 Performance information by programme

Two (2) Programmes were identified and these included the following: (1) Improved Regulatory Environment to promote economic growth through job creation, integration; and transformation; (2) Enforcement of the Act to promote a fair, responsible and accessible consumer credit market. This was implemented by conducting investigations and taking enforcement action on non-compliant registrants.

The regulator achieved and/or exceeded 100% of the 11 regulatory targets.

##### 2.1.1.2 Joint Key Performance Indicators (J-KPIs)

**the dtic** introduced a new concept of J-KPIs in 2021/22 financial year, and these were continued in this financial year. These are indicators of performance designed to increase the level of coordination and alignment of efforts between different programmes of the department and its entities. This was done to ensure appropriate alignment between the work of the department and the Economic Recovery and Reconstruction Plan tabled in Parliament in October 2020 by President Ramaphosa; the priorities set out in the 2019 State of the Nation Address; Performance compacts between members of the Executive and the Presidency signed in November 2020; and the New District Development Model as an integration of development efforts at local level.

Three (3) J-KPIs were introduced in this financial year, namely Integrated Support to Drive Industrialisation; Actions to Promote Transformation, and Delivery/Capable State. To contribute to these J-KPIs, the NCR identified 12 targets, 10 (83.3%) were either achieved or exceeded, one was substantially achieved and the other not achieved.

##### 2.1.1.3 Service delivery environment

Notwithstanding the challenges elaborated in detail under the Accounting Authority's section, the NCR achieved most of its targets and obtained a clean audit opinion.

### FUNDING

The NCR continued to operate under tight budgetary constraints. As a result, lost key personnel to the industry and in some cases was unable to attract suitable skills. In addition, there was a slow pace in digitising processes within the NCR.

To achieve its targets, the NCR adopted cost containment measures and improved efficiencies where possible during 2022/23. The NCR is exploiting innovative ways alternative ways of increasing its revenue. Innovative ways to maximise delivery and cut costs included use of NCR legal advisors to defend matters at the NCT; conducting a combination of desk-top and onsite compliance; and using online business communication platforms to disseminate information, have meetings and present workshops (webinars).

### 2.2 External Factors

During 1 April 2022 – 31 March 2023 period, most significant external events that impacted on the service delivery environment in which the NCR operates were the following:

#### 2.2.1 Recessionary Economic Conditions

Low growth and high unemployment prevailed in 2022/23. Unemployment was an estimated 32.7% as of December 2022 and it urged up to 32.9% in the first quarter of 2023. This was reported to be the first rise in over a year.

The three essential determinants of economic development that are considered in economies are inflation, real Gross Domestic Product (GDP), and unemployment. Some of the major goals of an economy is to reduce unemployment and have economic growth sustained over a longer period of time.

It is widely accepted that an inflation rate of around 2-3% is considered beneficial for sustained economic growth in developing countries; however, a higher inflation rate is completely destructive to the health of an economy (Khan and Gill, 2010).

The relationship between economic growth and unemployment shows that there is a high correlation between the economic growth rate and the decrease in unemployment rates. An increase in the growth rate increases the employment rate.

During periods of high inflation, consumers usually prefer to buy fewer amounts of commodities for consumption in the marketplace. Therefore, commodities remain unsold with the sellers, which minimises the profit margin of the industrial units, which in turn, increases unemployment in the economy. Kingdon and Knight (2007) highlight some of the economic and social implications of unemployment in any nation and they state that it results in erosion of human capital, social exclusion, unrests, increases in crime rates and morbidity.

### 2.2.2 Interest Rates

At its meeting in January 2023, The Monetary Policy Committee (MPC) increased interest rates by a further 25 basis points, resulting in a cumulative interest rate hike of 375 basis points since November 2021. This was done as an attempt to rein in runaway inflation. The repo rate was reported to be at its highest level since before the 2008-2009 global financial crisis. The increase in the repo rate increases the cost of borrowing by consumers. Higher interest rates, persistent load shedding and elevated inflation dampen economic growth and result in increased unemployment.

Inflation recorded in December 2022, was 7.2%. Although it was still above the upper limit of the SARB's 3% -6% target range, it was slightly better than expected.

### 2.2.3 Load Shedding

In a few quarters during this period, economic growth was reported to be below potential due to electricity load shedding. Rolling blackouts were implemented on 208 days during 2022. (Source: South African Economic Outlook January 2023). In the main, small businesses and the majority of households who cannot afford off-grid alternatives, are the ones that experience the economic pain. Although small businesses do not contribute much to GDP, they have a large impact on employment and food security.

### 2.2.4 Floods in KwaZulu-Natal (KZN)

The 2022 floods which impacted on operations at the Durban port, were the most catastrophic yet recorded in KZN. Research shows flooding events in the province have doubled in the last century. The disastrous flood that hit Durban in April 2022 was the most catastrophic natural disaster yet recorded in KZN in collective terms of lives lost, homes and infrastructure damaged or destroyed and economic impact.

This is according to a new study by researchers from the University of the Witwatersrand in Johannesburg, South Africa, and the University of Brighton, UK, published in the *South African Geographical Journal*. 6 Sep 2022.

According to Statistics SA, after two consecutive quarters of positive growth, South Africa's economy declined by 0.7% in the second quarter of 2022, as a result of the KZN floods and load shedding.

### 2.2.5. Ukraine-Russia War: its impact on households in South Africa

The rise in interest rates, rolling load shedding, increasing costs of petrol and food, among others, have put a strain on the disposable income of South African households.

Added to that were the knock-on effects of the Ukraine invasion, particularly higher food and fuel prices.

The Ukrainian-Russia war has even had a more significant impact on the supply side. It has driven inflation to highs not seen in decades. This has resulted in low levels of supply, hiking prices upwards.

The likely impact has been an inflationary impact on the South African economy, which in turn heightens upside risk to economic growth, poverty, unemployment, food security, social stability, and interest rates.

### 2.2.6 Digitalisation and the 4IR

Digitalisation business model greatly improves operational efficiency which leads to better productivity. Automation of all the processes in a business helps reduce manpower, saves time, and improves overall quality. Errors on the part of humans can be avoided to a large extent in the digitalisation business model.

Digitisation and 4IR brought opportunities (faster processing of information and levelling of the playing field), but also many challenges (online lending, cybercrime and protection of personal information) and risks that all organisations, including the NCR had to overcome during the period under review.

Today, governments face a similar tightrope act in regulating the global digital economy being forged by the Fourth Industrial Revolution. The public sector must enable firms to develop innovative new digital products and services, while building in regulatory safety measures against possible harms and clear guidelines within which firms can operate safely.

To be effective, governments have to redesign the way they regulate the world's rapidly growing digital economy, taking into account emerging digital challenges.

Technological innovations are becoming ever more embedded in our day-to-day lives, generating valuable new opportunities but also digital risks that are increasing exponentially. Truly protecting consumers, while encouraging more technological advances, will require a more modern, holistic, regulatory architecture from governments. (Source: World Economic Forum, *The digital economy*, Jul 19, 2021)



More information on the organisational challenges and successes experienced by the NCR during the year under review can be found under the institutional programme performance information.

### 3. Progress towards achievement of institutional impacts and outcomes

As per the five-year strategic plan, the NCR has two impact statements, three outcomes and six outcome indicators. These are aligned to two programmes and eleven outputs.

The below tables depicts progress made towards the achievement of the 5-year targets in relation to the outcome indicators:

<b>Impact statement 1:</b>	Improved regulatory environment, which promotes economic growth through job creation, integration and transformation.
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#### Measuring Outcomes

Outcome	Outcome Indicator	Baseline	Five year target from 2020/21	1-year achievement
Improved consumer protection through education and awareness of the NCA.	Number of consumer education and awareness campaigns and activities conducted on consumer rights	500 consumer education and awareness campaigns and activities	3 400 consumer education and awareness campaigns and activities	1 469
	Number of consumer education and awareness campaigns and activities conducted on deceptive and unfair practices	120 consumer education and awareness campaigns and activities	650 consumer education and awareness campaigns and activities	161
Increased efficiency in registration of persons and entities to facilitate creation of job opportunities.	% of new entrants (persons and entities) registered within a number of days of receipt of signed proposed conditions and payment of registration fees.	97% of applications registered within 9 business days of receipt of signed proposed conditions and payment of registration fees.	99% of applications registered within 2 business days of receipt of signed proposed conditions and payment of registration fees.	99.06% of applications registered within 8 business days of receipt of signed proposed conditions and payment of registration fees

<b>Impact statement 2:</b>	A fair, responsible and accessible consumer credit market promoted.
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#### Measuring Outcomes

Outcome	Outcome Indicator	Baseline	Five year target	1-year achievement
Improved compliance through enforcement of the NCA.	Number of investigations on credit providers for compliance with regulations pertaining to the total cost of credit.	420 credit providers	2 000 investigations	444
	Number of investigations on credit providers for compliance with regulations pertaining to reckless lending.	380 credit providers	1 500 investigations	442
	Number of investigations on hosting credit bureaus for compliance with the NCA	3 credit bureaus	70 investigations	5

#### Significant achievements with regard to the contribution toward the 2019-24 Medium Term Strategic Framework and Provincial Growth and Development Strategy: :

*MTSF PRIORITY 2: Economic transformation and job creation:*

NCR's contribution to MTSF Priority 2: Efficient registration of new entrants in the consumer credit market to increase the participation of SMMEs which facilitate the creation of job opportunities and ultimately contributes towards economic growth.

#### Amendments to the Strategic Plan:

There were no significant amendments to the NCR Five-Year Strategic Plan.

## 4. Institutional programme performance information

### 4.1. Performance information by programme:

#### Programme: Improved regulatory environment.

**Purpose of the programme :** To promote economic growth through job creation, integration and transformation.

Programme/Sub-programme: Improved regulatory environment								
Outcome	Output	Output indicator	Audited Actual performance. 2020/2021	Audited Actual performance. 2021/2022	Planned Annual Target 2022/2023	Actual achievement 2022/23	Deviation from planned target to actual achievement for 2022/23	Reasons for deviations
Improved consumer protection through education and awareness of the NCA.	Conduct consumer education and awareness campaigns and activities regarding consumer rights.	Number of consumer education and awareness campaigns and activities conducted on consumer rights.	120 consumer education and awareness campaigns and activities were conducted in a form of radio interviews.	1 382 consumer education and awareness campaigns and activities on consumer rights.	Conduct 700 consumer education and awareness campaigns and activities on consumer rights.	Conducted 1 469 consumer education and awareness campaigns and activities on consumer rights.	+ 769	Exceeded There was a large number of invitations received and in addition the NCR also secured many slots with community radio stations.
	Conduct consumer education and awareness campaigns and activities regarding deceptive and unfair practices.	Number of consumer education and awareness campaigns and activities conducted on deceptive and unfair practices	120 consumer education and awareness campaigns and activities were conducted in a form of radio interviews.	137 consumer education and awareness campaigns and activities on deceptive and unfair practices.	Conduct 130 consumer education and awareness campaigns and activities on deceptive and unfair practices.	Conducted 161 consumer education and awareness campaigns and activities on deceptive and unfair practices.	+ 31	Exceeded The NCR initiated more workshops on deceptive and unfair practices to reach consumers.
Increased efficiency in registration of persons and entities to facilitate creation of job opportunities.	Improve efficiency in the registration process of persons and entities.	% of new applications registered in the consumer credit market within a set number of business days of receipt of signed proposed conditions and payment of registration fees.	90.19% of applications were registered within 9 business days of receipt of signed proposed conditions and payment of registration fees.	98.12% of applications were registered within 9 business days of receipt of signed proposed conditions and payment of registration fees.	Register 98% of persons and entities in the consumer credit market within 8 business days of receipt of signed proposed conditions and payment of registration fees.	99.06% of applications were registered within 8 business days of receipt of signed proposed conditions and payment of registration fees.	+ 1.06%	Exceeded Improved turnaround times as a result of building improved efficiencies in the processing of applications.

## 4. Institutional programme performance information (continued)

### Strategy to overcome areas of under performance

There were no areas of under-performance.

### Changes to planned targets

There were no changes to planned targets.

**Programme:** Enforcement of the National Credit Act.

### Purpose of the programme

To promote a fair, responsible and accessible consumer credit market through the enforcement of the NCA. This will be implemented by conducting investigations and taking enforcement action on non-compliant registrants.

Programme/Sub-programme: Enforcement of the National Credit Act									
Outcome	Output	Output indicator	Audited Actual performance. 2020/2021	Audited Actual performance. 2021/2022	Planned Annual target 2022/2023	Actual achievement 2022/23	Deviation from planned target to actual achievement for 2022/23	Comment on deviations	
Improved compliance through enforcement of the NCA.	Improve compliance with regulations pertaining to the total cost of credit.	Number of credit provider investigations conducted on credit providers relating to total cost of credit to ensure compliance with the regulations.	326 investigations were conducted by way of complaints evaluations, compliance monitoring and investigations.	462 credit provider investigations on credit providers were conducted by way of complaints evaluations, compliance monitoring and investigations	Conduct 440 credit provider investigations relating to total cost of credit to ensure compliance with regulations.	444 investigations on credit providers were conducted by way of complaints evaluations, compliance monitoring and investigations.	+ 4	Exceeded	The target was exceeded due to proactive monitoring, staff's improvement on product knowledge and the redirecting of resources to assist with investigations.
	Enforcement action taken where necessary by the end of the financial year.	Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance with regulations relating to the total cost of credit by credit providers.	Enforcement action was taken on 87% of credit provider investigations where contraventions relating to total cost credit (including credit life insurance)	Enforcement action was taken on 96% of credit provider investigations on credit providers where contraventions relating to total cost of credit were identified.	Take enforcement action on 80% of investigations which identified non-compliance with regulations relating to the total cost of credit by the end of the financial year.	Enforcement action was taken on 96% of investigations on credit providers where contraventions relating to total cost of credit were identified.	+ 16%	Exceeded	Redirected resources to assist in taking enforcement action.
Improved compliance through enforcement of the NCA.	Conduct credit provider investigations on credit providers relating to reckless lending.	Number of credit provider investigations conducted on credit providers relating to reckless lending.	378 investigations were conducted by way of complaints evaluations, compliance monitoring and investigations.	490 credit provider investigations on credit providers were conducted by way of complaints evaluations, compliance monitoring and investigations.	Conduct 400 credit provider investigations on credit providers relating to reckless lending.	442 investigations on credit providers were conducted by way of complaints evaluations, compliance monitoring and investigations.	+ 42	Exceeded	The target was exceeded due to proactive monitoring, staff's improvement on product knowledge and the redirecting of resources to assist with investigations
Improved compliance through enforcement of the NCA.	Enforcement action taken where necessary for the whole year.	Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance relating to reckless lending by credit providers.	Enforcement action was taken on 88% of credit provider investigations on credit providers where contraventions relating to reckless lending and/or collection of prescribed debt were identified.	Enforcement action was taken on 96% of credit provider investigations on credit providers where contraventions relating to reckless lending were identified.	Take enforcement action on 75% of investigations which identified non-compliance with regulations relating to reckless lending by credit providers by the end of the financial year.	Enforcement action was taken on 96% of investigations on credit providers where contraventions relating to reckless lending were identified.	+ 21%	Exceeded	Redirected resources to assist in taking enforcement action.
	Improve compliance by of hosting credit bureaux in respect of the removal of paid-up judgements and adverse consumer credit information.	Number of hosting credit bureau investigations conducted on hosting credit bureaux relating to the removal of paid-up judgements and adverse consumer credit information.	6 credit bureaux were monitored.	3 investigations on hosting credit bureau investigations were conducted by way of compliance monitoring.	Conduct 4 hosting credit bureau investigations on hosting credit bureaux relating to the removal of paid-up judgements and adverse consumer credit information.	5 hosting credit bureau investigations on hosting credit bureaux were conducted by way of compliance monitoring.	+ 1	Exceeded	The monitoring of an additional credit bureau was prompted by findings noted on their submission of annual compliance report (form 43).

Programme 2: Enforcement of the National Credit Act								
Outcome	Output	Output indicator	Audited Actual performance 2019/2020	Audited Actual performance 2020/2021	Planned Annual target 2021/2022	Actual achievement 2021/22	Deviation from planned target to actual achievement for 2021/22	Comment on deviations

### Strategy to overcome areas of under performance

There were no areas of under-performance.

### Changes to planned targets

There were no changes to planned targets.

### Legends:

<b>Achieved</b>	Target met on time
<b>Not achieved</b>	Deadline date lapsed before target achieved
<b>Work in progress</b>	Deadline not yet due
<b>Exceeded</b>	Target exceeded
<b>Not applicable</b>	Deadline not applicable in the period
<b>Substantially achieved</b>	85% to 99%
<b>Partially achieved</b>	75% to 84%

## MANCO Team



NCR MANCO - back row from left: Adv. K Legodi, Ms T Mudau, Ms K Sepuru, Mr Z Mngqundaniso, Ms L Schwartz and Mr N Mabebe. Front row, from left: Ms L Lamola, Ms P Mweli, Ms F Kotsedi and Ms P Kweyama.

## 4.2. Performance information by activity

### 4.2.1 Activity area: Registrations



**Mr Zolile  
Mngqundaniso**

Manager:  
Registrations

**The NCR Registrations Department registers credit providers, credit bureaus, debt counsellors, alternative dispute resolution agents and payment distribution agents. It also processes cancellation and lapsing of registrations, maintains the register of registrants, and administers the process of annual renewal of registration.**

In support of the NCR's mandate to improve compliance with the NCA, the department conducts stakeholder engagements and/or roadshows to improve credit providers' understanding of the registration criteria and process. During the period under review, eight (8) such workshops were held for unregistered credit providers in order to assist them to come into the net and thereby formalise their operations.

#### Registrations

The department has improved the efficiency of its process for dealing with registration applications. As of 31 March 2023, a total of 6 580 credit providers with 43 982 branches, 54 credit bureaus, four (4) payment distribution agents, seven (7) alternative dispute resolution agents and 1 554 debt counsellors were registered with the NCR.

A total of 1 501 credit providers and 202 debt counsellors were registered during the financial year. The increase in the number of credit providers registered may lead to job creation and economic growth.

#### Highlights

The department saw an increase in the number of new applicants wanting to be registered with the NCR. The department received 1 705 applications, which represent a 17,59% increase compared to 1 450 the previous year.

#### The year ahead

To improve compliance with the NCA, the department will continue conducting workshops for unregistered credit providers, educating them on the benefits of registration and disadvantages of operating without registration as well as reminding registrants to renew their registrations on time to avoid lapsing of registration.

## Highlights



**1 501** credit providers were registered, which is a **11,19%** increase compared to **1 350** the previous year.



## Registrations Department





## 4.2. Performance information by activity (continued)

### 4.2.2 Activity area: Credit Provider Compliance



**Ms Takalani Mudau**

Manager:  
Credit Provider  
Compliance

#### **The mandate of the Credit Provider Compliance Department is to monitor credit providers' compliance with the NCA and their conditions of registration.**

Section 15 of the NCA compels the NCR to monitor the consumer credit market and industry to prevent, detect or prosecute prohibited conduct. The Credit Provider Compliance Department contributes to the fulfilment of this mandate through a five-pronged monitoring approach:

1. Desktop monitoring
2. Onsite visits
3. Analysis of statutory reports
4. Monitoring of conditions of registration
5. Market conduct study

Regulations 62 to 68 of the NCA set deadlines by when credit providers must submit specific documentation and data. Quarterly and annual submissions include statistical reports (Form 39), annual financial statements (Form 40), compliance reports and assurance engagement reports.

Criteria that determine, amongst others, which credit providers are selected for monitoring include:

- Failure to submit statutory returns.
- Complaints received by the NCR.
- Trends identified in the statistical returns submitted by credit providers.
- Negative media coverage.

In support of the NCR's strategic objectives, the department monitors: compliance with regulations pertaining to the total cost of credit, including credit life, as well as reckless lending. To this end, 359 cases of desktop/ or on-site compliance monitoring activities were concluded during the financial year. As a result of these activities 172 instructional letters were issued to address non-compliance in relation to cost of credit and 296 in terms of

reckless lending. Analysis of sampled files revealed a decrease in non-compliance relating to total cost of credit relative to the previous financial year, but an increase in reckless lending.

In addition, compliance monitoring processes revealed unfair practices, such as failure to provide consumers with credit agreements or pre-agreements statements, and the inclusion of prohibited or unlawful provisions in credit agreements.

#### **Highlights**

The department conducted numerous onsite visits to verify the data received from credit providers and to improve compliance through knowledge sharing. This exercise was corrective in nature, an opportunity to identify and resolve challenges at operational level.

The department collaborated with the Education and Communication Department to host credit provider workshops and produce a free, user-friendly compliance manual for credit providers. In addition to overwhelmingly positive feedback, these initiatives have resulted in a significant increase in the number of Form 39 submissions. Similarly, the number of assurance engagement and compliance report submissions increased by 9,5% and 9,9 % respectively when compared to the previous financial year.

Together with the Co-operative Banks Development Agency (CDBA), the department conducted training sessions for Cooperative Banking Institutions (CBIs) on cost of credit, statutory reporting, affordability assessment and developmental credit.

#### **The year ahead**

Given the increase in non-compliance relating to affordability assessments, the department will focus on the remedial actions credit providers take after receiving instructional letters. The monitoring of compliance with total cost of credit provisions, i.e, interest charged, initiation fees and service fees, and credit life insurance, will continue, whilst follow-ups on credit providers found guilty of serious non-compliance will be conducted to determine the impact of the NCR's compliance monitoring activities. The aim is to enhance compliance and to help the department identify training needs. Extensive training for newly registered credit providers is planned to assist them with completing the statutory reports, as are more onsite visits to better monitor compliance, enhance NCR visibility and address non-compliance and contraventions of the NCA. Certain registrants must annually on anniversary of registration submit to the NCR – Copies of scorecards completed, or assessment(s) issued by an accredited verification agency as contemplated in the relevant industry code or legislation in respect of Broad-based Black Economic Empowerment. The department will continue monitoring these submissions.

#### **Successes**

- ±15 000 (10 682 in 2021/22) consumers received refunds and/or account balance adjustments for fees overcharged. Most of these consumers did not know that they had been overcharged.

## Credit Provider Compliance Team



## 4.2. Performance information by activity (continued)

### 4.2.3 Activity area: Credit Bureau Compliance



**Ms Nthupang  
Magolego  
(Providing  
Oversight)**

Credit Bureau  
Compliance

**Credit Bureaus must maintain quality up-to-date and accurate records by removing adverse consumer credit information and paid-up judgments. The Credit Bureau Compliance Department monitors credit bureaus through onsite and desk-top compliance monitoring, quarterly statistical returns, as well as annual statutory and compliance returns certified by independent auditors. The department takes enforcement action against non-compliant credit bureaus.**

By the end of March 2023, 54 credit bureaus were registered with the NCR.

However out of the 54 registered credit bureaus, only 44 credit bureaus were required to submit their 2021 compliance reports

certified by an independent auditor by 15 March 2022. Two of the 44 credit bureaus failed to submit their 2021 annual compliance returns, and instructional letters were issued against the two Credit Bureaus, which resulted in the two Credit Bureaus ultimately submitting the compliance returns.

In addition to the above instance of non-compliance, two other credit bureaus were found to be non-compliant in terms of inaccuracies/inconsistencies in the reporting of paid-up judgements, failure to remove paid-up judgement or adverse information, and failure to implement a verification or monitoring mechanism to ensure that subscribers used the credit information for purposes prescribed by the NCA. Appropriate enforcement actions in the form of 1 instructional letter and 1 compliance notice were taken against all the implicated credit bureaus.

#### Successes

During the 2022/23 financial year the department conducted desktop investigations into nine registered credit bureaus and in-depth compliance monitoring of five hosting credit bureaus.

#### Highlights

The NCR together with the Independent Regulatory Board for Auditors (IRBA) have embarked on a project to improve the efficiency of Form 43 as a tool for monitoring credit bureaus' compliance with the NCA.

#### The year ahead

The department will continue to investigate hosting credit bureaus' compliance in respect of credit reports issued for employment purposes in terms of the NCA.

### Credit Bureau Compliance Team





## 4.2. Performance information by activity (continued)

### 4.2.4 Activity area: Education and Communications



**Ms Poppy Kweyama**

Manager: Education and Communications

**The Education and Communications Department is responsible for educating consumers about their rights and obligations in terms of the National Credit Act, 2005 (Act No. 34 of 2005) and raising public awareness about the NCRs role, activities and service offerings.**

Education is increasingly being recognised as a core component of the consumer protection environment in South Africa. Consumers of credit and financial products and services remain vulnerable to unscrupulous credit and financial services providers, and often fall victim to predatory lending and unfair and deceptive marketing practices.

During the 2022/23 financial year, the Education and Communication Department ran numerous consumer education and awareness initiatives to empower South Africans with knowledge about their rights and responsibilities when transacting in the credit industry.

#### Educational workshops

In carrying out its consumer education activities, the NCR works closely with bodies such as the Consumer Protection Forum (CPF), provincial Consumer Protection Offices (CPOs) and other relevant regulators.

During 2022/23, the NCR collaborated with:

- Department of Trade, Industry and Competition (**the dtic**)
- National Consumer Commission (NCC)
- Consumer Education Committee (CEC)
- National Consumer Financial Education Committee (NCFEC)
- Money Smart Week South Africa (MSWSA)
- Financial Sector Conduct Authority (FSCA)
- Proudly South Africa
- National Regulator for Compulsory Specifications (NRCS)
- National Gambling Board (NGB)
- National Youth Development Agency (NYDA)
- Credit Bureau Association (CBA)
- Government Communications and Information System (GCIS)
- Eastern Cape Department of Public Works (ECDPW)
- South African Social Services Agency (SASSA)
- City of Johannesburg
- Office of the Premier of Gauteng
- Greater Giyani Municipality
- Universities of Stellenbosch and Johannesburg
- Orbit TVET College
- Non-governmental organisations (NGOs) such as WDB Trust, Sibahle Disability Group, Cyril Ramaphosa Foundation, Cosmo City Multi-sectoral Forum, Murathi Sports and Literature, Vaal Tourism Association, Avovision and Black Sash
- Faith-based organisations (FBOs) such as the African Catholic Church in Mmametlhake in Mpumalanga and the Tshwane International Church of Christ in Gauteng

In terms of the NCR's 2022-2025 APP, the Education and Communication Department was required to conduct 700 consumer-rights activities and 130 activities to educate consumers on deceptive and unfair practices in the year under review. The department exceeded this target by conducting a total of 1630 activities through partnering with various stakeholders. The activities included interviews on multimedia platforms and in newsprint, publications, workshops, exhibitions, mall activations and imbizos.

NCR officials acted as adjudicators in eight provincial finals and the national final of the FSCA's annual Financial Literacy Speech Competition during November and December 2022. The FSCA hosts the competition in collaboration with provincial departments of basic education for grade-11 learners studying business studies, economics and accounting. The competition encourages learners to become more financially literate through doing research and presenting their findings in a five-minute speech. Topics in this year's competition ranged from financial planning and consumer protection to entrepreneurship and engaging with financial services providers (FSPs).

The NCR participated in Money Smart Week South Africa (MSWSA) 2022 from 29 August to 04 September. MSWSA aims to empower consumers with the knowledge and skills necessary to make sound financial decisions and ultimately achieve financial wellbeing and resilience.

Between January and March 2023, the NCR took part in various activities in North West, Gauteng, Mpumalanga and Limpopo as part of the build up to World Consumer Rights Day on 15 March. South Africa's main World Consumer Day celebrations were held at Sun City. The NCR hosted an outside broadcast in partnership with Ikwekwezi FM at Ekhaya Mall in Embalenhle in the Gert Sibande District Municipality on 18 March. A teaser broadcast as done the previous day at the Mall@Emba shopping centre in the same township.

### Education through mass media

Much of the NCR's radio and TV coverage is generated through public relations initiatives and takes the form of educational interviews on credit matters, debt counselling and the protection of consumers' rights. Numerous national and community radio stations and TV channels, including SABC 1, SABC 2 and ENCA, afforded the NCR such opportunities in the year under review.

The NCR's public relations and media relations teams leverage its extensive media outreach to negotiate free additional multimedia exposure. Particularly noteworthy was the continued support from 27 community radio stations in the form of free weekly interviews slots, which enabled the NCR to broaden and deepen its rural footprint. The participating stations were Sedibeng FM, Lifetime online radio, Ratlou FM, Garankuwa FM, Waterberg FM, Rise FM, Namakwa FM, Mahikeng FM, Energy FM, EK FM, Forte FM, Mmabatho FM, Sedibeng FM, Radio Turf, Itheku FM, Zebediela FM, Kopanong FM, Radio Mafisa, Qwaqwa Radio, Kumkani FM, Nqubeko FM, Vaaltar FM, Emalahleni FM, Tshepo FM, Highway FM, Ekhephini FM and Moutse FM. Lesedi FM, a national radio station, also afforded the NCR a number of free interview slots.

The NCR also ran three specific education and awareness campaigns in partnership with SABC Radio to reach the widest audience possible. Built around Consumer Rights Month, debt counselling and Black Friday, the campaigns' main messages were:

- STAY#SCAMALERT
- Never pay upfront fees when applying for a loan/credit
- Debt counselling is not a savings plan
- Avoid overspending/unnecessary spending and borrowing money
- Black Friday could lead to a black listing

### News coverage of the NCR

News coverage increases awareness of the NCR and builds its brand. The NCR's reports on the state of the credit industry and credit-active consumers appeal to business media, while enforcement stories, such as court cases and raids on errant credit providers, are of interest to the general news media.

In 2022/23 the NCR enjoyed fairly good media coverage with nine press releases published, 1 331 radio interviews and 14 television interviews. Of these, 127 media interviews specifically highlighted deceptive and unfair practices.

Radio interview topics included debt counselling, budget and saving, scam alerts, over-indebtedness, interest-rates hikes, cost of credit, credit bureaus, prescribed debt and surrendering of goods. The NCA issued the following media releases:

- Statistics – Credit Bureau Monitor (CBM) and Credit Consumer Market Report (CCMR)
- Make smart credit choices
- A debt relief measure for over-indebted consumers
- Deregistration of Mathusa Batho Financial Services
- Borrow Wisely. T's and C's apply!
- Spend wisely during the festive season
- Don't let Black Friday lead to a blacklisting!
- Keep your credit bureau record clean
- MSR Financial Solutions (Pty) Ltd and other credit providers flout the National Credit Act (NCA)

### Stakeholder engagement and community outreach

The NCR conducted imbizos in partnership with tribal authorities across various provinces to educate consumers on their rights and responsibilities in terms of the NCA. The imbizos were mainly attended by pensioners, young people and other social grant recipients. The NCR reached economically active consumers who might not have been able to attend the imbizo, through multimedia tools.

Most of the NCR engagements were conducted in partnership with various stakeholders. Memoranda of understanding were entered into with Orbit TVET College, the Department of Home Affairs and the National Gambling Board. A key stakeholder relationship that was leveraged is with the Credit Bureau Association (CBA).

The NCR held 116 stakeholder engagements to educate consumers on their rights and responsibilities in terms of the NCA, with specific focus on consumer credit rights and debt counselling.

### Fraud awareness activities

Seven workshops were held for new and existing NCR employees to raise awareness of anti-corruption measures and the anonymous ethics tip-off line.

### Highlights

The NCR launched its mobile unit at Ke Ya Rona mall in Modderspruit in the Bojanala District Municipality in North West on Friday, 23 September 2022. Several primary stakeholders, including the North West Office of Consumer Affairs, the Department of Economic Development, **the dtic**,

the FSCA and the ombuds for banking services and financial services providers attended the launch.

The mobile unit enabled the Education and Communication Department to reach more consumers, particularly in peri-urban and rural areas, and increased the visibility of the NCR. The lack of visibility of regulators in the consumer protection arena has long been a complaint raised in feedback from consumers.

The NCR participated in several workshops organised by the City of Johannesburg to address gender-based violence (GBV) against women and children. The NCR conducted its own workshops on the same topic specifically targeting men in the national government departments of Education, Science and Technology, and Forestry, Fisheries and the Environment.

### Challenges

Notwithstanding budgetary and human resources capacity constraints exacerbated by environmental and social factors, the Education and Communication Department not only met, but exceeded its targets during the year under review.

### Education and Communications Team



### The year ahead

During 2023/24, the NCR's Education and Communication Department will maintain existing partnerships while investing in new ones, all with the sole intention of protecting the rights of consumers by advancing their awareness and understanding of the National Credit Act and the services of the NCR.

The department intends using its mobile unit to reach as many vulnerable consumers as possible in the most cost-effective way, given that the unit contains much of the equipment that had to be hired in the past. The mobile unit will be used to expand the NCR's availability, visibility and reach across all provinces, thus assisting consumers to make informed decisions when transacting in the consumer credit space.

The Department's focus on internal stakeholders will include special programmes, education and awareness activities and the resumption of the publication of the NCR's quarterly internal newsletter. Internal activities will advance the NCR's objectives and support the government's national calendar of focus areas.





**NCR and MIOSA educating employees of the Limpopo Department of Education at the Giyani Banquet Hall.**



**Money Smart Week South Africa 2022 in Ivory Park – City of Johannesburg Metro**



**Money Smart Week South Africa 2022 in Ivory Park – City of Johannesburg Metro**



**Presentation by the Ombudsman for Banking Services at the NCR Wellness Day**



**Exhibition at Ekhaya Mall in Embalenhle – Mpumalanga for Consumer Rights Month**



**Limpopo World Consumer Rights Day – Makhado Showground**

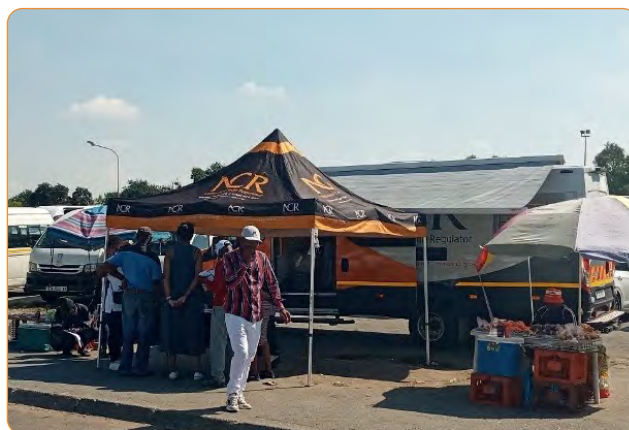


**Tshwane International Church of Christ Roadshow**





Setting up for the OB with Ikwekwezi FM at Mall@Emba in Embalenhle – Mpumalanga for Consumer Rights Month



Exhibition at Secunda Taxi Rank in Embalenhle – Mpumalanga for Consumer Rights Month



Consumer education workshop for Department of Education employees at Tivumbeni College in the Mopani District Municipality, in collaboration with MIOSA



Consumer education workshop at Gija Mhandeni Village in the Collins Chavane Local Municipality - Vhembe District Municipality, in collaboration with WDB Trust





Workshop In Bishop Lavis, Cape Town with the Office of the Consumer Protector



NCRs Mobile Unit launch in Modderspruit community in the North West Province





**Consumer education workshop for Department of Education employees in Giyani, in collaboration with MIOSA**



**Consumer education exhibition in Bloemfontein, in collaboration with the dtic and the Department of Social Development**



**Consumer education workshop at Hlungwani Village in the Collins Chavane Municipality, in collaboration with WDB Trust.**



**Exhibiting at the Presidency Wellness Day and Vooma Vaccination Campaign at the Union Buildings in Pretoria**



**Consumer education workshop for senior citizens in Krugersdorp, in collaboration with the Gauteng Office of Consumer Affairs**



**Consumer education workshop for the Springs Senior Citizens Club, in collaboration with the Gauteng Office of Consumer Affairs**

## 4.2. Performance information by activity (continued)

### 4.2.5 Activity area: Complaints



**Ms Kgadi Sepuru**

Acting Manager:  
Complaints

**The Complaints Department promotes the informal resolution of disputes arising in terms of the NCA between consumers on the one hand and credit providers or credit bureaus on the other, without intervening in or adjudicating any such disputes.**

The department receives complaints concerning alleged contraventions of the NCA through its call centre, assesses and evaluates the complaints and take applicable enforcement measures where contraventions of the Act are identified. It also negotiates and concludes undertakings and consent orders contemplated in section 138(1)(b) of the NCA, and refers matters to the National Credit Tribunal and, where required, appears before the NCT.

#### Complaints received and resolved

- Debt review without consent;
- Non distribution of funds;
- Reckless lending;

- End balance disputes;
- Credit provider deducting despite debt review,
- Prescription (minimal); and
- Cost of credit (S101).

R2 457 890 was paid out to consumers in the form of refunds from balance adjustments.

#### Enforcement

Enforcement actions entailed 19 consent orders from settlement agreements concluded with debt counsellors, eight (8) instructional letters issued against credit providers and debt counsellors, as well as four (4) referrals to the NCT. As a result of the enforcement action taken, the department was able to obtain refunds from enforcement actions taken to the value of R142 246.

#### Enquiries handled

The call centre received and attended to 21 725 written enquiries. Of these, 79 % were handled within an average of nine days and 142 were referred to the various ombudsman offices. A total of 112 664 calls were received, with a call handling rate of 89%. Only 11% of calls were abandoned.

#### Highlights

A highlight of the year was that the call centre personnel received laptops, which enabled them to handle consumer calls and written queries while working remotely. A total of R2 690 137 was secured as refunds and balance adjustments to consumers subsequent to enforcement measures undertaken in relation to identified contraventions of the Act.

#### The year ahead

In the new financial year, the Complaints Department will strengthen stakeholder relations, reduce its backlog and increase enforcement actions.

### Complaints Department





## Call Centre Department





## 4.2. Performance information by activity (continued)

### 4.2.6 Activity area: Statistics and Research



**Mr Ngoako Mabeba**

Manager: Statistics  
and Research

**The Statistics and Research Department collates, analyses, aggregates, produces and publishes statistical data that is collected in a prescribed format from credit providers, credit bureaus, debt counsellors and credit life insurers.**

The department publishes two major reports every quarter, namely the Consumer Credit Market Report (CCMR) and Credit Bureau Monitor (CBM). These reports are used and cited extensively by a variety of stakeholders, including media,

government, credit providers, industry analysts, investors, researchers and other decision makers.

The department furthermore conducts research in line with sections 13 and 16 of the NCA, with due consideration of prevailing trends and market conditions.

#### Highlights

The department spearheaded two research projects on the topics of credit life insurance and impediments to developmental credit in South Africa respectively. Both were completed in 2022/23 and some recommended interventions for improvement are due for implementation in the 2023/24 financial year. In addition, the department published its quarterly statistical reports as usual.

#### Challenges

The forms prescribed in the NCA regulations need to be updated to yield optimum information on the consumer credit market. An overhaul to make them more dynamic is Underway.

Staff turnover owing to greener pastures remains an ongoing challenge that requires the department to perpetually train new recruits.

#### The year ahead

The department will focus on revamping the statutory statistical forms and implementing the recommendations of the two research studies completed in 2022/23.

## Highlights



Published **4** Consumer Credit Market Reports  
- highlights credit extension + gross debtors performance



Published **4** Credit Bureau Monitor reports - highlights credit  
activity participation and consumer credit behaviour in South  
Africa

### Statistics and Research Team



## 4.2. Performance information by activity (continued)

### 4.2.7 Activity area: Debt Counselling



**Adv. Kedilatile Legodi**

Manager: Debt Counselling

**The Debt Counselling Department monitors the compliance of debt counsellors, payment distribution agents and the debt review departments of credit providers with the provisions of the National Credit Act and their conditions of registration.**

It furthermore supports and collaborates with the debt counselling industry to find solutions for challenges and facilitate industry agreement. This approach enhances consumer protection and the implementation of debt counselling as a debt relief measure.

#### Compliance monitoring

During the period under review, the compliance of debt counsellors and the debt review departments of credit providers was monitored through remote/desktop and onsite compliance monitoring activities. This process involved the evaluation and analysis of documentation received from debt counsellors and credit providers, as well as information contained in the NCR reports. Where non-compliance was identified, the necessary enforcement action was taken.

The department hosted webinar sessions to ensure that debt counsellors and credit providers understood what the NCR expected from the compliance monitoring process. This resulted in improved responses and compliance levels.

#### Debt counsellors

A total of 660 debt counsellors were monitored during 2022/23 compared to 833 in 2021/22. Enforcement action was taken where contraventions were identified, and the most common contravention was in relation to non-compliance to prescribed timelines.

#### Credit providers

During the period under review, 40 credit providers' debt review departments were monitored, the same number as in 2021/22. The most common contravention that required enforcement action was failure to provide a certificate of balance within the prescribed period.

#### Payment distribution agents

The compliance of payment distribution agents is monitored through a monthly analysis of their reports, bi-annual audits by an external service provider, quarterly remote/desktop and/or onsite compliance monitoring.

Over and above the monthly analysis, 10 compliance monitoring activities (i.e., bi-annual audits and quarterly compliance monitoring) were conducted on the four registered PDAs. Enforcement action was taken to address non-compliance.

#### Stakeholder engagements

For the period under review, the department held 29 engagements with various industry stakeholders with the intention to identify industry trends and solutions. One of these activities was a Credit Industry Forum meeting.

#### Providing support and improving compliance

The department hosted 44 webinars for debt counsellors, credit providers and debt counselling training service providers during 2022/23. These webinars clarified the compliance monitoring process and unpacked the latest developments in the industry. In addition, the webinars were used as an induction opportunity for newly registered debt counsellors.

Three circulars were issued to communicate the implementation of the Debt Counselling Rules System (DCRS), address a concerning trend relating to the sale of debt review leads and consumer information and, lastly, clarify changes implemented to the DHS in relation to the status codes.

To standardise and simplify the process and address challenges noted with the annual compliance report (Form 41) and quarterly statistical returns (Form 42), a guideline on how to complete these forms was issued to DCs.

#### Debt counselling training

The Debt Counselling Department initiated engagements with the Quality Council for Trades and Occupation (QCTO) to explore the feasibility of developing a debt counselling occupational qualification. The existing 11-day, NCR-approved short course in debt counselling will be used as the foundation for an expanded, more intensive formal qualification. Engagements have commenced with the relevant authorities to map the way forward to achieving in-depth training that will benefit registered and prospective debt counsellors and ultimately improve the quality of debt counselling services.

#### Disbursement to credit providers

For the period under review, the PDAs disbursed R13,82 billion to credit providers, which represents an increase from the previous financial year of R1 billion (2022: R12,82 billion). Cumulatively, the PDAs have disbursed R106 billion since 2008.

### Administration of the PDA interest account

The Minister of Trade, Industry and Competition, empowered by Regulation 10A (9) (h) (iii) of the NCA, approved a policy developed by the NCR which states that the interest earned by the PDAs must be used by the NCR for consumer awareness, education campaigns and the investigation of prohibited conduct.

As a custodian of the policy, the Debt Counselling Department must ensure that funds are used in compliance with the policy, submit quarterly utilisation reports to **the dtic** and conduct an independent annual audit of the PDA interest account and its use. For the period under review, the department submitted four (4) quarterly utilisation reports and an independent audit report to **the dtic**.

The audit of the PDA interest account found the internal control measures relating to the monitoring of transactions and the use and safekeeping of funds to be effective and adequate. Furthermore, activities reported were in line with the policy and transactions reported were valid, accurate and complete.

### Challenges

The department experienced severe capacity constraints during 2022/23 in key positions and the lack of automated systems continue to have an adverse impact on compliance monitoring and related processes. Furthermore, the energy crisis exacerbates

the conditions within which the industry operates.

### Highlights

The issuance of the guideline on how to complete forms 41 and 42 is a strategy to ensure that statistics related to debt counselling are reliable and can be used to inform actions to improve the debt counselling landscape. Reliable data will also enable the NCR to start publishing DC statistics.

The NCT granted an order in favour of the NCR against a PDA that brought an application for the NCT to review and set aside a compliance notice.

### The year ahead

Since compliance monitoring is its core mandate, the department will focus its efforts on strengthening current monitoring and enforcement activities to improve the compliance levels of registrants.

The department will finalise and issue the revised conditions of registration for debt counsellors and payment distribution agents.

Efforts to develop a debt counselling occupational qualification will be ramped up and a revised PDA reporting template with reporting guidelines and a standard operating procedure will be implemented.

## Highlights



**660** debt counsellors assessed for compliance



**167** debt counsellors were found non-compliant



**165** debt counsellors were found compliant



Forms **41** and **42** guideline issued



**2** compliance notices were issued to a non-compliant payment distribution agent and a non-compliant debt counsellor respectively



**40** credit providers' internal debt review departments monitored



**44** educational, supportive and compliance related webinars for debt counsellors, credit providers and payment distribution agents



PDAs disbursed **R13,82 billion [2022: R12,822 billion]**

## Debt Counselling Team





## 4.2. Performance information by activity (continued)

### 4.2.8 Activity area: Risk and Audit Services



**Ms. Lebogang  
Lamola**

Acting Manager: Risk  
and Audit Services

The Risk and Audit Services Department monitors the implementation of risk management policies throughout the organisation. It provides support to all NCR departments on risk management activities and the development of operational plans.

During the year under review, the department coordinated the development and review of the NCR's five-year strategic and three-year annual performance plan. It also monitored performance against approved strategic plans, departmental performance against operational plans, and the use of strategic and operational risk registers. Strategic and Operational risk registers were assessed quarterly to ensure that mitigation of risks identified is implemented. The department furthermore coordinated the outsourced internal audit function and ensured NCR's compliance with legislative requirements.

#### Challenges

Limited resources and manual processes remain obstacles. Work is underway to automate processes and capacitate the department.

#### Highlights

No material audit findings were reported on the annual performance information. Risk registers were reviewed and mitigation strategies identified.

#### The year ahead

The department has plans in place to improve internal processes to make reporting more efficient and strengthen its capacity to serve the organisation.

## Highlights



The NCR obtained a clean audit report for the year.



The NCR has never received a qualified audit opinion since its inception in **2007**



NCR **achieved/exceeded 100%** of its targets

### Risk and Audit Services Team



## 4.2. Performance information by activity (continued)

### 4.2.9 Activity area: Investigations and Enforcement



**Ms Leanne Schwartz**

Manager:  
Investigations and  
Enforcement

**The Investigations and Enforcement Department investigates all allegations of non-compliance with the provisions of the NCA and takes action to correct or punish non-compliance.**

#### Investigations

2022 was a year to adapt to a new norm following the Covid-19 pandemic. Onsite investigations and the visibility of the department across South Africa increased steadily.

The department's investigations targeted the unregistered credit market in certain areas, following tip-offs, complaints or scouting exercises, as well as cases related to the retention of prohibited consumer instruments. There was also a focus on reckless lending and excessive costs charged on credit agreements.

Investigations were conducted on registered and unregistered entities across all provinces except KwaZulu-Natal. A steady increase in investigations was observed in respect of simulated credit transactions and special investigations into alternative dispute resolution agents and debt counsellors.

The 26 raids carried out in seven provinces (Gauteng, Mpumalanga, Western Cape, Northern Cape, Limpopo, Free State and North West) with the assistance of the South African Police Service (SAPS) or Hawks have led to the successful recovery of over 1 200 consumer instruments and resulted in criminal prosecutions of at least six (6) individuals, thus far. The department further took enforcement action in 24 of the 26 raid investigations.

Strong and continued stakeholder relations has improved cooperation and education, and resulted in a steady inflow of tip-offs and complaints that assisted the Investigation team in its probes. To this extent, the NCR's Investigations team formed part of a joint operation carried out by SASSA and the SAPS in Springs, which led to the arrest of more than 30 unregistered individuals at various ATM's for the unlawful possession of over 300 consumer

cards. A steering committee meeting was also by the NCR attended to identify and curtail illegal money lending operations in the Northern Cape. A crime awareness campaign as organised by the Welkom Serious Commercial Crime Investigation Unit in Sasolburg was also attended by the NCR to improve the NCR's visibility and educate consumers on the National Credit Act.

#### Enforcement

During the financial year, the Enforcement team referred 29 entities to the NCT and issued 14 compliance notices, 10 instructional letters to individuals or entities for various contraventions of the National Credit Act. The team was also involved in various High Court litigation actions, either as an applicant or a respondent.

The nature of enforcement actions and the amount of work involved in assessing evidence and preparing pleadings has limited the number of matters the team could attend. Interlocutory applications, hearings and replies to past referrals place a particularly onerous burden on the Enforcement team. The appointment of a new legal advisor, junior legal advisor are currently in the pipeline and would greatly assist the team in finalising enforcement matters quicker.

Resulting from the NCT and/or settlement agreements, administrative penalty amount of more than R9 million. In addition to administrative fines imposed by the NCT during the reporting period consumers received balance adjustments, write offs or refunds equal to an amount of more than R80 000.

#### Notable judgements

The High Court and Supreme Court of Appeal (SCA) handed down several judgements in NCR's favour. These included the NCR v Asia Lamara and NCR's v Dacqup Finances CC t/a ABC Financial Services Pinetown. In the Dacqup matter the High Court ruling dismissed the Tribunal's judgment and confirmed that the NCR had sufficient reasonable suspicion to investigate the entity. The SCA further confirmed the powers of the NCR to request audits by independent auditors at the cost of respondents.

Asia Lamara is another notable judgement, in that the NCT found that Lamara had allowed people, usually call centre agents, who are not registered debt counsellors to present themselves as such and do the work of a debt counsellor.

#### Awareness and education

The Manager of the Investigations and Enforcement department delivered presentations to gatherings of members of Micro Finance South Africa (MFSA), Nedbank staff members during the Nedbank Compliance Week, NAMFISA and the Bank of Botswana to educate consumers and stakeholders on the functions of the NCR, the provisions of the NCA and the most common contraventions of the Act.

The Manager also presented debt counselling training sessions to the NCR's Complaints, Debt Counselling and Investigations and Enforcement departments.



## Challenges

The department faced numerous challenges during the year under review, notably the requirement to establish reasonable suspicion to initiate investigation processes, the inability to locate alleged transgressors and their lack of cooperation, closure of entities' business premises during loadshedding and not receiving crucial evidence during investigations.

Capacity constraints increased when several key investigators resigned towards the end of the year and a Senior Inspector was transferred. The steady decrease in experienced staff members to carry out investigations and compile review reports is of grave concern.

Limited budgets, the influx and complexity of enforcement actions, loadshedding and network issues also had an impact on the department's operations. The department is actively working on strategies to overcome these challenges. However, it is a matter of pride that the team, despite all its challenges managed to achieve its target by conducting 67 investigations into cost of credit and reckless lending.

## The year ahead

In the year ahead, the department wants to increase raid operations in KwaZulu-Natal and the Eastern Cape, strengthen its stakeholder relations and fully capacitate its team to best serve the needs of the credit industry.

Investigations into entities that flout the reckless-lending provisions of the National Credit Act will continue and closer cooperation with the Debt Counselling Department should result in faster and more effective enforcement action against transgressing debt counsellors.

The Enforcement team's objective is to step up enforcement efforts and to train new staff members to effectively take over their own matters in support of the teams' performance targets.

## Highlights

Referred 29 matters to the NCT, Issued 14 compliance notices, conducted raids in 7 provinces.

### Prohibited consumer instruments discovered during raids conducted in the Nelspruit, Mpumalanga Province



### Prohibited consumer instruments discovered during raids conducted in the Kimberly, Northern Cape Province





### Prohibited consumer instruments discovered during raids conducted in the Nelspruit, Mpumalanga Province



### Prohibited consumer instruments discovered following a raid conducted in the Free State, Bloemfontein



### Prohibited consumer instruments discovered during raids conducted in the Kimberly, Northern Cape Province



### Prohibited consumer instruments discovered following raid operations conducted in the North-West region



### Joint Raid operation in the Hazyview KZN area with the assistance of SAPS members



## Linking performance with budgets

The budgeted expenses per activity compared to the actual expenses for the 2022/23 financial year are set out in the table below:

Performance activity/objective	2021/2022			2022/2023		
	Budget R'000	Actual expenditure R'000	(Over)/under expenditure R'000 e	Budget R'000	Actual expenditure R'000	(Over)/under expenditure R'000
Programme 1	R7 494	R8 780	-R1 286	R20 482	R20 940	-R458
Programme 2	R161 914	R129 825	R32 089	R127 049	R116 497	R10 552
<b>Total</b>	<b>R169 407</b>	<b>R138 605</b>	<b>R30 803</b>	<b>R147 531</b>	<b>R137 437</b>	<b>R10 094</b>

## 5. Revenue collection

Sources of revenue	2022/2023			2021/2022		
	Estimate (R'000)	Actual amount collected (R'000)	(Under)/over Collection (R'000)	Estimate (R'000)	Actual amount collected (R'000)	(Under)/over Collection (R'000)
Fees paid by registrants	R58 500 000	R44 796 023	(R13 703 977)	R52 002 000	R44 045 430	(R7 956 570)
Transfer payment	R83 241 000	R83 241 000	0	R82 632 000	R82 632 000	0
Interest	R2 662 538	R3 735 696	R1 073 158	R2 535 304	R1 953 501	(R581 803)
Other income	R18 877 692	R3 217 796	(R15 659 896)	R33 438 000	R3 387 829	(R29 565 177)
<b>Total</b>	<b>R163 281 230</b>	<b>R134 990 515</b>	<b>(R28 290 715)</b>	<b>R170 607 304</b>	<b>R132 503 760</b>	<b>R38 103 544</b>

### Own revenue – fee revenue

The under-collection relating to fee revenue is a result of a decrease in the number of registrants and of credit providers closing many of their branches to cut costs. Furthermore, there was a decommissioning of the National Loans Register (NLR) which resulted in the under-collection of NLR fees from credit bureaus. The NCR will explore other ways of increasing revenue sources.

### Transfer payment

The NCR was originally allocated funding of R83, 241m, an amount of R49 945m was received in April 2022 and R33 296 was received in October 2022.

### Interest

The increase in interest earned for the financial year under review has been caused by the increase in interest rates not budgeted for.

### Other income

The revenue generated under other income is only realised when the expenditure related to the Education and Communication Department as well as the Investigations and Enforcement Department is incurred. The under-collection of other income is due to depletion of PDA interest earmarked to be utilised for PDA related activities.

## 6. Capital investment

During the financial year under review there were no major infrastructure projects and major maintenance projects. Measures taken to ensure that the public entity's asset register remained up-to-date during the period under review include the following: monthly updating of Fixed Asset Register (FAR) with additions, retirement of assets in bad conditions; monthly reconciliation of FAR and General Ledger. NCR procured new assets to a tune of R6 million (R6 229 640) in order to improve efficiencies. The additions represent a decrease of 35% compared to the spend of 2021/22 financial year (R9.6 million). Overall, an amount of R6.2 million included R1.4m spent on procurement of computer equipment, R0.157million spent on procurement of office equipment, R3.9 million spent on software R3.9 million and intangible asset under development for about R0.687 million. The current state of the public entity's capital assets, for example what percentage is in good, fair or bad condition.

### Executive Support Team







# PART C

## GOVERNANCE

## 1. Introduction

The National Credit Regulator complies with the Public Finance Management Act (PFMA) and the 2016 King IV Code of Governance Principles for South Africa (King IV Code) in as far as the Code can be applied to the NCR. The Executive Authority, the Minister of Trade, Industry and Competition and Parliament ensure that the NCR embraces good corporate governance practices.

## 2. Portfolio Committees

The NCR tables financial statements in Parliament. Parliament evaluates the NCR's performance by interrogating its financial statements and performance information.

The Standing Committee on Public Accounts (SCOPA) reviews the NCR's Annual Financial Statements and the Audit Report, compiled by the Auditor-General of South Africa.

The Portfolio Committee on Trade, Industry and Competition exercises oversight over the NCR's service delivery and reviews its performance in terms of the financial and non-financial information contained in the NCR's annual report.

During the year under review, the NCR met with the Portfolio Committee on Trade, Industry and Competition on 8 March 2023 to brief committee members on its financial and non-financial performance.

## 3. Executive Authority

The Minister of Trade, Industry and Competition is the Executive Authority. The table below provides details on the reports submitted to the Minister.

Report submitted	Date submitted	Issues raised by the Minister
Report on financial and non-financial performance (Quarter 4 of 2021/22: 1 January to 31 March 2022)	29 April 2022	There were no issues raised by the Minister
Report on financial and non-financial performance (Quarter 1 of 2022/23: 1 April to 30 June 2022)	28 July 2022	There were no issues raised by the Minister
Report on financial and non-financial performance (Quarter 2 of 2022/23: 1 July to 30 September 2022)	28 October 2022	There were no issues raised by the Minister
Report on financial and non-financial performance (Quarter 3 of 2022/23: 1 October to 30 December 2022)	31 January 2023	There were no issues raised by the Minister

Report submitted	Date submitted
Quarterly Report on PDA Interest Utilisation	09 May 2022 08 August 2022 (Q1) 07 November 2022 (Q2) 09 February 2023 (Q3)
Annual PDA Audit	*30 May 2022

\* In accordance to the PDA Policy the Q4 utilisation report is submitted 40 days after the end of the quarterly Executive Summary reports.

\*\* In accordance to the PDA Policy the Annual PDA Audit Report is submitted 60 days after the end of the quarter.

Report on feed review, after report on interest rate, fees, and credit life insurance was submitted to the Minister's office on 10 January 2023.

The NCR also submitted four Executive Summary Reports to **the dtic** during this period, as indicated in the following table

Report submitted	Date submitted	Issues raised by the Minister
Executive Summary Report (Quarter 4 of 2021/22: 1 January to 31 March 2022)	28 April 2022	There were no issues raised by the Minister
Executive Summary Report (Quarter 1 of 2022/23: 1 April to 30 June 2022)	28 July 2022	There were no issues raised by the Minister
Executive Summary Report (Quarter 2 of 2022/23: 1 July to 30 September 2022)	28 October 2022	There were no issues raised by the Minister
Executive Summary Report (Quarter 3 of 2022/23: 1 October to 30 December 2022)	31 January 2023	There were no issues raised by the Minister

## 4. Accounting Authority

The Chief Executive Officer (CEO) is the Accounting Authority (AA). The CEO provides strategic leadership, oversees and ensures the efficient and effective use of the NCR's resources and ensures compliance with all its legal requirements and reporting and financial accountability obligations.

## 5. Risk Management

The NCR has a Risk Management Policy and Strategy, and conducts regular risk assessments to determine the effectiveness of the strategy and to identify new and emerging risks.

The NCR Audit and Risk Management Committee (ARMC) advises management on the overall system of risk management, especially the mitigation of unacceptable levels of risk. The committee provides oversight with regards to financial management, internal controls, risk management and the accuracy of financial reporting.

The ARMC is constituted in terms of the PFMA and Treasury Regulations. The NCR Executive Management members are permanent invitees to committee meetings. The committee's mandate is to ensure financial and legal compliance and exercise oversight over internal and external audit and risk management. Details of meetings and responsibilities of the ARMC are presented on page 56 of this report.

## 6. Internal control unit

The internal audit function provides an independent and objective evaluation of the systems of control and any significant risks brought to management's attention. Key internal audit functions include:

- Assessing the adequacy and effectiveness of the internal control environment, and recommending potential improvements;
- Developing a rolling three-year strategic Internal Audit Plan in line with the strategic risk assessments;
- Preparing annual internal audit plans using risk-based methodology, incorporating any risks or control concerns identified by management, and submitting the plan to the Audit and Risk Management Committee for approval; and
- Executing the approved Annual Internal Audit Plan, and any special projects/tasks requested by the management and/or ARMC. Internal audit reports were tabled to the Audit and Risk Management Committee on a quarterly basis.

## 7. Internal audit and audit committees

The key activities and objectives of the internal audit function, and the ARMC are to review and ensure:

- The effectiveness of the risk management process;
- The effectiveness of the internal control systems;
- The risk areas of the entity's operations covered in the risk registers;
- The adequacy, reliability and accuracy of financial and non-financial information provided to management and users of such information; and
- Compliance with legal and regulatory provisions.

The 2022/23 ARMC consisted of four (4) members. The committee held six (6), four (4) of which were ordinary meetings. Special meetings held on 25 May 2022 and 01 December 2022. The frequency of the meetings is as per the approved Audit and Risk Management Committee Charter.

The ARMC is an independent and objective body that assists the AA to discharge her duties relating to:

- Safeguarding assets;
- Assessing the going concern status;
- Reviewing financial information, including quarterly management accounts and annual financial statements; and
- External audit process and oversight of the risk management environment.

The ARMC has fulfilled its responsibilities in compliance with its charter. More information is provided in the report of the ARMC on page 57.

The table below provides more information about incoming and outgoing Audit and Risk Management Committee members:



Name	Qualifications	Internal or external	Date appointed	Date terminated/resigned	No of meetings attended
Zamachonco Chonco(Chair)	CA(SA), BCom Accounting (Hons), BCom Accounting	External	11 August 2021	-	6
Precious Sibiya	CA(SA), Post Graduate Diploma in Accountancy, B Accounting	External	2 October 2021	15 February 2023	5
Portia Chilwane	BProc	External	11 August 2021	-	6
Nkosenhle Nongoma	Post graduate Diploma in Management, B-Tech in IT Knowledge Management, National Diploma in IT Software Development, CIO Professional Practice for IT Operations and Management, Executive Development Programme	External	15 July 2022	-	4
Mr A. Latchu	MSc Computing, Bachelors in Computing (Hons), Bachelors in Computing	External	11 August 2021	30 April 2022	3

## 8. Compliance with laws and regulations

The NCR is committed to complying with all applicable laws and regulations and takes reasonable measures to ensure compliance.

## 9. Fraud and corruption

The Fraud Prevention Plan has been developed within the context of the Risk Management Framework with the aim to reduce fraud to an absolute minimum and effect policies and procedure to maintain the risk of fraud within tolerable levels, and preferably zero, at all times.

Various measures have been implemented to prevent fraud. These include authorisation, custody of assets, detection controls, physical supervision, management information, segregation of duties, physical security and information security.

The Fraud Prevention Policy includes the response mechanisms in place to report, investigate and resolve incidents of fraud impacting the NCR.

An outsourced service provider maintains a fraud reporting hotline for employees to report incidents of corruption, fraud and unethical practices in the workplace. Monthly reports from the hotline service provider are dealt with confidentially in line with the approved internal policy for handling fraud allegations.

## 10. Minimising conflict of interest

NCR employees are required to disclose any conflict of interest. In the event of such a conflict, the conflicting party is recused from the process.

Bidders and services providers registered with the NCR are required to complete declaration of interest forms. Supply chain management practitioners and management submit their financial disclosure forms annually, as required by the Public Service Commission (PSC).

## 11. Code of conduct

The NCR recognises the importance of treating staff fairly in all aspects of employment. The NCR expects staff to identify and comply with its philosophy and values.

The Code of Conduct prescribes the minimum standards of conduct. It reflects the basic requirements of professionalism, integrity and courtesy required to provide a quality service and a pleasant and safe working environment. The Code forms part of the NCR's conditions of employment and applies to casual, temporary and permanent employees.

The NCR expects its employees to:

- Work within the law with honesty and integrity;
- Comply with all lawful and reasonable instructions;
- Comply with the NCR's policies;
- Work diligently and meet the requirements of their employment agreement; and
- Respect the rights of colleagues and clients

## 12. Health, safety and environmental issues

The NCR has a legal responsibility to ensure a safe and healthy workplace. The organisation has appointed an occupational health and safety (OHS) consultant to execute its annual OHS plan. Tasks include managing regular fire drills, training health and safety officials across the organisation and the review of the OHS Policy.

Safety is a core value at NCR and the organisation is committed to continued advancement of an institutional safety culture with strong programs of personal safety, accident and injury prevention, wellness promotion, and compliance with applicable environmental and health and safety laws and regulations (OHS Act). To ensure that the organisation continues to provide health and safe workplace, a process is underway to appoint service provider for Cleaning and hygiene Services and Security Provision.

## 13. Company Secretary

The Company Secretary's role is to ensure implementation of sound corporate governance within the NCR's operations. In addition, ensure that the NCR complies with all legal compliance requirements.

The Company Secretary serves as a link between the NCR and the Audit and Risk Management Committee by coordinating the activities of the committee, providing support and guidance in relation to their fiduciary duties and corporate governance procedures and relevant legislation. Mr Lesiba Mashapa serves as the NCR's Company Secretary.

## 14. Social responsibility

The NCR is a non-profit public entity and is, therefore, precluded from disbursing funds to good causes. No donations were made to any charitable organisation in the 2022/23 financial year.

## 15. Audit and Risk Management Committee report



**Zamachonco Chonco**  
Chairperson



**Portia Chilwane**  
ARMC member



**Nkosenhle Ngongoma**  
ARMC member

We are pleased to present our report for the financial year ended 31 March 2023.

### Audit and Risk Management Committee members and attendance

The Audit and Risk Management Committee consisted of the members listed hereunder and met at least four (4) times per annum as per its approved terms of reference. During the 2022/23 the following noticeable movement were recorded within ARMC, Mr Latchu and Ms Sibiya submitted their resignation from the Committee on 30 April 2022 and 15 February 2023 respectively.

During the year under review the committee held six (6) meetings as listed below and was considered effective for the whole year ending March 2023.

### Audit and Risk Management Committee

Members	26 April 2022	25 May 2022	27 July 2022	25 October 2022	01 December 2022	07 February 2023
Ms Z. Chonco (Chairperson)	Present	Present	Present	Present	Present	Present
Ms P. Chilwane	Present	Present	Present	Present	Present	Present
Ms P. Sibiya	Present	Present	Present	Present	Present	Absent
Mr A. Latchu	Absent	N/A	N/A	N/A	N/A	N/A
Mr N. Ngongoma	Not appointed	Not appointed	Present	Present	Present	Present

## Audit Committee Responsibility

The Audit and Risk Management Committee reports that it has complied with its responsibilities arising from Section 51(a) of the Public Finance Management Act and Treasury Regulation 27.1.10. The Audit and Risk Committee further reports that it has adopted appropriate formal terms of reference as its Audit and Risk Management Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein. The Committee has complied with all the respective requirements.

## The Effectiveness of Internal Control

The system of controls within the National Credit Regulator (NCR) is designed to provide reasonable assurance that assets are safeguarded and that liabilities and working capital are properly managed in line with the PFMA and the protocol on corporate governance. This is achieved by means of a risk-based internal audit plan, to assess the adequacy and effectiveness of controls mitigating the risks, as well as the Audit and Risk Management Committee monitoring of the implementation of corrective actions.

Ubuntu Business Advisory and Consulting (Pty) Ltd (UBAC) was the appointed Internal Auditor to the National Credit Regulator (NCR) during the financial year under review.

In the Financial year under review the Internal Audit continued to provide assurance in terms of control, governance, and risk management as per the approved risk-based audit plan. The Committee's review of the Internal Audit reports presented during the 2022/23 financial year, the 2022/23 Audit Report on the review of the Annual Financial Statements and the Management Report from the Auditor-General of South Africa (AGSA) it can be concluded that the system of internal control as applied over financial and non-financial matters, enterprise risk management and governance systems are adequate and effective. However, the Committee has identified the following key areas of concern that should be addressed to further improve the overall adequacy and effectiveness of the control environment:

- Information Communication and Technology (ICT) governance
- Human Resource Management

The Committee welcomes management's commitment to address the identified control weaknesses specifically within the ICT environment and will be monitoring management's progress in resolving these issues on a regular basis.

## The Effectiveness of the Internal Audit Function

The Committee evaluated the independence, effectiveness and performance of the internal audit function and compliance with its mandate. The quality of in-year management quarterly reports submitted in terms of the PFMA. The Committee is satisfied that the NCR has established appropriate financial reporting procedures for quarterly reporting. Consequently, the Committee is satisfied with the quality of the quarterly reports submitted to the Executive Authority.

## In-Year Management and Monthly and Quarterly Report

The NCR has reported quarterly to National Treasury and the Executive Authority as required by the PFMA. The Committee reviewed the quarterly submission and was satisfied with the content and quality of the reports formulated during the year under review.

## Evaluation of Financial Statements

- Performed a high-level review of the 2022/23 unaudited financial statements with due consideration of the independent assurance provided by IA as well as the assurance provided by Management in accordance with the combine assurance matrix;
- Reviewed the unaudited information on predetermined objectives with due consideration of the independent assurance provided by IA as well as the assurance provided by Management in accordance with the combine assurance matrix;
- Reviewed changes in accounting policies and practices;
- Reviewed compliance with legal and regulatory provisions;
- Reviewed the basis for the going concern assumption, including any financial sustainability risk and issues;
- Reviewed significant adjustments resulting from the audit;
- Reviewed the Auditor-General South Africa (AGSA) audit and management reports, with due consideration of the responses provided by Management and
- Reviewed the audited financial statements as well as the information on predetermined objectives to be included in the annual report.

## External Auditor's Report

The Committee has reviewed the progress made by Management in the implementation plan of the external audit issues raised in the prior year.

The Committee has on a quarterly basis reviewed the NCR's implementation plan of audit issues raised in the prior year and it is satisfied that the matters have been satisfactorily resolved. However, as the committee we continue to raise concerns on the speed at which management responds to audit findings as, at year end not all auditing findings had been closed off.

The Committee further met with the AGSA to ensure that there are no unresolved issues that emanated from the regulatory audit. Corrective actions on the detailed findings raised by the AGSA will continue to be monitored by the Committee on a quarterly basis. The Committee concurs and accepts the conclusions of the AGSA on the Annual Financial Statements and believes that the audited Annual Financial Statements must be accepted and read together with the report of the AGSA.

The Committee wishes to commend management for unqualified audit opinion with no findings as expressed by the AGSA, in their Audit report. The result are a testimony to the diligent and hard work put in by the entity.

## Appreciation

The Committee wishes to extend a sincere appreciation to the NCR management for their exceptional efforts in achieving the unqualified audit opinion with no finding ("Clean audit outcome") for FY2023. We relay our sincere appreciation to the Chief Executive Officer, management of NCR for the dedication and support provided to the Committee. We thank the NCR management, the AGSA and the Internal Auditors for the co-operation and information they have provided to enable the Committee to discharge its responsibilities.

As the Committee we remain committed to working collaboratively with management and other assurance providers in ensuring that the appropriate control measures are effective, efficient, transparent and strengthened. The Committees will endeavour to use combined assurance principles to follow up on all assurance providers findings in order to maintain the "clean" governance as we build upon the foundation of good audit results and continuously strive for excellence.



**Ms Zamachonco Chonco (SA)**

Chairperson of the Audit and Risk Management Committee

## 16. B-BBEE Compliance Performance Information

The following table was completed in accordance with the B-BBEE requirements of the B-BBEE Act of 2013 and as determined by the dtic.

Has the public entity applied any relevant code of good practice (B-BBEE levels 1- 8) with regards to the following:		
Criteria	Yes / No	Discussion (measures taken/not taken to comply)
1. Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	Yes	The NCR issues licences to credit providers, debt counsellors, payment distribution agents and credit bureaus in accordance with the National Credit Act.
2. Developing and implementing a preferential procurement policy?	Yes	NCR issued tender based on the revised preferential procurement framework and are advertised on the NCR website and e-portal and only suppliers who are registered on CSD are utilised. For the year 2022/2023, NCR had a target of 80% spend of the procurement (awards issued) to South African owned companies/businesses and our BBBEE strategy which under review will cater for other elements of historically disadvantaged individuals in the coming financial year.
3. Determining qualification criteria for the sale of state-owned enterprises?	No	Currently the NCR does not have any qualifying criteria for the sale of state-owned enterprises.
4. Developing criteria for entering into partnerships with the private sector?	No	The NCR does not have partnerships with the private sector.
5. Determining criteria for the awarding of incentives, grants and investment schemes in support of B-BBEE?	Yes	With the reduction in budget, NCR will not be able to implement these criteria in the foreseeable future.





# PART D

## HUMAN RESOURCE MANAGEMENT

# 1. Introduction



**Ms Boitumelo  
Geldenhuis**

Manager:  
Human Resources

## Overview of HR matters

The Human Resource (HR) Division has primary responsibility for managing, assisting and dealing with all employee-related matters. This includes policy and benefits administration, recruitment, employment and labour laws, new employee orientation, training and development, labour relations, maintaining personnel records, salary administration and managing the employee assistance programme. HR works closely with the executive committee and departments to support and respond to employees' needs.

During the year under review, several milestones were achieved, including HR policy reviews, training of staff in areas identified as critical and the onboarding of a new service provider for the employee assistance programme (EAP).

## Employer-Employee Consultative Forum

Through the Employer-Employee Consultative Forum, the NCR can address matters of mutual interest with employees. This collaboration between Management and Staff Forum enabled the organisation to reach agreement on the cost-of-living salary adjustment at a level satisfactory to staff and in line with what the organisation could afford.

## HR priorities for the year under review

- To enhance the NCR's skills set and competencies In the period under review, the NCR implemented the training plan that was developed after an organisation-wide needs assessment. To address the skills gaps identified in the 2021/22 external audit, managers and supervisors were trained in contract management and bid evaluation. The ability to better manage contracts will help reduce irregular and fruitless expenditure related to supplier contracts.

Furthermore, employees were trained on the Protection of Personal Information Act (POPIA) to ensure the organisation meets the requirements of the legislation.

During the year under review, BANKSETA in collaboration with Regenesys Business School partnered with NCR to offer a BANKSETA International Executive Development Programme-Development Finance 2022/23. Three (3) NCR managers were chosen to participate in the programme

and successfully completed the programme. Warmest congratulations to:

Nthupang Sarah Ngobeni

Author Zolile Mngqundaniso

Prudence Kedilatile Legodi

NCR will continue to partner with to participate similar strategic partnership to ensure continuous development of staff with the aim to increase the business skills and leadership capabilities.

- To ensure statutory compliance with applicable legislation

The HR Department ensured that all legislative compliance reports were timeously submitted to the Department of Employment and Labour, BANKSETA, Workman's Compensation Fund (WCF), National Treasury and SARS.

## Employee Performance Management Framework

In terms of the NCR's Performance Management Policy, all employees sign an annual performance agreement and participate in a twice-yearly performance evaluation. Due to budget cuts, the organisation was unable to pay bonuses in 2022/23.

## Internship programme

The organisation hosted one intern in the Information, Communications and Technology (ICT) Department and one BANKSETA learnership candidate in the Supply Chain Management and Finance divisions, thereby making a modest but valuable contribution towards skills development in the country.

## Employee wellness programme

The NCR's EAP is handled by ICAS and entails a caring, confidential service that helps employees and their families to deal with difficult work-life issues.

## Policy development

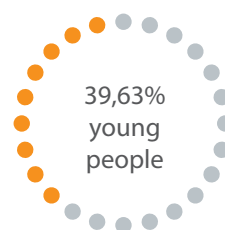
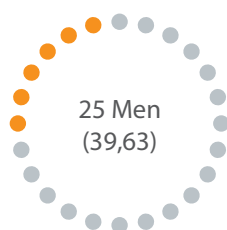
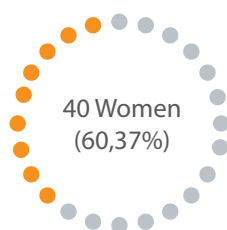
A number of HR policies were reviewed during the year under review, including the Medical Aid Subsidy Policy, Disciplinary Policy and Code of Conduct and Conflict of Interest Policy. Reviews of several other policies will be finalised in the next financial year.

## Challenges

Retention of skills remains a challenge and a priority. The NCR is faced with the ongoing risk of having its most skilled employees poached by the private sector.

## The year ahead

A significant shift in culture needs to be made to enable the NCR to deliver on its purpose and strategy. The need to support its people and their career aspirations better, requires a change in the NCR's ways of working. Efforts to ensure that the organisation has high-performing and engaged employees will be underpinned by, among other strategies, the implementation of succession planning and improved organisational leadership.

**NCR staff complement on 31 March 2023**

## 2. Human resources oversight statistics

### 2.1. Personnel cost by programme/activity/objective

Programme	Total expenditure for the entity R'000	Personnel expenditure R'000	Personnel expenditure as % of total expenditure R'000	No. of employees	Average personnel cost per employee R'000
Improved regulatory environment	20 940	13 006	62%	28	465
Enforcement of the National Credit Act	116 497	66 564	57%	117	569

### 2.2. Personnel cost by salary band

Top Management	Personnel Expenditure R'000	% of Personnel expenditure to total personnel cost	No. of employees	Average personnel cost per employee R'000
Top Management	7 608	10	3	2 536
Senior Management	13 040	17	11	1 185
Professional Qualified	17 504	23	24	729
Skilled	28 472	38	65	438
Semi-skilled	8 374	12	42	199
<b>Total</b>	<b>74 998</b>	<b>100</b>	<b>145</b>	<b>5 088</b>

The amount of R74 998 excludes the leave accrual of approximately R4m.

### 2.3. Performance rewards

Level	Performance rewards R'000	Personnel cost R'000	% of Personnel rewards to total personnel cost
Top Management	0	0	0
Senior Management	0	0	0
Professional Qualified	0	0	0
Skilled	0	0	0
Semi-skilled	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 2.4. Training costs

Programme	Personnel expenditure R'000	Training expenditure R'000	Training expenditure as a % of total personnel cost	No. of employees trained	Average training cost per employee
Improved regulatory environment	R13 006	R201	1.5%	28	7
Enforcement of National Credit Act	R66 564	-	-	-	-
<b>Total</b>	<b>R79 570</b>	<b>R201</b>	<b>1.5%</b>	<b>28</b>	<b>7</b>

## 2.5. Employment and vacancies

Programme/activity/objective	2021/22 Number of employees	2022/23 Approved posts	2022/23 Number of employees	2022/23 Vacancies	% of vacancies
Top management	4	4	3	1	0
Senior management	12	15	11	6	13
Professional Qualified	28	35	24	11	22
Skilled	74	88	65	23	48
Semi-skilled	46	50	42	8	17
Unskilled	0	0	0	0	0
<b>Total</b>	<b>164</b>	<b>192</b>	<b>145</b>	<b>47</b>	<b>100</b>

When a critical role goes unfilled, it can have a huge impact on the organisation. The HR Department and other relevant units explore various recruitment avenues to address the challenge of unfilled positions.

## 2.6. Employment Changes

Level	Employment at beginning of period	Appointments	Terminations	Employment at the end of the period
Top management	4	0	1	3
Senior management	12	1	3	11
Professional Qualified	26	8	9	24
Skilled	71	8	17	65
Semi-skilled	44	8	9	42
<b>Total</b>	<b>162</b>	<b>25</b>	<b>39</b>	<b>145</b>

## 2.7. Reasons for staff leaving

Reason	Number	% of total staff leaving
Death	0	0
Resignations	35	89.74
Retirement	0	0
Ill health	0	0
Expiry of contract	2	5.13
Dismissal	2	5.13
<b>Total</b>	<b>39</b>	<b>100</b>

The biggest reason for staff leaving is better opportunities. Due to budget constraints not all positions where employees resigned could be filled. However, most of the positions regarded as critical in terms of the NCR's mandate were filled through the normal recruitment process.

## 2.8. Labour relations: misconduct and disciplinary action

Nature of disciplinary action	Number
Verbal warning	1
Written warning	10
Final Written warning	2
Dismissal	2
<b>Total</b>	<b>15</b>

## Security and Facilities Team



## 2.9. Equity and employment equity status

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	1	2	0	0	0	0	0	0
Senior management	2	3	0	0	0	1	0	0
Professional Qualified	7	7	1	3	1	4	0	4
Skilled	23	29	0	2	0	1	1	1
Semi-skilled	13	21	1	1	1	1	0	1
Unskilled	0	0	0	0	0	0	0	0
<b>Total</b>	<b>46</b>	<b>62</b>	<b>2</b>	<b>6</b>	<b>2</b>	<b>7</b>	<b>1</b>	<b>6</b>

## 2.10 Equity and employment equity status

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	1	1	0	1	0	0	1	0
Senior management	8	8	0	1	0	0	1	0
Professional Qualified	12	9	0	3	1	3	2	8
Skilled	38	45	2	2	1	3	0	1
Semi-skilled	25	25	2	2	0	1	0	0
Unskilled	0	0	0	0	0	0	0	0
<b>Total</b>	<b>84</b>	<b>88</b>	<b>4</b>	<b>9</b>	<b>2</b>	<b>7</b>	<b>4</b>	<b>9</b>

## 2.11 Equity and employment equity status

Levels	People living with disabilities			
	Male		Female	
	Current	Target	Current	Target
Top management	0	0	0	0
Senior management	0	0	0	0
Professional Qualified	0	0	0	0
Skilled	0	1	0	1
Semi-skilled	0	0	1	1
Unskilled	0	0	0	0
<b>Total</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>2</b>

## HR Team







# PART E

## PFMA COMPLIANCE REPORT



**Ms. Lynette De Beer**  
**CA(SA)**

Chief Financial  
Officer

# Report of the Chief Financial Officer

The office of the CFO is custodian and responsible for the implementation of policies, legislation and prescripts governing finance, supply chain management and information and communication technology (ICT). The office is responsible for the overall financial health of the NCR and provides support to all NCR departments on budgets, accounting function, supply chain management, external audit coordination, assets management and ICT. During the 2022/23 financial year, the office of the CFO has ensured that: • A clean audit opinion from the Auditor-General was achieved for the year under review; • All statutory submissions were submitted on time in compliance with the PFMA and Treasury Regulations; • All management accounts, with variance explanations, were submitted on time to **the dtic**. • The NCR continued to comply with relevant National Treasury Instructions on cost containment.

## 1. Annual Reporting on Irregular Expenditure and Fruitless and Wasteful Expenditure: New Compliance Framework

### IRREGULAR EXPENDITURE

#### Reconciliation of Irregular Expenditure

Description	2022/23	2021/22
Opening balance	7 997 506	8 116 818
Irregular Expenditure identified in current year related to prior year	-	3 890 340
Add: Irregular expenditure confirmed	5 693	3 869 031
Less: Irregular expenditure condoned	-	(7 867 003)
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recovered	(18 557)	(11 680)
Less: Irregular expenditure not recovered and written off	-	-
<b>Closing balance</b>	<b>7 984 642</b>	<b>7 997 506</b>

During the year, the 2021/22 opening balance and movement of Irregular Expenditure were restated by R4 646 190 as follows:

Description	2021 22	2020 21
Irregular expenditure identified in 2022 23 (see below note)		4 920 000
Correction of Professional fees condoned		(443 852)
Correction of Legal fees for investigation matters condoned		170 042
Correction of Professional fees period	755 850	(755 850)
<b>Total</b>	<b>755 850</b>	<b>3 890 340</b>

In addition to the above restatement, the amounts recovered in 2021/22 were adjusted by R8 680 as follows:

Description	2021 22	2020 21
Irregular expenditure identified in 2022 23 related to 2021 22 for which part recovery were initiated in 2021 22 prior reporting it to the Accounting Authority. It was identified by NCR internal review of Staff Debtors' balances	8 680	-
<b>Total</b>	<b>8 680</b>	<b>-</b>

## Finance Team



## SCM Team



## ICT Team



## Reconciling notes to the Annual Financial Statement disclosure

Description	2022/23	2021/22
Irregular expenditure under assessment	-	-
Irregular expenditure identified in 2022/23 (see below note)	-	3 045 086
Irregular expenditure for the current year (as restated above)	5 693	823 945
<b>Total</b>	<b>5 693</b>	<b>3 869 031</b>

**Note:** Irregular expenditure relating to prior period:

During the year, an amount of R3 045 086 was identified as irregular expenditure incurred in 2021/22 financial year and R4 920 000 incurred in 2020/21.

Of this amount,

- R7 920 000 was identified by a provider appointed to perform a review of another supplier's supporting invoices (non-compliance with NCR Supply Chain Management Policy);
- R21 164 was identified during an internal audit of Payroll Processes; and
- R23 922 was identified by NCR internal review of Staff Debtors' balances of which R8 680 was identified as recovered during same year incurred.

## Details of current and previous year irregular expenditure

Description	2022/23	2021/22
Irregular expenditure under assessment	-	-
Irregular expenditure under determination	-	-
Irregular expenditure under investigation *	-	3 000 000
<b>Total</b>	<b>-</b>	<b>3 000 000</b>

\* Pending matters -

During the year one investigation is pending in respect of a non-compliance by a supplier with the NCR Supply Chain Management Policy (R7 920 000 - R3 000 000 incurred in 2021/22 and R4 920 000 in 2020/21).

## Details of current and previous year irregular expenditure

Description	2022/23	2021/22
Irregular expenditure condoned	-	823 945
<b>Total</b>	<b>-</b>	<b>823 945</b>

## Details of current and previous year irregular expenditure removed

Description	2022/23	2021/22
Irregular expenditure not condoned, and removed	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## Details of current and previous year irregular expenditure recovered

Description	2022/23	2021/22
Irregular expenditure recovered	3 315	23 922
<b>Total</b>	<b>3 315</b>	<b>23 922</b>

## Details of current and previous year irregular expenditure removed

Description	2022/23	2021/22
Irregular expenditure written off	-	-
<b>Total</b>	<b>-</b>	<b>-</b>



## FRUITLESS AND WASTEFUL EXPENDITURE

### Reconciliation of Fruitless and Wasteful Expenditure

Description	2022/23	2021/22
Opening balance	2 908 207	-
Prior period error	-	2 900 000
Add: Fruitless and Wasteful expenditure confirmed	46 213	30 360
Less: Fruitless and Wasteful expenditure recovered	(7 535)	(22 153)
Less: Fruitless and Wasteful expenditure not recovered and written off	(44 281)	-
<b>Closing balance</b>	<b>2 902 604</b>	<b>2 908 207</b>

During the year, the 2021/22 opening balance of Fruitless and Wasteful Expenditure were restated by R2 900 000 as follows:

Description	2021/22	2020/21
Correction of Software expenditure identified in 2022/23 (see below note on pending matters)	-	2 900 000
<b>Total</b>	<b>-</b>	<b>2 900 000</b>

### Reconciling notes to the Annual Financial Statement disclosure

Description	2022/23	2021/22
Fruitless and Wasteful expenditure that was under assessment in 2021/22	-	-
Fruitless and Wasteful expenditure that relates to 2021/22 and identified in 2022/23 (see below note)	-	4 173
Fruitless and Wasteful expenditure for the current year	46 213	26 188
<b>Total</b>	<b>46 213</b>	<b>30 360</b>

**Note:** Fruitless and wasteful expenditure relating to prior period:

During the year under review, an amount of R4 173 was identified as fruitless and wasteful expenditure incurred in 2021/22. The amount was identified by NCR internal review of supplier payments.

### Details of current and previous year fruitless and wasteful expenditure

Description	2022/23	2021/22
Fruitless and Wasteful expenditure under assessment	-	-
Fruitless and Wasteful expenditure under determination (see note below)	-	-
Fruitless and Wasteful expenditure under investigation (see note below)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Note:** Pending matters:

One determination from 2019/20 is pending in respect of the software of an Operational System which was not used due to a disagreement with the supplier. The value of the assessed loss is R2 900 000.

### Details of current and previous year fruitless and wasteful expenditure recovered

Description	2022/23	2021/22
Fruitless and Wasteful expenditure recovered	-	29 688
<b>Total</b>	<b>-</b>	<b>29 688</b>

### Details of current and previous year fruitless and wasteful expenditure written off

Description	2022/23	2021/22
Fruitless and Wasteful expenditure written off (see below note)	44 281	-
<b>Total</b>	<b>44 281</b>	<b>-</b>

**Note:** Written off:

During the year under review two matters on fruitless and wasteful expenditure were written off due to the inability to determine an accountable person. These are as follow:

- R2 203 were due to the loss of assets which were incurred during the move of assets to a different location, and
- R42 078 were due to the external fraudulent request to change bank detail of employee.

#### DETAILS OF CURRENT AND PREVIOUS YEAR DISCIPLINARY OR CRIMINAL STEPS TAKEN AS A RESULT OF LOSSES, IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

Incident description	Criminal or disciplinary	Loss incurred
R-value	Disciplinary steps were taken against five employees, and all losses were recovered.	27 237
Non-compliance to NCR internal policies: Payment made not in agreement with NCR Medical Aid Subsidy Policy.	Disciplinary steps were taken against five employees, and all losses were recovered.	27 237
Non-compliance to NCR internal policies: Payment made not in agreement with NCR Supply Chain Policy.	Litigation proceedings are undertaken to recover losses from the service provider.	1 563 246
Non-compliance to NCR internal policies: Payment made not in agreement with the NCR Leave Policy (paid paternity leave).	Letters of demand are being prepared to recover losses from previous employees.	21 164
Non-compliance to NCR internal policies: Payment made not in agreement with NCR Subsistence and Travel Policy.	Disciplinary steps were taken against one employee, and losses are being recovered.	446
Non-compliance to NCR internal policies: Payment made not in agreement with NCR Subsistence and Travel Policy.	Disciplinary steps are underway against two employees, and losses will be recovered.	1 473
Loss of assets when moving assets	SAP case was opened, however loss was written off.	2 203
Flight missed by employee was rescheduled	Disciplinary steps were taken against one employee, and losses are being recovered.	4 173
Fraudulent request to change bank detail of employee	SAP case was opened, however loss was written off.	42 078
Accidental damage to rental car	No disciplinary steps were required, and losses are being recovered.	1 931
<b>Total</b>		<b>1 663 951</b>

## 2. Procurement by other means: Format of disclosure

Project description	Name of supplier	Type of procurement by other means	Contract number	Loss incurred R value
Disaster site implementation extension from 01/04/2022 – 31/03/2025	Afrocentric Ip	Single Source	NCR/11/465	R1 570
Microsoft license upgrade project	First technology group	Single Source	SBD 7.2	R121
Volkswagen Financial Services (Sa) (Pty) Ltd Vs National Credit Regulator	Malatji incorporated	Single Source	NCR591.04.19	R800
RADIO ADVERTS	South African Broadcasting Corporation(SABC)	Single Source	NCR/08/473	R3 997
Cisco equipment maintenance	Sizwe Africa IT	Close tender process	NCR/11/472	R1175

## 3. Contract variations and expansions: Format of disclosure

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value R'000	Value of previous contract expansion/s or variation/s (if applicable) R'000	Value of current contract expansion or variation R'000
Ap Appointment of a service provider to design, layout and deliver annual reports and annual performance plans	Litha Communications Pty Ltd	Variation	NCR08/397	R948	R0	R298
Appointment of a service provider to write NCR's AR and APP	Litha Communications Pty Ltd	Variation	NCR08/401	R513	R0	R148
Guarding and electronic security services	Phuthadichaba Trading Enterprise cc	Variation	NCR/10/388	R4,689	R1,836	R277
Cleaning, Hygiene, pest control and garden services	Masana Hygiene Services	Variation	NCR/10/389	R2,872	R1,309	R192
Disaster Site Implementation	AFROCENTRIC IP	Variation	NCR/11/391	R1,570	R0	R383
Internal Audit services	Ubuntu Business Advisory Consulting Pty Ltd	Variation	NCR/99/413	R4,000	R0	R0
Guarding and electronic security services	SSG SECURITY SOLUTIONS	Variation	NCR/99/450	R3,222	R451	R265
Printers/Copiers	Sizwe Africa IT	Variation	NCR/99/415	R2,199	R0	per usage
Printers/Copiers	Konica Minolta SA	Variation	NCR/99/414	R983	R0	per usage
Getbucks (Pty) Ltd High Court Litigation	Lebethe Attorneys	Variation	PO990000897 Legal panel	R2,000	R0	R753

## 4. Supplier Payments

Description	Number of invoices	Value R'000
Valid invoices captured	1757	51 036
Invoices paid <b>within</b> 30 days or agreed period	1635	48 996
Invoices paid <b>after</b> 30 days or agreed period	122	2 040
Invoices older than 30 days or agreed period ( <b>unpaid and without dispute</b> )	0	0
Invoices older than 30 days or agreed period ( <b>unpaid and in dispute</b> )	29	1 767

- Invoices paid after 30 days or agreed, was due to capacity constraints
- Invoices older than 30 days or agreed period were unpaid due to disputes on contract deliverables not met by the supplier or overcharges by a supplier.



# PART F

## FINANCIAL INFORMATION



# 1. Report of the Auditor-General

## Report of the Auditor-General to Parliament on the National Credit Regulator

### Report on the audit of the financial statements

#### Opinion

1. I have audited the financial statements of the National Credit Regulator set out on pages 80 to 116, which comprise the statement of financial position as at March 2023, statement of financial performance, statement of changes in net assets, and cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Credit Regulator as at 31 March 2023 and its financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

#### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the entity in accordance with the *International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Other matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

#### National Treasury Instruction No. 4 of 2022-23: PFMA compliance and reporting framework

7. On 23 December 2022, the National Treasury issued Instruction No. 4 of 2022-23, which came into effect on 3 January 2023, in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA. The instruction note deals with the PFMA compliance and reporting framework and addresses, amongst others, the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Irregular expenditure and fruitless and wasteful expenditure incurred in prior financial years and not yet addressed no longer need to be disclosed in either the annual report or the disclosure notes to the annual financial statements. Only the current year and prior year figures are disclosed in note 29 to the financial statements of the National Credit Regulator. Movements in respect of irregular expenditure and fruitless and wasteful expenditure also no longer need to be disclosed in the notes to the annual financial statements. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) is now included as part of the other information in the annual report of the National Credit Regulator.
8. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

#### Responsibilities of the accounting authority for the financial statements

9. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations or has no realistic alternative but to do so.

#### Responsibilities of the auditor-general for the audit of the financial statements

11. My objectives are to obtain reasonable assurance about whether financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

12. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
14. I selected the following material performance indicators related to Programme 2: Enforcement of the National Credit Act presented in the annual performance report for the year ended 31 March 2023. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.
- Number of investigations conducted on credit providers relating to total cost of credit to ensure compliance with the regulations.
  - Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance with regulations relating to the total cost of credit-by-credit providers.
  - Number of investigations conducted on credit providers relating to reckless lending.
  - Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance relating to reckless lending by credit providers.
  - Number of investigations conducted on hosting credit bureaus relating to the removal of paid-up judgements and adverse consumer credit information.
  - Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance by credit bureaus.
  - Percentage of evaluated credit bureau annual compliance reports certified by an independent auditor for their previous financial year.
  - Enforcement action taken on a percentage (%) of credit bureaus which were found to be non-compliant after the evaluation of annual compliance reports certified by an independent auditor for their previous financial year.
15. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on its mandate and objectives.
16. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objective
  - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
  - the targets linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
  - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
  - the reported performance information is presented in the annual performance report in the prescribed manner
  - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
17. I performed the procedures for the purpose of reporting material findings only.
18. I did not identify any material findings on the reported performance information for the selected material performance indicators.

## Report on the audit of compliance with legislation

19. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.
20. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
21. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
22. I did not identify any material non-compliance with the selected legislative requirements.

## Other information in the annual report

23. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.
24. My opinion on the financial statements, the report on the audit of the annual performance report, and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
25. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
25. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## Internal control deficiencies

27. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
28. I did not identify any significant deficiencies in internal control.

*Auditor - General*

Pretoria

31 July 2023



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure to the auditor's report

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

### Auditor-general's responsibility for the audit

#### Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the entity's compliance with selected requirements in key legislation.

#### Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

#### Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.



## Compliance with legislation - selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Section 38(1)(a)(iv); 38(1)(b); PFMA 38(1)(c); 38(1)(c)(i); 38(1)(c)(ii); 38(1)(d); 38(1)(h)(iii) Section 39(1)(a); 39(2)(a) Section 40(1)(a); 40(1)(b); 40(1)(c)(i) Section 43(4); 44; 44(1)-(2); 45(b) Section 50(3); 50(3)(a)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 4.1.1; 4.1.3 Treasury Regulation 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1 Treasury Regulation 8.1.1; 8.2.1; 8.2.2; 8.2.3; 8.4.1 Treasury Regulation 9.1.1; 9.1.4 Treasury Regulation 10.1.1(a); 10.1.2 Treasury Regulation 12.5.1 Treasury Regulation 15.10.1.2(c) Treasury Regulation 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b) & (e); 16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A8.2 (1) and (2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1(b)(ii); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); TR 16A 9.2; 16A 9.2(a)(ii); TR 16A 9.2(a)(iii) Treasury Regulation 17.1.1 Treasury Regulation 18.2 Treasury Regulation 19.8.4
Public Service Regulation	Public Service Regulation 13(c); 18; 18 (1) and (2)
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 34(1); Section 29
Construction Industry Development Board Act 38 of 2000 (CIDB)	Section 18(1)
CIDB Regulations	CIDB Regulation 17; 25(1); 25 (5) & 25(7A)
Preferential Procurement Policy Framework Act 5 of 2000	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
Preferential Procurement Regulations 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
Preferential Procurement Regulations 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
PFMA SCM Instruction Note. 9 of 2022-23	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
National Treasury Instruction Note.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 3 2021-22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4(a); 4.4 (c)-(d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6
NT SCM Instruction 4A of 2016-17	Paragraph 6
NT SCM Instruction Note 03 2019-20	Par 5.5.1(vi); Paragraph 5.5.1(x)
NT SCM Instruction Note 11 2020-21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1; 6.2; 6.7
NT SCM Instruction note 2 of 2021-22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b); 3.3.1; 3.2.2 Paragraph 4.1
PFMA SCM Instruction Note 4 of 2022-23	Paragraph 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM Instruction Note 8 of 2022-23	Paragraph 3.2 Paragraph 4.3.2; 4.3.3
NT Instruction Note 4 of 2015-16	Paragraph 3.4
NT Instruction Note 3 of 2019-20 - Annexure A	Section 5.5.1 (iv) and (x)
NT Instruction Note 1 of 2021-22	Paragraph 4.1
Public Service Act	Section 30 (1)

## 2. Annual Financial Statements for the year ended 31 March 2023

### INDEX

The reports and statements set out below comprise the annual financial statements presented to the

Statement of Financial Position as at 31 March 2023.....	81
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### ABBREVIATIONS USED:

PFMA	Public Finance Management Act
NCR	National Credit Regulator
GRAP	Generally Recognised Accounting Practice
PDA	Payment Distribution Agency
dtic	Department of Trade, Industry and Competition
FNB	First National Bank
NCA	National Credit Act
WIP	Work in progress
MS GP	Microsoft Great Plains

The annual financial statements set out on page (81 - 117) which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 May 2023 and were signed on its behalf by:



**N. Motshegare**  
Chief Executive Officer

## Statement of Financial Position as at 31 March 2023

Figures in Rand

Note(s)	2023 R	2022 R
---------	-----------	-----------

<b>Assets</b>			
<b>Current Assets</b>			
Receivables from exchange transactions	3	900 568	941 868
Receivables from non-exchange transactions	4	2 809 636	577 379
Cash and cash equivalents	5	90 475 540	73 937 192
		<b>94 185 744</b>	<b>75 456 439</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	6	11 899 806	14 180 845
Intangible assets	7	5 869 796	4 905 548
		<b>17 769 602</b>	<b>19 086 393</b>
<b>Total Assets</b>		<b>111 955 346</b>	<b>94 542 832</b>

<b>Liabilities</b>			
<b>Current Liabilities</b>			
Income received in advance	8	4 163 565	3 543 588
Payables from exchange transactions	9	11 344 692	8 090 432
Payables from non-exchange transactions	10	45 369 201	37 187 685
Provisions	11	2 390 061	470 410
Operating lease liability	13	1 076 421	1 422 833
		<b>64 343 940</b>	<b>50 714 948</b>
<b>Total Liabilities</b>		<b>64 343 940</b>	<b>50 714 948</b>
<b>Net Assets</b>		<b>47 611 406</b>	<b>43 827 884</b>

## Statement of Financial Performance

Figures in Rand

Note(s)	2023 R	2022 R
---------	-----------	-----------

Revenue			
Revenue from exchange transactions			
Other revenue	14	359 828	1 052 950
Interest received – investment	15	3 735 696	1 953 501
Total revenue from exchange transactions		4 095 524	3 006 451

Revenue from non-exchange transactions			
Fee revenue	16	44 796 023	44 045 430
Transfer payment	17	83 241 000	82 632 000
Other non-exchange revenue	18	2 857 968	2 834 904
Total revenue from non-exchange transactions		130 894 991	129 512 334
Total revenue		134 990 515	132 518 785

Expenditure			
Personnel expenditure	19	(79 570 097)	(77 934 792)
Operating expenses	20	(16 022 556)	(21 026 549)
Administrative expenses	21	(28 783 543)	(24 087 822)
Depreciation and amortisation	6&7	(6 830 797)	(5 896 167)
Total expenditure		(131 206 993)	(128 945 330)
Operating Surplus	22	3 783 522	3 573 455
Surplus for the year		3 783 522	3 573 455



## Statement of Changes in Net Assets

Figures in Rand

	Accumulated surplus R	Total net assets R
<b>Balance at April 1, 2021</b>	<b>40 254 429</b>	<b>40 254 429</b>
Surplus for the year	3 573 455	3 573 455
<b>Balance at April 1, 2022</b>	<b>43 827 884</b>	<b>43 827 884</b>
Surplus for the year	3 783 522	3 783 522
<b>Balance at March 31, 2023</b>	<b>47 611 406</b>	<b>47 611 406</b>

## Cash Flow Statement

Figures in Rand

Note(s)	2023 R	2022 R
---------	-----------	-----------

Cash flows from operating activities		
Receipts		
Cash receipts from applicants and registrants	43 295 817	44 472 652
Transfers received	83 241 000	82 632 000
Interest income	3 735 696	1 953 501
Payment Distribution Agency – Interest	2 360 134	2 371 443
Other receipts	359 827	1 037 925
	<b>132 992 474</b>	<b>132 467 521</b>

Payments		
Employee costs	(78 979 758)	(79 448 748)
Suppliers	(31 244 728)	(37 436 481)
	<b>(110 224 486)</b>	<b>(116 885 229)</b>
<b>Net cash flows from operating activities</b>	23 <b>22 767 988</b>	<b>15 582 292</b>

Cash flows from investing activities		
Purchase of property, plant and equipment	6 (1 650 440)	(5 429 967)
Purchase of other intangible assets	7 (4 579 200)	(4 229 339)
<b>Net cash flows from investing activities</b>	<b>(6 229 640)</b>	<b>(9 659 306)</b>

<b>Net increase in cash and cash equivalents</b>	<b>16 538 348</b>	<b>5 922 986</b>
Cash and cash equivalents at the beginning of the year	73 937 192	68 014 206
<b>Cash and cash equivalents at the end of the year</b>	5 <b>90 475 540</b>	<b>73 937 192</b>

The accounting policies on pages 88 to 97 and the notes on pages 98 to 117 form an integral part of the annual financial statements.

## Statement of Comparison of Budget and Actual Amounts

### Budget on cash basis

	Approved budget R	Adjustments R	Final Budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Reference
Figures in Rand						
<b>Revenue</b>						
Fee revenue	58 500 000	15 750 100	74 250 100	67 588 901	(6 661 199)	N1
Transfer payment	83 241 000	-	83 241 000	83 241 000	-	
Interest received - Investment	2 662 538	-	2 662 538	3 735 696	1 073 158	N2
Other income	3 127 592	-	3 127 592	2 719 960	(407 632)	
<b>Total income</b>	<b>147 531 130</b>	<b>15 750 100</b>	<b>163 281 230</b>	<b>157 285 557</b>	<b>(5 995 673)</b>	
<b>Expenditure</b>						
Personnel expenditure	(88 402 950)	6 511 000	(81 891 950)	(78 979 758)	2 912 191	N3
Communication costs	(1 512 238)	-	(1 512 238)	(1 271 053)	241 185	
Consumer education and communication	(6 040 871)	(258 000)	(6 298 871)	(1 668 201)	4 630 670	N4
Professional fees	(13 471 109)	(12 256 100)	(25 727 209)	(11 661 589)	14 065 620	N5
General expenses*	(7 518 360)	(3 688 013)	(11 206 373)	(10 046 496)	1 159 877	N6
Information technology	(6 159 984)	(645 000)	(6 804 984)	(4 668 171)	2 136 813	N7
Premises and equipment costs**	(12 538 308)	600 000	(11 938 308)	(11 473 809)	464 499	
Stakeholder communication	(714 000)	86 320	(627 680)	(509 236)	118 444	
Debt counselling initiatives	(702 000)	10 000	(692 000)	(256 011)	435 989	
Capital expenditure	(10 471 310)	(6 110 307)	(16 581 617)	(4 897 603)	11 684 014	N8
<b>Total expenditure</b>	<b>(147 531 130)</b>	<b>(15 750 100)</b>	<b>(163 281 230)</b>	<b>(125 431 926)</b>	<b>37 849 304</b>	
<b>Surplus for the year</b>				<b>31 853 631</b>		

## Statement of Comparison of Budget and Actual Amounts

### Budget on cash basis

Figures in Rand	Approved budget R	Adjustments R	Final Budget R	Actual amounts on comparable cash basis R	Difference between final budget and actual R	Reference
<b>Reconciliation of surplus for period with surplus in the Statement of Financial Performance</b>						
Surplus per the Statement of Financial Performance				3 783 522	<b>3 783 522</b>	
<i>Adjusted for:</i>						
<b>Basis differences</b>						
Fee Revenue (Operating activities)				41 300	<b>41 300</b>	
Other income (Operating activities)				(2 232 257)	<b>(2 232 257)</b>	
Personnel expenditure (Operating activities)				590 339	<b>590 339</b>	
Communication costs (Operating activities)				(24 937)	<b>(24 937)</b>	
Consumer education (Operating activities)				917 433	<b>917 433</b>	
Professional fees (Operating activities)				628 975	<b>628 975</b>	
General expenses (Operating activities)				155 771	<b>155 771</b>	
Information Technology (Operating activities)				966 884	<b>966 884</b>	
Premises and equipment (Operating activities)				6 830 797	<b>6 830 797</b>	
Premises and equipment (Operating activities)				226 296	<b>226 296</b>	
Stakeholder engagement (Operating activities)				44 187	<b>44 187</b>	
Debt Counselling (Operating activities)				336 924	<b>336 924</b>	
Additions to PPE (Operating activities - additions)				(6 229 641)	<b>(6 229 641)</b>	
Capital expenditure (Operating activities)				1 332 038	<b>1 332 038</b>	
				7 367 632	<b>7 367 632</b>	
<b>Roll over funds from prior year</b>				<b>24 486 000</b>	<b>24 486 000</b>	
<b>Difference between final budget and actual amounts</b>				<b>31 853 632</b>	<b>31 853 632</b>	

All the adjustments relate to a difference in the basis of preparation. The budget for these items is prepared on the cash basis while the Statement of Financial Performance is prepared on the accrual basis.



## Statement of Comparison of Budget and Actual Amounts (continued)

The NCR was originally allocated funding of R83,2m which was received in April 2022 and October 2022. National Treasury approved the retaining of prior year budget amounting to R24,5m for prior year commitments. Management had to revise the approved budget and make adjustments within the various line items to accommodate the change in approved budget during the financial

Narrations have been provided for variances above R1 million.

**N1:** The negative variance of R6,6m (9%) is due fewer new registrants than expected.

**N2:** The positive variance of R1,07m (40%) is due to increase in interest rates not budgeted for.

**N3:** The negative variance of R2,9m (4%) is due to many resignations during the year under review.

**N4:** The positive variance of R4,6m (74%) is due to delay in finalisation of the service level agreement for the advertising campaigns which was concluded in March 2023.

**N5:** The positive variance of R14,06m (55%) is due to legal matters carried from prior years - matters taking longer than a year..

**N6:** The positive variance of R1,1m (10%) is due to savings on audit fees, bank charges, insurance, consumables, travel, refreshments, recruitment, training, reimbursive travel and subsistence and mobile unit vehicle maintenance. The variance also contains insignificant overspending on audit and risk management committee fees and subscriptions. An insignificant credit was recorded for outsourced facilities. Non-cash items which are not budgeted for were included and consist of bad debts, forex loss, loss on disposal of assets, losses written off, and movement on non-cash items which comprise provisions, and payables from exchange transactions.

**N7:** The positive variance of R2,1m (31%) is due delay in finalisation of infrastructure lines upgrade, network connection in the additional building and postponement of procurement of ICT outsourced services in the year under review..

**N8:** The positive variance of R11,6m (70%) due to postponement of procurement of airconditioners in the new building, procurement of server alert system in the old building and Debt Help System re-development being done inhouse.

## Accounting Policies

### 1. SIGNIFICANT ACCOUNTING POLICIES

The National Credit Regulator (NCR) is a National Public Entity as specified in schedule 3A of the Public Finance Management Act (PFMA), Act No. 1 of 1999 (as amended by Act 29 of 1999). The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

These audited annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

#### 1.1 BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis in accordance with the effective GRAP including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements have been prepared on a going concern assumptions based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

In applying accounting policies, management is required to make various judgements, apart from those involving estimation, which may affect the amount of items recognised in the financial statements. Management is also required to make estimates of the effects of uncertain future events which could affect the carrying amounts of certain assets and liabilities at the reporting date. Actual results in the future could differ from the estimates which may be material to the financial statements.

Details of any significant judgements and estimates are explained in the relevant policy where the impact on the financial statements may be material.

#### 1.2 FOREIGN CURRENCY TRANSLATION

Items included in the financial statements are presented using the currency of the primary economic environment in which the NCR operates (functional currency). The functional currency of the NCR and the presentation currency is the South African Rand (ZAR) and all amounts are stated to the nearest rand (R).

#### 1.3 BORROWING COSTS

Section 66 of PFMA prohibits the NCR from borrowing unless such borrowing has been effected through the Minister of Finance. Partial exemption to this prohibition has been granted through Practice Note 5 of 2006 which allow the NCR to enter into finance lease. Refer to the accounting policy 1.7: Finance leases. All other borrowing costs are recognised as an expense in the period in which they are incurred.

#### 1.4 REVENUE FROM EXCHANGE TRANSACTIONS

An exchange transaction is the one in which the NCR receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Revenue from exchange transactions is recognised when the right to the revenue has been established and is recorded at the following dates:

Skills development levies recovered	Date of receipt
Reimbursements	Date of receipt
Proceeds from insurance claim	Date of receipt
Proceeds from sale of tender documents	Date of receipt

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discount and volume rebates. Refer to note 14.

## Accounting Policies (continued)

### 1.5 REVENUE FROM NON-EXCHANGE TRANSACTIONS

#### Fee revenue

Fee revenue is recognised when the right to the revenue has been established and is recorded at the following dates:

Application fees	Date of registration or withdrawal or rejection
Registration fees	Recognised in full at renewal date
Branch fees	Date of registration
Replacement certificates fees	Date of invoice
Payment Distribution Agency interest	Date of service delivery
Penalty fees	30 days from the date on which prescribed registration renewal fees were payable
Bad debts recovered	Recognised as income when a debt which has been written off previously are recovered. Bad debts recovered is recognised and recorded at the date that these debts are recovered at the value of the payment received.

#### Prescribed income

Prescribed income relates to the recognition as income of unidentified and unclaimed receipts from applicants and registrants in line with the Prescription Act No. 68 of 1969. Prescribed income is recognised and recorded at the date of prescription. Refer to note 18.

#### Government grants

Government grants received for projects purposes are recognised in the Statement of Financial Position as deferred revenue upon receipts when there is a reasonable assurance that the NCR will be able to comply with the conditions attached to the grant. Such grants are recognised as revenue when the conditions of the grant have been met.

The portion of the grant relating to projects that compensates the NCR for expenses incurred is recognised as revenue in the Statement of Financial Performance on a systematic basis over the same period in which the expenses are incurred.

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

#### Payment distribution agency (PDA) income

The NCR treats the revenue from PDA Interest similarly to government grants. Once the conditions are met as prescribed by the PDA policy, revenue is recognised in the Statement of Financial Performance at the date of service delivery (i.e. when investigations and consumer education expenditure has been incurred as prescribed by the policy) with a corresponding reduction in liability in the Statement of Financial Position. Refer to note 18.

The interest received from PDAs; interest earned in the NCR FNB account held on behalf of PDAs; unidentified and undistributed consumer funds creates a payable from non-exchange. Refer to note 10.

#### Transfers

Transfers for operational activities are recognised as revenue on receipts. Where appropriate, the NCR will recognise the asset arising from the portion of the transfer when it gains control of resources that meet the definition of an asset and satisfy the recognition criteria.

### 1.6 INVESTMENT REVENUE

Investment revenue is recognised on a time-proportion basis using the effective interest rate method.

## 1.7 LEASES

### Operating leases – lessee

The leases that the NCR enters into as a lessee, and where the lessor retains substantially all risks and rewards of ownership of the underlying assets, are classified as operating lease. Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. Refer to note 13.

### Finance leases – lessee

The leases where substantially all the risks and rewards of ownership of the underlying asset are transferred to the NCR, are classified as finance leases. Assets held under finance leases are initially recognised as assets at their fair value at the inception of the lease or, if lower, at the present value of minimum lease payments. The corresponding liability to the lessor is included in the Statement of Financial Position as finance lease obligation. Lease payment are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the Statement of Financial Performance. Contingent rentals are recognised as expenses in the years in which they are incurred.

### Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. Income for leases is disclosed under revenue in statement of financial performance.

## 1.8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Subsequent costs are included in the asset's carrying amount only when it is probable that the future economic benefits or service potential associated with the item will flow to the NCR and the cost of item can be measured reliably. Maintenance and repairs which neither materially add to the value of the assets nor appreciably prolong their useful lives, are expensed during the financial year in which they are incurred.

The assets residual values, depreciation method and useful lives are reviewed and adjusted if appropriate, at each financial year. Management re-assessed the useful lives of all assets that were fully depreciated.

If any item of property, plant and equipment is derecognised upon disposal or when no future economic benefits or service potential are expected from its use or disposal, the gain or loss if any (calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the asset) is included in the Statement of Financial Performance in the year the asset is derecognised.

Depreciation on property, plant and equipment is calculated using the straight line method to allocate their cost over their useful lives.

Item	Depreciation method	Average useful life
Computer equipment	Straight line	3 - 7 years
Furniture and fittings	Straight line	10 years
Machinery	Straight line	7 years
Office and equipment	Straight line	3 - 7 years
Leasehold improvements	Straight line	Remaining period of lease
Security equipment	Straight line	3 - 7 years
ICT operational system	Straight line	5 - 7 years
Motor vehicles	Straight line	7 years

## Accounting Policies (continued)

### 1.8 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate. Refer to note 28 - Change in estimate.

The NCR assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit in the Statement of Financial Performance.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss on disposal arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 6).

Minor assets which are defined as assets having a cost of less than R2000, are fully expensed in the year of acquisition. All minor assets are classified and recorded in a minor asset register. Refer to note 6 - Property, Plant and Equipment.

### 1.9 INTANGIBLE ASSETS

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.



An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Item	Depreciation method	Average useful life
Computer software	Straight line	1 – 7 years
Human resource system	Straight line	5 – 7 years
Software Licenses	Straight line	License period

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 7).

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

## 1.10 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

At each reporting date, the NCR reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets may be impaired.

An asset is impaired when its recoverable amount is less than its carrying value. In this instance, the carrying value of the asset is reduced to its recoverable amount. This reduction is an impairment loss, which is recognised immediately in the Statement of Financial Performance.

The reversal of an impairment loss of assets other than goodwill is recognised immediately in the Statement of Financial Performance.

## 1.11 PROVISIONS

Provisions are recognised when NCR has a present legal or constructive obligation as a result of past events, for which it is probable that the NCR will be required to settle the obligation, and where a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Statement of Financial Position date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of time value of money is material, the provision is discounted to the present value of the expected cash flows required to settle the obligation. The nature of the provision applicable to the entity are fully explained in note 11 of the annual financial statements.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A contingent liability is defined as possible obligation depending on whether some uncertain future event occurs or a present obligation however the payment is not probable or amount cannot be measured reliably.

A contingent asset is defined as a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 30.

## Accounting Policies (continued)

### 1.12 EMPLOYEE BENEFITS

#### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within 12 months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as wages, salaries and social security contributions; short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within 12 months after the end of the reporting period in which the employees render the related employee service; bonus, incentive and performance related payments payable within 12 months after the end of the reporting period in which the employees render the related service; and non-monetary benefits (for example, medical care, and free or subsidised goods or services such as cell phones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service; as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement, or, in the case of non-accumulating absences, when absence occurs. The entity measures the expected cost of accumulating compensated absence as the additional amount that the entity expects to pay as a result of unused entitlement that has accumulated at the reporting date.

The expected cost bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance and reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

#### Retirement benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

The NCR provides retirement benefits for all its permanent employees through a defined contribution provident fund scheme which is subject to the Pension Funds Act, no.24 of 1956 as amended.

Defined contribution plans are post-employment benefit plans under which the entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

All the NCR's permanent employees are covered by the provident fund. The contributions to the fund are charged as an expense as and when they accrue. Refer to note 19 - Personnel expenditure..

### 1.13 STATUTORY RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Non-exchange transactions are defined as transactions where the NCR receives value from another entity without directly giving approximately equal value in exchange.

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

The NCR initially measures statutory receivables at their transaction amount.

The NCR measures statutory receivables after initial recognition using the cost method. The carrying amount is the amount at which an asset is recognised in the statement of financial position. The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Accounts receivables are measured at initial recognition at fair value plus transaction cost and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowance for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivables is impaired.

The provision for bad debts recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows at the effective interest rate computed at initial recognition. The carrying amount of the asset is reduced through the use of a provision for bad debts account, and the amount of the deficit is recognised in statement of financial performance as bad debt expenses. When accounts receivables is uncollectible, it is written off against the provision of bad debts account. Refer to note 4.1: Statutory receivables from non-exchange transactions.

## 1.14 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation

A financial asset is cash; a residual interest of another entity; or a contractual right to receive cash or another financial asset from another entity; or exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity; or exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

### Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at fair value
Receivable from exchange transactions	Financial asset measured at fair value

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at fair value

### Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

### Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability, except for financial instruments subsequently measured at fair value, which are measured at its fair value.

### Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

Financial instruments at amortised cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

## 1.14 FINANCIAL INSTRUMENTS (CONTINUED)

### Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

### Impairment and uncollectibility of financial assets

NCR assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

### Derecognition

#### Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, are settled or waived; the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity derecognises the asset; and recognises separately any rights and obligations created or retained in the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

#### Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

### Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, deposits held on call with banks all of which are available for use by the NCR unless otherwise stated. These are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liability and subsequently recorded at amortised cost.

#### Receivables from exchange transactions

- Other receivables are classified as financial assets at amortised cost. An entity shall remove a financial liability (or part of a financial liability) from its statement of financial position when, and only when, it is extinguished - i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived. An entity shall derecognise a financial asset only when:
- the contractual rights to the cash flows from the financial asset expire, are settled or waived;

the entity transfers to another party substantially all of its risks and rewards of ownership of the financial assets.

#### Payables from exchange transactions

Trade payables are initially measured to fair value plus transaction costs and are subsequently measured at amortised cost, using the effective interest rate.

#### Payables from non- exchange transactions

Payables from non-exchange relates to Payment Distribution Agency (PDA) interest. It is initially and subsequently measured at fair value plus transaction costs. It consists of interest received from PDAs, interest earned in the PDA account (FNB bank account), unidentified and undistributed consumer funds.

### 1.14 FINANCIAL INSTRUMENTS (CONTINUED)

Once conditions (i.e. when investigations and consumer education expenditure has been incurred) are met as prescribed by the PDA policy, the reduction in liability is recognised in the Statement of Financial Position.

Refer to note 27 - Risk Management.

### 1.15 RELATED PARTIES

As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Key management are defined as those individuals with authority and responsibility for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the entity.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed. Refer to note 26 - Related parties.

### 1.16 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

If any expenditure meets the definition of fruitless and wasteful expenditure (after an investigation) and it is recoverable from a responsible official, a current asset is created on the statement of financial position, and posted to the relevant expenditure account. If any fruitless and wasteful expenditure is from a previous financial year, a current asset is created on the statement of financial position, and posted to the revenue recoverable account. Refer to note 29 - Fruitless and wasteful expenditure.

### 1.17 IRREGULAR EXPENDITURE

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including this Act; or the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year-end and/or before finalisation of the financial statements, is recorded in the register and disclosed in the notes to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year-end, is recorded in the register and disclosed in the notes to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements are updated with the amount condoned.

If liability for the irregular expenditure can be attributed to a person, a debt account is created if such a person is liable in law. Immediate steps are thereafter taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The register is also updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto remains against the relevant programme/expenditure item, disclosed as such in the notes to the financial statements and updated accordingly in the register.

For details on irregular expenditure, refer to note 29- Irregular expenditure.

### 1.18 BUDGET INFORMATION

NCR is subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by NCR shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget covers the fiscal period from 2022/04/01 to 2023/03/31.

The annual financial statements and the budget are not on the same basis of accounting. The budget is prepared on the cash basis. A reconciliation between the Statement of Financial Performance and the budget have been included in the draft annual financial statements.

Comparative information is not required.



### 1.19 SIGNIFICANT JUDGEMENT AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of the available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

#### Statutory receivables and other receivables

NCR assesses its statutory receivables and receivables for impairment at the end of each reporting period. In determining whether the impairment loss should be recorded in surplus or deficit, the NCR management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment of statutory receivables and receivables is calculated on an individual basis, based on historical performance, adjusted for specific current economic conditions and other indicators present at the reporting date that correlates with the defaults on the debtor.

#### Effective interest rate

NCR used the prime interest rate to discount future cash flows.

#### Impairment testing

The NCR reviews and tests the carrying value of assets when the events or changes in circumstances suggests that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

#### Provisions

In all the provisions that are raised, the management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 11 - Provisions.

#### Useful lives of assets

The NCR's management determines the estimated useful lives and related depreciation charges for the tangible and intangible assets. Management adjusts the depreciation charge where useful lives are different than previously estimated useful lives.

Refer to note 28 - Change in estimate.

### 1.20 COMMITMENTS

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computers); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded. Refer to note 12.

### 1.21 EVENTS AFTER REPORTING DATE

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting period.

The entity shall not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting period.

## Notes to the Annual Financial Statements

### 2. NEW STANDARDS AND INTERPRETATIONS

#### 2.1 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2023 or later periods:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 25 (as revised): Employee Benefits	01 April 2023	Unlikely there will be a material impact
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2099	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• iGRAP 21 - The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Impact is currently being assessed

### 3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2023 R	2022 R
Sundry debtors	57 946	16 688
Staff debts	7 306	10 876
Deposits	658 125	658 125
Prepaid expenses	177 191	256 179
	<b>900 568</b>	<b>941 868</b>

During the financial year, certain sundry debtors were identified to be infrequent debt of small amounts and separate disclosure for this is deemed necessary. The prior year was adjusted accordingly to provide comparative disclosure without amending the total value of receivables from exchange transactions.

### 4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

#### 4.1 STATUTORY RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

As at 31 March 2023, included in the receivables from non-exchange transactions are statutory receivables of R773 065 (2022: R884 491). In line with section 51 of NCA, renewal fees from registrants are due on 31 July annually. All statutory receivables past due at the end of the financial year 31 March are impaired and provided for.

	2023 R	2022 R
<b>Statutory receivables past due and impaired</b>		
Current	190 897	(150 955)
31-60 days	(17 156)	25 752
61-90 days	(7 200)	(11 353)
91 and over	606 524	1 021 047
Balance	<b>773 065</b>	<b>884 491</b>
<b>Statutory receivables past due and impaired</b>		
Gross	773 065	884 491
Provision for impairment	(773 065)	(884 491)
	<b>0</b>	<b>0</b>

#### 4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

##### 4.1 STATUTORY RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

	2023 R	2022 R
<b>Reconciliation of provision for impairment of receivables from non-exchange transactions</b>		
Opening balance	884 491	10 190 804
Provision for impairment	192 916	(765 367)
Amount utilised	(304 342)	(8 540 946)
	<b>773 065</b>	<b>884 491</b>

##### 4.2 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2023 R	2022 R
PDA interest receivables	2 809 636	577 379

The PDA interest receivables is the interest payable to the NCR by the PDAs which comprises of interest generated from consumer unidentified and undistributed funds.

#### 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2023 R	2022 R
Cash on hand	-	2 375
Bank balances	4 563 813	579 915
Call accounts	43 352 161	36 744 596
PDA account	42 559 566	36 610 306
	<b>90 475 540</b>	<b>73 937 192</b>

Cash and cash equivalents balances includes an amount of R42 559 566 (2022: R36 610 306) held by PDA account. This relates to the interest earned on monies held by PDA on behalf of consumers. The Minister of Trade and Industry has approved a policy on the utilisation of these funds for investigations, enforcement and consumer education activities effective from the 15th October 2015.

#### 6. PROPERTY, PLANT AND EQUIPMENT

	2023			2022		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer equipment	12 237 136	(4 911 166)	7 325 970	12 474 036	(4 666 509)	7 807 527
Furniture and fittings	3 118 194	(2 176 540)	941 654	3 718 708	(2 292 537)	1 426 171
Machinery	35 250	(11 960)	23 290	292 363	(222 355)	70 008
Office equipment	2 515 662	(1 478 515)	1 037 147	2 550 602	(1 308 450)	1 242 152
Leasehold improvements	3 333 908	(2 511 146)	822 762	3 618 025	(2 225 966)	1 392 059
Security equipment	2 048 999	(1 095 809)	953 190	2 226 925	(1 017 221)	1 209 704
ICT operational system	1 006 993	(903 896)	103 097	1 006 994	(808 749)	198 245
Motor vehicles	1 048 404	(355 708)	692 696	1 048 404	(213 425)	834 979
<b>Total</b>	<b>25 344 546</b>	<b>(13 444 740)</b>	<b>11 899 806</b>	<b>26 936 057</b>	<b>(12 755 212)</b>	<b>14 180 845</b>

## Notes to the Annual Financial Statements (continued)

**6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****Reconciliation of property, plant and equipment – 2023**

	Opening balance	Additions	Disposals	Minor assets at net book value	Depreciation	Total
Computer equipment	7 807 527	1 442 003	(290 086)	(18 436)	(1 615 038)	7 325 970
Furniture and fittings	1 426 171	-	(11 969)	(187 163)	(285 385)	941 654
Machinery	70 008	-	(30 303)	-	(16 415)	23 290
Office equipment	1 242 152	157 435	(18 756)	(68 473)	(275 211)	1 037 147
Leasehold improvements	1 392 059	51 002	(8 245)	(62 987)	(549 067)	822 762
Security equipment	1 209 704	-	(9 422)	(9 794)	(237 298)	953 190
ICT operational system	198 245	-	-	-	(95 148)	103 097
Motor vehicles	834 979	-	-	-	(142 283)	692 696
	<b>14 180 845</b>	<b>1 650 440</b>	<b>(368 781)</b>	<b>(346 853)</b>	<b>(3 215 845)</b>	<b>11 899 806</b>

**Reconciliation of property, plant and equipment – 2022**

	Opening balance	Additions	Additions through transfer of functions / mergers	Disposals	Adjustments	Depreciation	Total
Computer equipment	5 252 687	3 694 339	5 316	(112 311)	-	(1 032 504)	7 807 527
Furniture and fittings	1 651 198	20 353	5 922	(2 492)	(82 333)	(166 478)	1 426 170
Machinery	88 750	-	-	-	-	(18 742)	70 008
Office equipment	1 400 871	87 732	3 642	(9 486)	-	(240 606)	1 242 153
Leasehold improvements	1 058 326	747 525	-	(3 104)	130 565	(541 253)	1 392 059
Security equipment	474 213	880 018	147	(670)	(48 258)	(95 746)	1 209 704
Security equipment	305 310	-	-	(8 053)	-	(99 012)	198 245
Motor Vehicle	977 262	-	-	-	-	(142 283)	834 979
	<b>11 208 617</b>	<b>5 429 967</b>	<b>15 027</b>	<b>(136 116)</b>	<b>(26)</b>	<b>(2 336 624)</b>	<b>14 180 845</b>

**Pledged as security**

No property, plant and equipment were pledged as security for any financial liability in the reporting period.

Assets were inspected and found to be useful for longer than their estimated useful life. This resulted in a change in accounting estimate of which such impact is disclosed in note 28 - Change in estimate.

## Notes to the Annual Financial Statements (continued)

### 6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### Depreciation rates

The depreciation methods and average useful lives of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Machinery	Straight line	7 years
Furniture and fittings	Straight line	10 years
Motor vehicles	Straight line	7 years
Office equipment	Straight line	3 - 7 years
Computer equipment	Straight line	3 - 7 years
Leasehold improvements	Straight line	Remaining period of lease
Security equipment	Straight line	3 - 7 years
ICT operational system	Straight line	5 - 7 years

#### Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

	2023 R	2022 R
Furniture	-	2 670
Leasehold improvements	52 840	127 841
Security equipment	-	19 940
Office equipment	-	2 645
Machinery	-	13 920
Other 2	-	-
	<b>52 840</b>	<b>167 016</b>

#### Capital commitments

Capital commitments are disclosed in a separate note to the annual financial statements. Refer to note 12.

#### Minor Assets

During the year under review management reviewed assets with cost values below R2 000 and found the total thereof to be immaterial when measured against the NCR Materiality Framework which set materiality at R1 289 453. These assets individually are trivial. Management expense these assets instead of capitalizing it and has amended the NCR Asset Management Policy to allow a threshold for expensing assets. This will provide a more relevant fixed asset register and asset management practice.

The application of a new accounting policy for transactions that are immaterial are not considered a change in accounting policy in accordance with GRAP3.

Net book value of minor assets was expensed during the year under review when minor assets were introduced for the first time:



## Notes to the Annual Financial Statements (continued)

## 6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Class of assets	2023 R
	R- value
Computer equipment	18 436
Furniture and equipment	187 163
Lease improvements	62 987
Office equipment	68 473
Security equipment	9 794
<b>Total</b>	<b>346 853</b>

The accumulated cost of minor assets held by the National Credit Regulator as of 31 March 2023, is as follow:

Class of assets	2023 R
	R- value
Computer equipment	136 702
Furniture and equipment	541 608
Lease improvements	288 606
Office equipment	139 444
Security equipment	24 024
<b>Total</b>	<b>1 130 384</b>

## 7. INTANGIBLE ASSETS

	2023			2022		
	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	7 728 691	(3 761 653)	3 967 038	5 843 730	(2 474 516)	3 369 214
Intangible assets under development	1 335 909	-	1 335 909	649 290	-	649 290
Human resource system	793 589	(226 740)	566 849	1 022 832	(135 788)	887 044
<b>Total</b>	<b>9 858 189</b>	<b>(3 988 393)</b>	<b>5 869 796</b>	<b>7 515 852</b>	<b>(2 610 304)</b>	<b>4 905 548</b>

## Reconciliation of intangible assets – 2023

	Opening balance	Additions	Amortisation	Total
Computer software	3 369 214	3 892 581	(3 294 757)	3 967 038
Intangible assets under development	649 290	686 619	-	1 335 909
Human resource system	887 044	-	(320 195)	566 849
	<b>4 905 548</b>	<b>4 579 200</b>	<b>(3 614 952)</b>	<b>5 869 796</b>

## Notes to the Annual Financial Statements (continued)

### 7. INTANGIBLE ASSETS (CONTINUED)

#### Reconciliation of intangible assets – 2022

	Opening balance	Additions	Amortisation	Total
Computer software	2 939 630	3 648 870	(3 219 286)	3 369 214
Intangible assets under development (WIP)	649 290	-	-	649 290
Human resource system	646 832	580 469	(340 257)	887 044
	<b>4 235 752</b>	<b>4 229 339</b>	<b>(3 559 543)</b>	<b>4 905 548</b>

Some intangible assets were inspected and found to be useful for longer than their estimated useful life. This resulted in change in accounting estimate of which such impact is disclosed in note 28 of the annual financial statements.

#### Intangible assets in the process of being constructed or developed Cumulative expenditure recognised in the carrying value of Intangible assets

	2023 R	2022 R
Intangible assets under development: Great Plains Dynamics	<b>1 335 909</b>	<b>649 250</b>

The intangible assets recorded as work in progress refers to enhancement of the MS GP Dynamics system. The diagnostic, analysis, design and development stages have been completed. The automated purchase requisition and purchase orders module on MS GP Dynamics system was launched during the 2022/2023 financial year and the enhancement thereto is not yet completed and carried in the work in progress.

#### Capital commitments

Capital commitments are disclosed in a separate note to the annual financial statements. Refer to note 12.

## Notes to the Annual Financial Statements (continued)

### 8. INCOME RECEIVED IN ADVANCE

	2023 R	2022 R
Income received in advance	4 163 565	3 543 588

Income received in advance comprise of application fees and renewal fees received in advance from registrants as well as registrants' account with credit balances. Income received in advance is reflected as non-exchange revenue when recognised in Statement of Financial Performance.

### 9. PAYABLES FROM EXCHANGE TRANSACTIONS

	2023 R	2022 R
Trade payables	6 113 046	3 874 451
Accruals	5 231 646	4 215 981
	<b>11 344 692</b>	<b>8 090 432</b>

The trade payables are due and payable within 30 days from the date of receipt of invoice.

### 10. PAYABLES FROM NON-EXCHANGE TRANSACTIONS

	2023 R	2022 R
Balance unspent at the beginning of year	37 187 685	25 146 775
Current Receipts	10 541 650	14 412 353
Conditions met to transfer revenue (refer to note 18)	(2 360 134)	(2 371 443)
<b>Balance unspent at the end of year</b>	<b>45 369 201</b>	<b>37 187 685</b>

The PDA interest transaction is accounted for in terms of GRAP 23: Revenue from non-exchange transactions. Once all the conditions are met, payables from non-exchange transactions are reduced and revenue is recognised.

Included in current receipts is an amount of R2 809 636 for PDA interest not yet received at year end.

Included in the balance at year-end are unidentified consumer funds amounting to R25 488 757 (**2022: R24 107 259**) and undistributed consumer funds amounting to R10 955 493 (**2022: R10 972 743**)

Current receipts includes all cash flows and accruals from the year.

### 11. PROVISIONS

#### Reconciliation of provisions – 2023

	Opening Balance	Additions	Reversed during the year	Total
Other provisions	470 410	2 596 834	(677 183)	2 390 061

## Notes to the Annual Financial Statements (continued)

### 11. PROVISIONS (CONTINUED)

#### Reconciliation of provisions – 2022

	Opening Balance	Additions	Reversed during the year	Total
Other provisions	267 883	667 675	(465 148)	470 410

Other provisions are due to present obligations for which it is probable that the NCR will be required to settle them but it is uncertain as to the timing of the settlement. These relate to invoices from service providers which are in dispute, hence uncertainty as to the timing of the settlement of these invoices.

### 12. COMMITMENTS

#### Capital expenditure

	2023 R	2022 R
Disaster recovery implementation (Software and licences)	1 365 047	1 577 100
Great Plains enhancements (Software and licenses)	244 450	720 935
Cisco equipment and licences	-	38 640
HR system - SAGE (Software and licenses)	243 057	348 772
GP licences (Software and licenses)	-	2 816 662
Microfile license (Software and licenses)	-	25 300
Cisco server and other equipment (Computer equipment)	270 675	297 194
Servers (Computer equipment)	404 190	476 229
Laptops (Computer equipment)	-	779 073
Digital signature solution (Software and licenses)	452 805	921 998
Network switch (Computer equipment)	-	167 905
	<b>2 980 224</b>	<b>8 169 808</b>

#### Capital expenditure classification

	2023 R	2022 R
Computer equipment	674 865	1 720 401
Intangible assets	2 305 359	6 449 407
	<b>2 980 224</b>	<b>8 169 808</b>
<b>Total commitments</b>		
Authorised capital expenditure	2 980 224	8 169 808

The capital expenditure will be financed through the annual transfer from **the dtic** and the annual fees from registrants. The above amounts relate to the value of commitments over the remaining period of commitments.

## Notes to the Annual Financial Statements (continued)

## 13. OPERATING LEASE

	2023 R	2022 R
<b>Operating lease liability</b>		
Buildings	1 073 551	1 388 429
Billboard	2 870	34 404
	<b>1 076 421</b>	<b>1 422 833</b>

<b>Minimum lease payments due - Building</b>		
Within one year	4 422 202	4 422 202
In second to fifth year inclusive	2 797 290	7 219 491
	<b>7 219 492</b>	<b>11 641 693</b>

The operating lease is for NCR office premises which are located at 127-15th Road, Randjespark, Midrand. The lease term is seven (07) years which commences on 1 May 2017 and expires on 30 April 2024. The lease rentals escalates at 8% per annum on the lease anniversary date.

The NCR has an additional office which is located on 232-15th Road, Randjespark, Midrand. The lease term is five (05) years which commenced on 1 September 2020 and expires on 30 August 2025. The lease rentals escalates at 8% per annum on the lease anniversary date.

The operating lease costs have been straight-lined over the lease term and deferred operating lease expense has been raised. The deferral will amount to nil at the end of the lease term. No contingent rental is payable.

	2023 R	2022 R
<b>Minimum lease payment due - Franking machine</b>		
Within one year	40 967	40 967
In second to fifth year inclusive	3 414	44 381
	<b>44 381</b>	<b>85 348</b>

The franking machine lease term is five (05) years which commenced on 1st May 2019 and expires on the 30th April 2024. The lease rentals escalation is 0% per annum.

	2023 R	2022 R
<b>Minimum lease payments due - Billboard</b>		
Within one year	96 611	1 159 337
In second to fifth year inclusive	-	96 611
	<b>96 611</b>	<b>1 255 948</b>

The billboard lease term is three (03) years which commenced on 1 May 2020 and expires on 30 April 2023. The lease rental escalates at 3% per annum on the lease anniversary date. The lease agreement was extended for 12 months in May 2023 for an amount of R1 229 580.



## Notes to the Annual Financial Statements (continued)

### 13. OPERATING LEASE (CONTINUED)

	2023 R	2022 R
<b>Minimum lease payment due - Printers and copiers</b>		
Within one year	-	519 890
	-	<b>519 890</b>

The printers and copiers lease term is three (03) years which commenced on 1st February 2020 and expired on 31 January 2023.

### 14. OTHER EXCHANGE REVENUE

	2023 R	2022 R
Skills development levies recovered	132 268	111 711
Legal Reimbursements	185 201	847 297
Proceeds from insurance claims	41 729	78 917
Other income	630	-
Adjustments on non-current assets	-	15 025
	<b>359 828</b>	<b>1 052 950</b>

### 15. INVESTMENT REVENUE

	2023 R	2022 R
<b>Interest revenue</b>		
Bank	3 735 696	1 953 501

### 16. FEE REVENUE

	2023 R	2022 R
Application fees	1 087 050	961 567
Registration fees	32 186 303	30 337 923
Registration fees - bad debts recovered	78 725	767 417
Branch fees	10 949 800	11 502 223
Penalty fees	318 385	402 440
Replacement certificate fees	175 760	73 860
Replacement certificate fees	73,860	57,700
	<b>44 796 023</b>	<b>44 045 430</b>

Fee revenue comprises of application, annual renewal fees and branch fees.

## Notes to the Annual Financial Statements (continued)

**17. TRANSFERS**

	2023 R	2022 R
<b>Operating grants</b>		
Transfer from <b>the dtic</b>	83 241 000	82 632 000

The dtic contributes to the operational activities of the NCR while also providing funding for specific projects.

**18. OTHER NON-EXCHANGE REVENUE**

	2023 R	2022 R
Prescribed income	497 835	463 462
PDA - Interest	2 360 134	2 371 442
	<b>2 857 969</b>	<b>2 834 904</b>

Prescribed income relates to the recognition as income of unidentified and unclaimed receipts in line with the Prescription Act No. 68 of 1969, the prescribed income was previously held for three (03) years under current liabilities in the statement of financial position.

PDA Interest relates to the amount recovered by the NCR as per approved PDA interest utilisation policy with effect from 15 October 2015.

**19. PERSONNEL EXPENDITURE**

	2023 R	2022 R
Salaries	67 838 038	66 036 221
Medical aid - company contributions	3 827 872	4 032 121
Training levies - SDL	715 352	704 820
Contributions to retirement	7 188 835	7 161 630
	<b>79 570 097</b>	<b>77 934 792</b>

**20. OPERATING EXPENSES**

	2023 R	2022 R
Professional fees	12 290 564	14 176 042
Consumer education	2 585 634	5 029 435
Stakeholder communication	553 423	549 641
Debt counselling initiatives	592 935	1 271 430
	<b>16 022 556</b>	<b>21 026 548</b>

## Notes to the Annual Financial Statements (continued)

### 21. ADMINISTRATIVE EXPENSES

	2023 R	2022 R
Premises and equipment*	11 700 105	10 370 917
Communication costs	1 246 116	1 316 437
Information technology	5 635 055	4 605 444
General expenses	9 637 168	7 525 657
Other staff costs**	565 099	269 367
	<b>28 783 543</b>	<b>24 087 822</b>

\*Included in premises and equipment is repairs and maintenance of fixed assets and minor assets

\*\*Included in other staff costs is refreshment, training and recruitment fees.

	2023 R	2022 R
<b>General expenses comprise of:</b>		
Audit fees (internal and external)	5 255 878	4 516 465
Audit and risk management committee fees	245 263	244 460
Bank charges	71 624	89 125
Bad debts	192 917	-
Consumables	37 719	258 280
Forex loss	83 580	21 792
Loss on disposal of assets	366 578	136 115
Subscriptions	32 873	18 076
Travel and accommodation	2 589 201	1 826 935
Insurance	707 534	362 333
Outsourced services - Facilities	(12 485)	49 940
Mobile unit - Fuel	11 432	-
Losses written off	44 281	-
Mobile unit - Vehicle maintenance	10 773	2 136
	<b>9 637 168</b>	<b>7 525 657</b>

Audit and risk management committee fees at gross.

## Notes to the Annual Financial Statements (continued)

## 22. OPERATING SURPLUS

	2023 R	2022 R
<b>Operating surplus for the year is stated after accounting for the following:</b>		
Audit fees (internal and external)	5 255 878	4 516 465
Audit and risk management committee fees	245 263	244 460
Operating lease payments - Building	4 440 725	4 393 470
Bad debts	192 917	-
Loss on disposal of assets	366 578	136 115
Losses written off	44 281	-
	<b>10 545 642</b>	<b>9 290 510</b>
Amortisation on intangible assets	3 614 952	3 559 543
Depreciation of property, plant and equipment	3 215 845	2 336 624
Personnel expenditure	79 570 097	77 934 792
	<b>86 400 894</b>	<b>83 830 959</b>

## 23. CASH GENERATED FROM OPERATIONS

	2023 R	2022 R
Surplus for the year	3 783 522	3 573 455
<b>Adjustments for:</b>		
Depreciation and amortisation	6 830 797	5 896 167
Movements in operating lease	(346 413)	123 284
Movements in provisions	1 919 651	202 527
Loss on disposal of assets	366 578	136 115
Bad debts written off	192 917	-
Other non-cash items	28 279	(15 000)
Forex loss	83 580	-
Losses written off	44 281	-
<b>Changes in working capital:</b>		
Receivables from exchange transactions	41 300	105 928
Receivables from non-exchange transactions	(2 232 257)	(142 168)
Payables from exchange transactions	3 254 260	(6 470 421)
Income received in advance	619 977	131 495
Payables from non-exchange transactions	8 181 516	12 040 910
	<b>22 767 988</b>	<b>15 582 292</b>

## Notes to the Annual Financial Statements (continued)

## 24. MANAGEMENTS' EMOLUMENTS

## Executive

## 2023

	Salary (including backpay) R	Provident fund contributions R	Travel allowance R	Medical aid contributions R	Termination leave paid R	Total R
N. Motshegare	3 004 018	158 326	108 000	25 500	-	3 295 844
O. Tongoane***	1 721 119	89 726	63 000	18 900	144 120	2 036 865
L. Mashapa****	1 097 407	64 475	-	25 500	-	1 187 382
L. De Beer	1 383 334	70 378	-	25 500	-	1 479 212
	<b>7 205 878</b>	<b>382 905</b>	<b>171 000</b>	<b>95 400</b>	<b>144 120</b>	<b>7 999 303</b>

## 2022

	Salary (including backpay) R	Provident fund contributions R	Travel allowance R	Medical aid subsidy R	Medical aid contributions	Total R
N. Motshegare	2 850 883	154 388	108 000	25 200	-	3 138 471
O. Tongoane***	2 176 512	117 949	84 000	25 200	-	2 403 661
J. Meyer*	672 917	35 417	-	10 500	68 655	787 489
L. De Beer**	657 632	34 612	-	12 600	-	704 844
L. Mashapa****	1 523 042	79 469	-	25 200	-	1 627 711
	<b>7 880 986</b>	<b>421 835</b>	<b>192 000</b>	<b>98 700</b>	<b>68 655</b>	<b>8 662 176</b>

Resigned end of August 2021\* Appointed in October 2021\*\*

Fixed term contract ended 31 December 2022 \*\*\*

On medical leave of absence from 1 February 2023\*\*\*\*



## Notes to the Annual Financial Statements (continued)

## 25. AUDIT AND RISK MANAGEMENT COMMITTEE FEES

	2023 R	2022 R
Z. Chonco	-	5 752
P. Chilwane	86 913	86 280
A. Latchu	-	5 752
P. Sibiya	65 113	60 396
P. Mvulane	-	20 132
W. Ndlovu	-	46 016
H. Tshabalala	-	20 132
N. Ngongoma	93 237	-
	<b>245 263</b>	<b>244 460</b>

ARMC Member	Start	End
Z. Chonco	11-Aug-21	Active
P. Chilwane	11-Aug-21	Active
A. Latchu	11-Aug-21	30-Apr-21
P. Sibiya	2-Oct-21	15-Feb-21
P. Mvulane	-	20-Nov-21
W. Ndlovu	-	31-Oct-21
H. Tshabalala	-	31-May-21
N. Ngongoma	19-Jul-22	Active

## 26. RELATED PARTIES

Relationships	Nature of relationship
Relationships	
Members of key management	Contractual relationship, refer to note 24
Members of Audit and Risk Management Committee	Contractual relationship, refer to note 25
Department of Trade, Industry and Competition	Controlling entity
National Companies Tribunal	Entity under common control
Export Credit Insurance Corporation of South Africa	Entity under common control
National Consumer Commission	Entity under common control
National Consumer Tribunal	Entity under common control
National Lotteries Commission	Entity under common control
National Gambling Board	Entity under common control
National Regulator for Compulsory Specifications	Entity under common control
National Empowerment Fund	Entity under common control
National Metrology Institute of South Africa	Entity under common control
South African Bureau of Standards	Entity under common control
South African Accreditation System	Entity under common control
Companies and Intellectual Properties Commission	Entity under common control
International Trade Administration Commission	Entity under common control
Competition Commission	Entity under common control
Industrial Development Corporation	Entity under common control

## Notes to the Annual Financial Statements (continued)

**26. RELATED PARTIES (CONTINUED)****Related party transactions**

	2023 R	2022 R
<b>Department of Trade, Industry and Competition</b>		
Transfer of payments received	83 241 000	82 632 000
<b>Members of key management</b>		
Remuneration of key management	7 999 303	8 662 176

Refer to note 24 - Managements' emoluments

<b>Members of Audit and Risk Management Committee</b>		
Fees paid to members of Audit and Risk Management Committee	245 263	244 460

Refer to note 25 - Audit and Risk Management Committee fees

## Notes to the Annual Financial Statements (continued)

### 27. RISK MANAGEMENT

#### Financial risk management

The NCR Finance function provides services to the organisation, monitors and manages financial risks relating to operations of NCR, through analysing the organisation's degree and magnitude of risks.

In the ordinary course of business, the NCR is exposed to a number of risks as described below:

#### Liquidity risk

Management monitors rolling forecasts of the NCR's cash and cash equivalents on the basis of expected cash flow.

The table below analyses the NCR's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date.

	Payable within 30 days R	Total R
<b>At 31 March 2023</b>		
• Trade Payables	11 344 692	11 344 692

	Payable within 30 days R	Total R
<b>At 31 March 2022</b>		
• Trade Payables	8 090 433	8 090 433

#### Credit risk

Credit risk represents the potential risk to the NCR as a result of unexpected defaults or unexpected deterioration in the credit worthiness of counterparties. The NCR's credit risk is primarily attributable to its receivables. Revenue is accrued as described in the applicable accounting policy. The carrying amount of other receivables from exchange represents the NCR's maximum exposure to credit risk.

With regard to credit risk arising from the other financial assets, which comprises of cash and cash equivalents, the NCR's exposure arises from a potential counterparty where a credit rating is constantly monitored, with a maximum exposure of **R90 475 540 (2022: R73 937 192)** to the carrying amount of these instruments. The institution in which funds are being placed is monitored on an annually basis to assess any potential risks. Cash and cash equivalents are only placed with banking institutions with a good credit ratings.

**Financial assets at fair value exposed to credit risk at year end were as follows:**

	2023 R	2022 R
<b>Financial instruments</b>		
Receivables from exchange transactions	658 125	658 125
Bank and call accounts	90 475 540	73 937 192

## 27. RISK MANAGEMENT (CONTINUED)

There is no security pledged on receivables, cash and cash equivalents.

As at the end of financial year, no financial assets are either past due date or impaired.

### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate owing the changes in market interest rate.

The interest rate exposure analysis below have been determined based on the NCR's exposure to cash held with the bank on call and in the current account at the reporting date.

	2023 R	2022 R
<b>Exposure to interest rate risk is set out below:</b>		
Cash and cash equivalents	90 475 540	73 937 192
	<b>90 475 540</b>	<b>73 937 192</b>

## 28. CHANGE IN ESTIMATE

During the period under review, the management re-assessed the remaining useful lives of non-current assets that had been fully depreciated (nil net book value). The useful lives of other property, plant and equipment assets (furniture and fittings; office, computer and security equipment) and intangible assets was revised to 2 years. The effect of this revision has resulted in a decreased depreciation/amortisation charge for the period under review and increased depreciation/amortisation charge for the future periods by **R63 501 (2022: R327 191)**.

The impact of the change in estimate is as follows:

	2023 R	2022 R
<b>Classes of assets:</b>		
Computer equipment	26 642	164 007
Furniture and fittings	7 730	57 643
Office equipment	11 140	<b>41 197</b>
Security equipment	3 533	59 115
Intangible assets	14 456	<b>5 229</b>
	<b>63 501</b>	<b>327 191</b>

	2023 R	2022 R
<b>Effect on statement of financial performance</b>		
Depreciation	(49 045)	(321 962)
Amortisation	(14 456)	<b>(5 229)</b>
<b>Effect on the statement of financial position</b>		
Accumulated depreciation	49 045	321 962
Accumulated amortisation	14 456	<b>5 229</b>
	-	-

## Notes to the Annual Financial Statements (continued)

**29. IRREGULAR EXPENDITURE**

	2023 R	2022 R
Irregular expenditure	5 693	3 869 031
Fruitless and Wasteful Expenditure	46 212	30 360
	-	-
<b>Closing balance</b>	<b>51 905</b>	<b>3 899 391</b>

**Criminal or disciplinary steps**

During the year under review, eight matters were completed with two matters pending. Criminal or disciplinary steps were taken as a result of losses, irregular and fruitless and wasteful expenditure:

Incident description	Criminal or disciplinary	-
Non-compliance to NCR internal policies: Payments not made in agreement with NCR all losses were recovered Medical Aid Subsidy	Disciplinary steps were taken against 5 employees and	27 237
Non compliance to NCR internal policies: Payment made not in agreement with NCR Supply Chain Policy	Litigation proceedings are undertaken to recover losses from the service provider	1 563 246
Non-compliance to NCR internal policies: Payment made not in agreement with NCR Leave policy (paid paternity leave)	Letters of demand are being prepared to recover losses from previous employees.	21 164
Non-compliance to NCR internal policies: Payment made not in agreement with NCR Subsistence and Travel Policy	Disciplinary steps were taken against one employee, and losses are being recovered.	446
Non-compliance to NCR internal policies: Payment made not in agreement with NCR Subsistence and Travel Policy.	Disciplinary steps are underway against two employees, and losses will be recovered.	1 473
Loss of assets when moving assets	SAPS case was opened, however the loss was written off	2 203
Flight missed by employee was rescheduled	Disciplinary steps were taken against one employee, and losses are being recovered.	4 173
Fraudulent request to change bank detail of employee	SAPS case was open, however no disciplinary steps can be taken, and the loss was written off	42 078
Accidental damage to rental car	No disciplinary steps were required, and losses are being recovered.	1 931
		1 663 951

**Restatement of opening balances:**

During the year under review, the comparative information on Irregular Expenditure was restated due to irregular expenditure identified during the current year as follows:



## Notes to the Annual Financial Statements (continued)

### 29. IRREGULAR EXPENDITURE AND FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

	2022/21 R	2020/21 R
<b>Incident Description</b>		
Non-compliance to NCR internal policies: Payment made not in agreement with the NCR Leave Policy.	21 164	-
Non-compliance to NCR internal policies: Payment made not in agreement with NCR Medical Aid Subsidy Policy.	23 922	-
Non-compliance to NCR internal policies: Payment made not in agreement with NCR Supply Chain Policy	3 000 000	4 920 000
Non-compliance placed in correct year of occurrence	-	(755 850)
<b>Closing balance</b>	<b>3 045 086</b>	<b>4 164 150</b>

During the year under review, the comparative information on Fruitless and Wasteful Expenditure was restated due to fruitless and wasteful expenditure identified during the current year as follows:

	2022/21 R	2020/21 R
<b>Incident Description</b>		
Flight missed by employee was rescheduled	4 173	-

### 30. CONTINGENCIES

The NCR is intending to institute legal action for financial loss suffered during the provision of advertising services by Roadshow Marketing. The financial loss is estimated to be R1 563 245,73 as a result of overcharging of agency fees and excess in mark up agreed rates as per the service level agreement. The actual costs will be wholly dependent on the outcome of the matter

The NCR received favourable and unfavourable court rulings on several legal matters which were taken on appeal and in some matters application for leave to appeal is currently pending. The High Court rulings included the awarding of legal costs to the NCR and against the NCR. The actual costs are not yet known and could not be reliably estimated which are wholly dependent on the outcome of the appeals.

### 31. GOING CONCERN

The NCR's annual financial statements as at 31 March 2023 have been prepared on a going concern basis. The economic viability and going concern of NCR is supported by **the dtic**, therefore NCR's management is certain that the organisation will be able to continue as the going concern in the foreseeable future.

Management has put measures in place to increase revenue and ensure the going concern ability of NCR. Some of the measures comprise of review of registrant's fees and uncapping the credit providers branch fees.

## NOTE

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## National Credit Regulator

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If you wish to lodge a complaint or an enquiry,  
please send your email to [complaints@ncr.org.za](mailto:complaints@ncr.org.za)

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