



Annual Report *2017/2018*



national consumer tribunal





Mandate

The National Consumer Tribunal (NCT or Tribunal) is an independent adjudicative entity. It derives its mandate from the National Credit Act (NCA), Act No. 34 of 2005. This mandate was expanded in 2008 to include matters arising from the Consumer Protection Act (CPA), Act No. 68 of 2008. On 13 March 2015, the National Credit Amendment Act, Act No. 19 of 2014 (NCAA) came into effect which further expanded the NCT's mandate.

Vision

"To be recognised as a well-managed adjudicative public entity positively impacting the socio-economic development of South Africa."

Mission

"The provision of accessible adjudication and redress to advance socio-economic welfare in South Africa."

Guiding principles

The NCT's guiding principles define its approach to adjudication and resonate closely with the NCT's values. These principles require that it conducts its hearings in a manner that is:

- Inquisitorial;
- Expeditious;
- Informal; and
- In accordance with the principles of natural justice.

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Our Team



**Tribunal
over
10 Years**

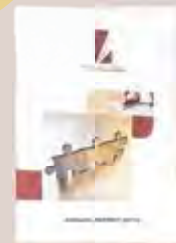
2007/08



2008/09



2009/10



2010/11



2011/12



2012/13



2013/14



2014/15

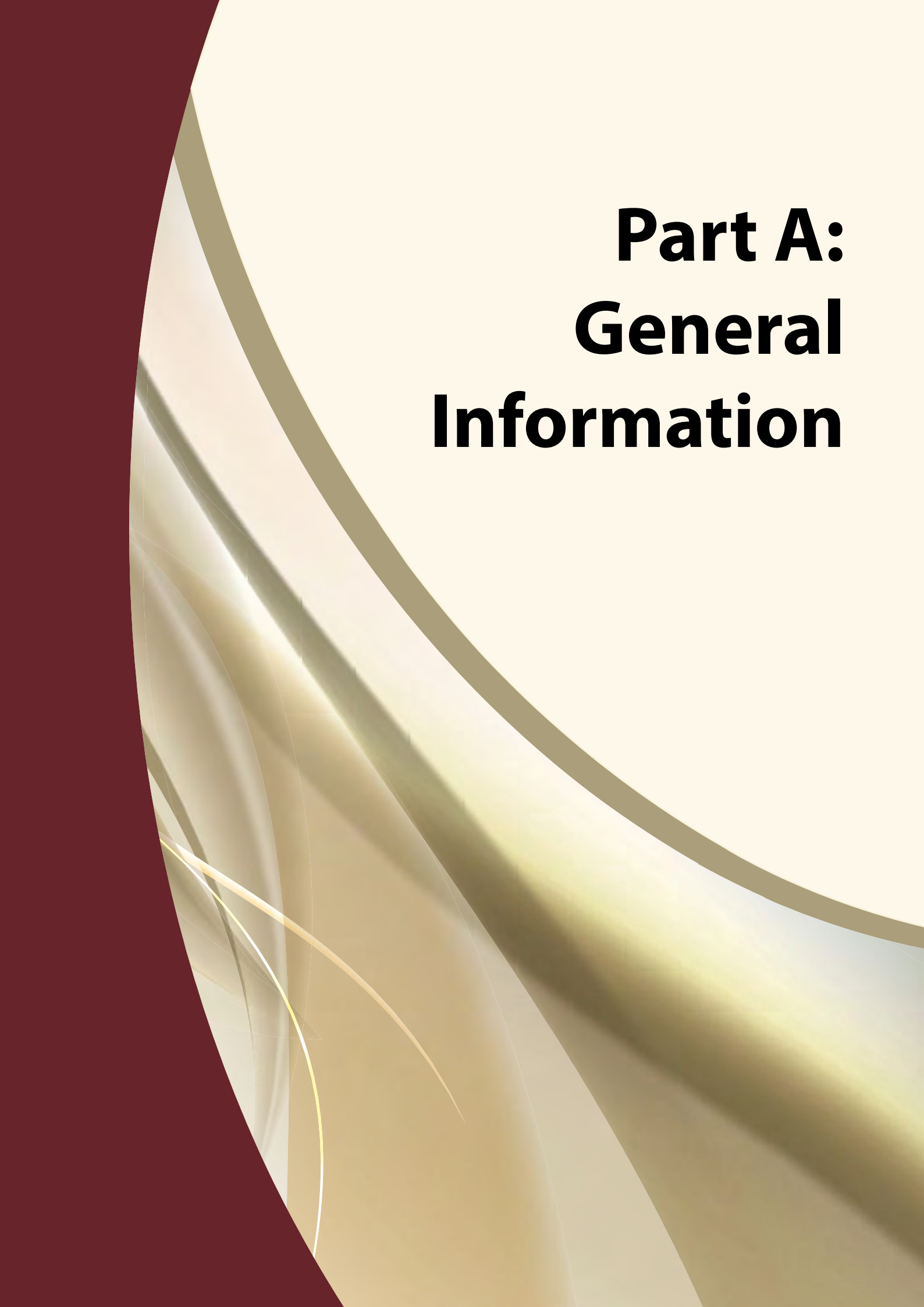


2015/16



2016/17





Part A: General Information

General information

Registered name	National Consumer Tribunal (NCT or the Tribunal)
Physical address	Ground floor, East Wing, Building B, Lakefield Office Park, 272 West Avenue (Cnr West Ave and Lenchen Ave North) Centurion, 0157
Postal address	Private Bag X 110, Centurion, 0046
Telephone number/s	012 683 8140
Fax number	012 663 5693
Email address	registry@thenct.org.za
Website address	www.thenct.org.za
External Auditors Information	Auditor-General of South Africa
Bankers Information	Nedbank Ltd Reserve Bank of South Africa, 370 Helen Joseph Street, Pretoria, 0002

List of abbreviations/acronyms

AD	African Dialogue
ADR	Alternative Dispute Resolution
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
BASA	Banking Association South Africa
BIG	Business Innovation Group
CCMA	Commission for Conciliation, Mediation and Arbitration
CCRD	Consumer and Corporate Regulation Division
CFO	Chief Financial Officer
CIO	Chief Information Officer
CIPC	Companies and Intellectual Property Commission
CMS	Case Management System
COBIT	Control Objectives for Information and Related Technology
COO	Chief Operational Officer
CPA	Consumer Protection Act, Act No. 68 of 2008
CSE	Corporate Services Executive
CSI	Corporate Social Investment
CPI	Consumer Price Index
DCASA	Debt Counsellors Association of South Africa
DRA	Debt Re-arrangement Application
EAf	Enterprise Architecture Framework
ENE	Estimates of National Expenditure
EXCO	Executive Committee
FTC	Fair Trading Commission (Seychelles)
GDP	Gross Domestic Product
GRAP	Generally Recognised Accounting Practice
HR	Human Resources
ICT	Information and Communication Technology
IMF	International Monetary Fund
IoDSA	Institute of Directors South Africa
IYM	In-Year Management
King IV	King Code of Governance Principles and King Report on Governance
KPA	Key Performance Area
KPI	Key Performance Indicator
MoU	Memorandum of Understanding
MPC	Monetary Policy Committee (of the South African Reserve Bank)
MTEF	Medium-Term Expenditure Framework
NCA	National Credit Act, Act No. 34 of 2005
NCAA	National Credit Amendment Act, Act No. 19 of 2014
NCC	National Consumer Commission
NCR	National Credit Regulator
NCT	National Consumer Tribunal

List of abbreviations/acronyms

NERSA	National Energy Regulator of South Africa
NMU	Nelson Mandela University
NNR	National Nuclear Regulator
Non-DRA	Non Debt - Re-arrangement Application
OHS	Occupational Health and Safety
PAIA	Promotion of Access to Information Act
PAJA	Promotion of Administrative Justice Act, Act No. 3 of 2000
PC	Portfolio Committee
PEO	Public Entity Oversight
PFMA	Public Finance Management Act, Act No.1 of 1999
PMI	Purchasing Managers Index
PMN	Pakistani Microfinance Network
POPI	Protection of Personal Information Act
SADC	Southern African Development Community
SAJEI	South African Judicial Education Institute
SAN	Storage Array Network
SARB	South African Reserve Bank
SLA	Service Level Agreement
the dti	Department of Trade and Industry
UCT	University of Cape Town
UFH	University of Fort Hare
UP	University of Pretoria
UWC	University of the Western Cape

Foreword by the Minister



Dr R Davies (MP)
Minister of Trade and Industry

The National Consumer Tribunal (NCT) is congratulated for the efficient and effective manner with which it has executed its legislative mandate in the area of adjudicating on credit and consumer matters during the 2017/18 financial year. It continued to promote the creation of a fair regulatory environment that enables investment, trade and enterprise development in an equitable and socially responsible manner.

The NCT's Strategy, Annual Performance Plan and Business Plan are fully aligned with government's National Development and the Mid-term Strategic Framework. Providing opportunities for youth employment through its internship and contingency resource pool and programmes remained a priority for the NCT during the reporting period.

I commend the NCT for increasing its service delivery amidst an unpredictable year-on-year influx in its caseload without compromising on the quality of service. It continued to address the plight of consumers by adjudicating a large number of debt re-arrangement agreement applications despite funds being restrained.

Notwithstanding the increased caseload and change in management, the NCT has once again achieved 100% of its targets set for the year. The reappointment of the majority of the Tribunal members from the previous term of service and the addition of five new Tribunal members serves as a reflection of the confidence put in them in steering the organisation towards providing fair, accessible, honest and transparent adjudication and redress. This achievement is a clear manifestation of the NCT's diligence, leadership and foresight in utilising information and communication technology and other innovative mechanisms in executing its mandate within allocated resources, thus maintaining fiscal discipline.

For the sixth consecutive year, the NCT has achieved a clean audit, which is a demonstration of sound governance, fiscal prudence, regular interaction with all its stakeholders and an effective control culture.

I wish to thank the leadership, panel of adjudications (Tribunal members), management and the entire staff of the organisation for their continued efforts to ensure that the NCT delivers on its mandate to protect South African consumers.

A handwritten signature in black ink, appearing to read 'R. Davies', written over a horizontal line.

Dr R Davies (MP)
Minister of Trade and Industry
31 July 2018

Executive Chairperson's Overview



Prof Joseph Mandla Maseko
Executive Chairperson

Introduction

It is with deep humility that in July 2017, the President, through the delegated authority of the Honourable Minister of Trade and Industry and having considered the recommendations from the Honourable Minister, entrusted me with the responsibility to lead the National Consumer Tribunal (NCT) as Executive Chairperson (EC). I assure the public that I am passionate about this role and responsibility and that I intend to and have already been carrying it out with all the diligence and integrity I can muster. Public in this instance, means the South African tax payer through its representation in the form of the Portfolio Committee of Parliament concerned with Trade and Industry as well as the Select Committee of the National Council of Provinces (NCOP) responsible for Trade and International Relations. I have already had the great pleasure to interact with these two committees since my appointment in July 2017.

It gives me great honour to present the NCT's Annual Report and Audited Financial Statements for the 2017/18 financial year. The purpose of this Report is to give an account of the Tribunal's performance in line with its legislative mandate, and reflect on some of the key achievements and challenges experienced during the period under review. It can be noted from this report that the NCT continues to make a discernible impact in the socio-economic lives of consumers in South Africa.

Performance highlights and challenges – a strategic overview

From the outset, it is important to record that during the period under review, the NCT received 24,952 cases. This was a 10.05 % increase from the 22,673 valid cases received during the 2016/17 financial year and a 35.18 % on the 18,459 valid cases received during the 2015/16 financial year. The majority of the cases filed with the Tribunal remained Debt Re-arrangement Applications (DRAs) representing approximately 99,01 % of our total filings.

The period under review saw a number of milestones attained by the NCT. First among these was the introduction of the screening of cases received from the public. In the past, the NCT accepted any submission from the public and allocated case numbers to these submissions, which created an indigestible bulge in the volume of cases and greatly slowed down our turnaround times. In this way, referrals that did not in the true sense of the word qualify to be even regarded as cases, would choke the system and give an artificial impression of a backlog.

The screening system has eliminated the need for issuing “complete” and “incomplete filing” notices, as parties are now required to file properly in the first instance, prior to case numbers being allocated and cases processed. Lay parties and even legal representatives who are not familiar with the NCT and its rules, are assisted in complying with the filing requirements for a matter to be regarded as an application before the Tribunal. They are not left to their own devices as the NCT has deliberately taken a developmental and assistive stance in dealing with the filing public.

This innovation will tremendously shorten the turnaround times in case management, as well as enhance the quality of cases filed with the NCT. While the screening step is being refined, the next step will be to ensure that there is wider organisational acceptance of this innovation.

In line with the theme for this year’s Annual Report, the second milestone attained by the NCT is the digitisation of the adjudication of DRAs. This milestone is at a very advanced stage as the organisation is busy doing final testing of its components. This allows for case orders to be generated electronically and for cases to be thus adjudicated online. This is a further improvement on the IT enabled case management system (CMS) that the NCT reported on in its previous annual reports. The CMS encapsulated an e-filing interface to external filers such as debt counsellors and credit providers, to be able to submit applications in a more efficient manner. The next step in this regard is to conduct training for filing parties, which is not expected to take long - as they are not many in number. The NCT will partner with strategic partners, including Thusong centres under the auspices of the municipalities, for such training to be conducted in addition to access to our service offering.



I assure the public that I am passionate about this role and responsibility and that I intend to and have already been carrying it out with all the diligence and integrity I can muster. Public in this instance means the South African tax payer through its representation in the form of the Portfolio Committee of Parliament concerned with Trade and Industry as well as the Select Committee of the National Council of Provinces (NCOP) responsible for Trade and International Relations.



The third milestone achieved during the period under review is in the area of quarterly Tribunal workshops. These workshops are the nucleus of the execution of the mandate of the NCT as they are scheduled to discuss issues of common interest. Over the years, these workshops (crucial as they are) have proven to be putting a strain on the organisation’s financial resources, particularly when it comes to travel and accommodation and fees for the day. Tribunal members reside in various provinces while these workshops are hosted in Gauteng Province, which is the location of the NCT offices and court rooms. During the 2017/18 financial year, the NCT introduced the utilisation of the (electronic) Zoom Video Conferencing facility, which will reduce travel and accommodation costs. Members attending will henceforth only be paid their daily attendance fees. This will go a long way in reducing the costs for the organisation. It will also benefit the members by cutting on their travel time so that they can utilise their limited availability more productively.

Fourthly, as reported in previous annual reports, central to the work of the NCT, is effective stakeholder engagement. During the period under review, the NCT continued engaging with stakeholders, including universities, consumer affairs offices, courts, professional associations, alternative dispute resolution organisations (ADRs) and regulators to ensure that only the cases that should come to the Tribunal are processed by the organisation. This has resulted in better coordination and improved access to and cohesion in consumer protection activities among stakeholders. In addition, during the period under review, the NCT has accompanied the Department of Trade and Industry (**the dti**) in its provincial road shows, in all the provinces of South Africa.

Stakeholder engagement has not been confined to local activities but has seen the NCT's network and expertise extend to the Seychelles where the NCT's counterpart, the Fair Trading Commission (FTC) was trained by the NCT in accordance with a memorandum of understanding (MoU) signed between the two organisations. In addition, the NCT interacted with various African Consumer Protection Agencies during the African Dialogue Conference hosted by Gambia, in collaboration with the United States.

In relation to human resources, the NCT did not have labour relations challenges during this period. The growth of the organisation has manifested itself in the fact that it now has a trade union instead of the erstwhile employee representative forum. The establishment of the trade union has necessitated the formation of a collective bargaining forum and a committee of shop stewards within the NCT. The NCT appreciates the existence of these structures as they are there to promote harmony in the organisation.

In addition, digitisation has extended to human resources as certain perennial contents of induction programmes are videographed and new staff members are provided with it. It is also a requirement that staff members re-familiarise themselves upon return from annual leave periods.

Fiscal prudence and good governance

The Tribunal ascribes to the principles of a clean administration. To that effect, it maintains rigorous governance bodies, systems and processes. As indicated above, the NCT introduced various measures to reduce costs, including the introduction of video conferencing facilities. As a result of these measures fiscal prudence was achieved. Regarding fiscal management, details are provided in the Audited Financial Statements. The President, through the delegated authority vesting in the Honourable Minister, increased the number of Full-Time Tribunal members to three in addition to the Executive Chairperson. This will, no doubt, have a positive impact on the resourcing of the organisation and result in efficiency gains. In addition to their adjudicative roles, the full-time Tribunal members also coordinate certain delegated functions that are to be discharged by the Part-time Tribunal members as well. One member coordinates the allocation of opposed cases, on behalf of the Executive Chairperson. The second member coordinates the adjudication of cases and allocation of cases under the DRAs. The third member coordinates matters pertaining to research and development.

The governance committees of the Tribunal held their meetings as scheduled and executed their responsibilities efficiently and effectively and their recommendations were either implemented or incorporated in an implementation plan.

The Tribunal received its sixth consecutive clean audit during the period under review.

No instances of fraud were reported during the period under review.

In total, a set of ten annual measurable objectives were set for the reporting period, all of which were achieved through a process of setting high standards for our staff, strict performance management for both staff and Tribunal members, pro-actively identifying risks and addressing these with timeous implementation of appropriate action plans and corrective measures.

In relation to governance and management, during this period, the NCT has effected changes that will clearly delineate management and governance. These changes will free the EC to focus on playing the role of the Board. As the designation indicates, the Chief Operating Officer (COO) now handles all operations as all managers report to her. In addition, an Accounting Authority Committee has been established and its composition includes the EC, COO and the three full-time Tribunal members to handle governance matters. Besides those changes, the NCT has fully functioning governance committees, including the Audit and Risk Committee, HR Governance Committee and the ICT Governance Committee.

The NCT has also introduced an internal Training Committee to look after the training needs of the organisation. The Committee is headed by the COO. The existing operational committees also continued to meet and execute their functions as stipulated in their Terms of Reference.

Moreover, research continued to play a significant role in the execution of the mandate of the NCT. This is focused research for use in the mandate of the NCT.

Future plans

There are several future plans within the NCT. One of these is the initiation of the already mentioned electronic Video Conferencing for the quarterly Tribunal workshops, as well as Motion Courts and hearings. During the period under review, this system, which is expected to ameliorate travel and accommodation costs, was initiated, piloted and tested and will commence early in the new financial year.

Regarding stakeholder engagement, it has been indicated above that the NCT has signed a MoU with the Fair Trade Commission in Seychelles. The NCT intends extending its reach to the rest of the SADC region and the broader African continent in terms of benchmarking and sharing of good practices. The priority for the NCT in such engagements will be cybercrime and its impact on consumer protection, which is increasing at an alarming rate.

Moreover, the NCT will continue with the screening of cases at the filing-stage, the digitisation of adjudication of DRAs and stakeholder engagements. The electronic CMS is being refined to enable filers to remotely screen their own cases at the filing point. This will enable them to effect corrections where mistakes and errors are detected or gaps and omissions identified.

On corporate social investment (CSI), the NCT will focus on utilising the services of young people who were previously interns in the organisation and who may require to be entrepreneurs in their communities to support job creation. This collaboration will benefit the NCT by increasing the reach and access to its services.

Finally, to improve the quality of adjudication, the NCT has entered into collaboration with the South African Judicial Education Institute (SAJEI) in the Office of the Chief Justice. In terms of this collaboration, training will be provided to Tribunal members as may be required from time to time. A tailored two day programme on judgment writing had already been planned for early in the new year.

Events after the reporting date

I am not aware of any matter or circumstance arising since the end of the financial year, which has a bearing on the information outlined in this Report.

Acknowledgements

I am sincerely grateful, first and foremost, to the Honourable Minister of Trade and Industry for trusting me with this responsibility of being at the helm of this eminent organisation that fights consumer injustice. Furthermore, I also thank the Minister for his unwavering support, leadership and guidance to the NCT by ensuring that it is steered in the correct path of executing its mandate and has the necessary resources to do so. I would be remiss in my duty if I did not also mention the Consumer and Corporate Regulation Division (CCRD) and Public Entity Oversight (PEO) of **the dti** for their support during the year – under the able and newly appointed Deputy Director – General. The Director – General is forever at the helm and providing the general guidance all round for the NCT and its sister entities of **the dti**. For this, we also are grateful to him. He also involves the NCT in all major developments and discussions pertaining to the general direction and flow of policy development for **the dti** in general and the consumer protection sector, in particular.

The NCT works hand-in-hand with a Select Committee on Trade & International Relations in Parliament and the session that the Tribunal has had with the Committee was extremely fruitful. I am also grateful to the Select Committee for its wise counsel in shaping the mandate and mission of the NCT. Inputs from that Committee have even created the necessary awareness to the Tribunal, of the need to engage the Traditional Leadership in remote areas far from the main metros and urban areas. This will and should be done with a view of deepening the awareness of the services of the Tribunal to all the geographical corners of the Republic of South Africa. I acknowledge the advice that it was important for the NCT to extend its stakeholder engagement network to traditional leaders in promoting the work of the NCT. This advice will be factored into the NCT's stakeholder engagement programme going forward.



The Tribunal ascribes to the principles of a clean administration. It therefore maintains rigorous governance bodies, systems and processes. As indicated above, the NCT introduced various measures to reduce costs, including the introduction of video conferencing facilities. It is in this way that fiscal prudence has been achieved. Regarding fiscal management, details are provided in the Audited Financial Statements. The President through the delegated authority vesting in the Honourable Minister increased the number of Full-Time Tribunal members to three in addition to the Executive Chairperson.



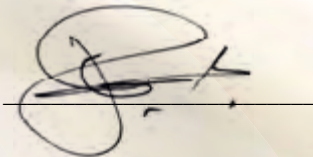
In Parliament, the NCT also engages and obtains guidance from the Portfolio Committee on Trade and Industry. Such guidance is fully appreciated. The NCT appreciates the role it has had during the reporting period of working with the Portfolio Committee on Trade & Industry in drafting a Pan amendment bill to the National Credit Act (NCA). This Bill is aimed at bringing about a component of debt intervention and forgiveness modelled on the United Kingdom (UK) system. This will see the possible suspension or writing off of debt by the Tribunal.

After undertaking a study and benchmarking tour to the UK, South Africa will have world standard consumer legislation. Work will commence soon where the NCT, in collaboration with the Portfolio Committee, **the dti** and the National Credit Regulator (NCR) will develop Regulations which, among other things, will allow insolvency to be declared outside of court by a semblance of (the UK) insolvency practitioners (either hosted within the NCR) or as the final amendment will determine. This is in consideration of how expensive debt counselling is for poor people. These are people who are over-indebted and have no income and no assets (NINAs). The Bill and associated Regulations will go a long way in improving the socio-economic circumstances of the vulnerable and poor populace of this country.

Finally, special gratitude goes to all the Tribunal members, members of governance committees, the management team, permanent staff, interns and contractors for their commitment and diligence in ensuring that we execute our mandate successfully. None of the achievements mentioned above would have been realised without the contribution of every person involved. It humbles me greatly to realise the commitment and passion for the work that I always observe in the organisation as people work with minimal and unobtrusive supervision. It just goes to show that when individuals are allowed space to express their inner genius, they automatically reveal their excellence for all to see.

Conclusion

While the primary role of the NCT is to ensure possible redress for consumers, where due, it is our view that there must be justice for consumers and suppliers of credit services and goods alike. It is not the intention of the NCT to destroy businesses but that businesses, such as credit providers and suppliers of goods and services, should provide credit, goods and services responsibly. Consumers should also apply the principle of fairness to providers of credit, goods and services. The NCT is opposed to corruption of any form whether it is perpetrated by consumers or credit providers.



Prof Joseph Mandla Maseko
Executive Chairperson
National Consumer Tribunal
31 July 2018

Strategic overview

Vision

"To be recognised as a well-managed adjudicative public entity positively impacting the socio-economic development of South Africa."

Mission

"The provision of accessible adjudication and redress to advance socio-economic welfare in South Africa."

Guiding principles

The NCT's guiding principles define its approach to adjudication and resonate closely with the NCT's values. These legislative provisions require that it conducts its hearings in a manner that is:

- Inquisitorial;
- Expeditious;
- Informal; and
- In accordance with the principles of natural justice.

Values

The NCT's values define and shape its culture and guide how staff members interact, both internally and with external stakeholders. The NCT strives to meet the requirements of the Constitution of the Republic of South Africa (Act No. 108 of 1996), particularly Chapter 10 on Public Administration. This emphasises certain basic values and principles governing public administration and requires that public administration be governed by the democratic values and principles enshrined in the Constitution.

The NCT's values are:

- **Honesty, integrity and ethical behaviour:** Being truthful, uncompromising and acting impartially, without fear or favour, in our relationships with all stakeholders;
- **Accessibility and responsiveness:** Being available to serve our purpose and mandate as well as responding appropriately in a timely manner;
- **Accountability and transparency:** Being open with stakeholders and communicating the basis upon which decisions are made whilst accepting responsibility for our actions;
- **Respect and recognition:** Considering and valuing the views of others, their values and constitutional rights as well as acknowledging their role as stakeholders; and
- **Approachability and reliability:** Being open to ideas, thoughts and actions, and taking time to understand and explain processes to stakeholders, as well as communicating in clear, simple language.

Key value drivers

The NCT's key value drivers are the specific performance areas in which it is assessed for performance, both internally and by all stakeholders.

The following key value drivers were determined for the 2017/18 financial year:

- (1) To be an ethical and people oriented organisation that cares deeply, invests in our people and treats everyone fairly, with humility, respect and compassion.
- (2) To create a safe, secure and enabling working environment that enables our people to work flexibly and remotely anytime and at any place.
- (3) To be service oriented, expeditious and easily accessible to the people we serve.
- (4) To provide learning and employment opportunities for youth to ensure that they are able to play a meaningful, value-adding role in society and their future workplaces.
- (5) To be bold pioneers and thought leaders who are curious, knowledgeable and have a respected point of view. We will set the benchmarks by which Tribunals should be managed and operated.
- (6) To learn from challenging peer reviews and evaluations. Our aspiration is to be peer reviewed by the OECD by 2022.

Strategic outcome-orientated goals

After carefully assessing its strategic and operating environments, the following strategic outcome-oriented goals were identified by the NCT:

- (1) To effectively and efficiently manage and adjudicate on matters brought to the NCT;
- (2) To contribute to an efficient and effective Consumer Regulatory environment; and
- (3) To ensure effective and efficient Organisational Management.

These goals provide clear direction to the NCT's work, and each goal is supported by specific objectives, which are, in turn, supported by projects and/or activities that are detailed in the operational plans of the organisation.



Legislative and Other Mandates

The NCT is an independent adjudicative entity which derives its mandate from the National Credit Act, Act No. 34 of 2005 (NCA) and the Consumer Protection Act, Act No. 68 of 2008 (CPA). It is classified as a Schedule 3A entity in terms of the Public Finance Management Act, Act No.1 of 1999 (PFMA).

The NCT, through its adjudicative mandate and its consideration of matters of prohibited conduct and fair business practice, plays a significant role in upholding and preserving the principles enshrined in the Bill of Rights. Specifically, the NCT has a direct impact on the following areas within the Constitution of the Republic of South Africa, under the Bill of Rights:

- **Section 32: Access to information**

1. Everyone has the right of access to
 - a) Any information held by the state; and
 - b) Any information that is held by another person and that is required for the exercise or protection of any rights.
2. National legislation must be enacted to give effect to this right, and may provide for reasonable measures to alleviate the administrative and financial burden on the state.

- **Section 33: Just administrative action**

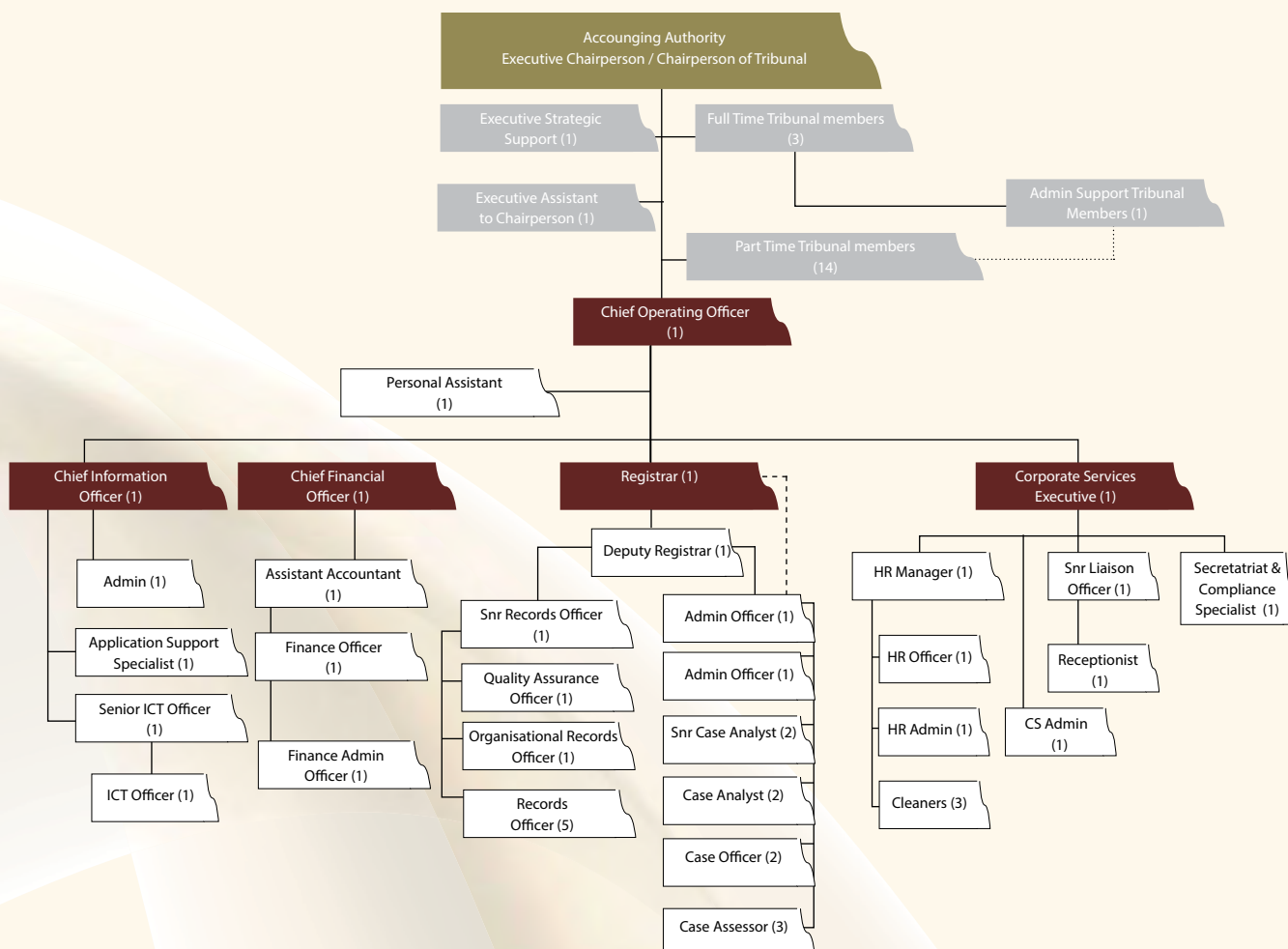
1. Everyone has the right to administrative action that is lawful, reasonable and procedurally fair.
2. Everyone whose rights have been adversely affected by administrative action has the right to be given written reasons.
3. National legislation must be enacted to give effect to these rights, and must
 - a) Provide for the review of administrative action by a court, or, where appropriate, an independent and impartial tribunal;
 - b) Impose a duty on the state to give effect to the rights in subsections (1) and (2); and
 - c) Promote an efficient administration.

- **Section 34: Access to courts**

Everyone has the right to have any dispute that can be managed and adjudicated by the application of law decided in a fair public hearing before a court or where appropriate, another independent and impartial tribunal or forum.

Organisational Structure

The organisational structure of the NCT as at 31 March 2018 was as follows:



Vacancies as at 31 March 2018

HR & Facilities Officer	Executive Strategic Support
Cleaner	Senior Case Analyst
Records Officer	Case Analyst



Part B: Performance Information

Auditor-General's Report: Predetermined Objectives

The Auditor-General of South Africa (AGSA) currently performs the necessary audit procedures on the NCT's performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the Report to Management, with material findings reported on under the Predetermined Objectives heading in the Report on other Legal and Regulatory Requirements section of the Auditor's Report.

Refer to page 103 to 107 of the Auditor - General's Report, published under Part E: Financial Information.

Situational Analysis

Service delivery environment

The 2017/18 financial year kicked off on the back of positive sentiments in the global economy, with high growth prospects in the United States of America, Europe and Asia. In Europe, the Purchasing Managers Index (PMI), which measures the economic health of the manufacturing sector, reached a six year high in April 2017, while business confidence levels in the US continued on the upward trend. Emerging markets also showed a positive outlook, buoyed by strong demand in China and a recovery in commodity prices. As a result, the International Monetary Fund (IMF) projected world economic growth to rise from 3.1% in 2016 to 3.5% in 2017.

On the domestic front, the financial year opened in the midst of a technical recession, following two consecutive quarters of negative economic growth or shrinking economic output, measured in terms of gross domestic product (GDP). The last quarter of 2016 saw output decline by 0,3%, followed by a further 0,7% contraction during the first quarter of 2017. At the same time, the official unemployment rate increased to 27.7% in the first quarter of 2017, up from 26.6% in the previous quarter, with the number of people depending on social grants exceeding those who are employed. When people lose their jobs, they struggle to honour their debt obligations and this is likely to lead to an increase in the number of applications for debt review. According to the National Credit Regulator's Credit Bureau Monitor, the number of consumers in financial distress has grown by 61% over the past ten years (2007-2017) since the National Credit Act was promulgated, while the number of credit active consumers has increased by 44% to more than 24 million over the same period. About 800 000 consumers have gone through the debt review system over that period.

In an attempt to offer debt relief to a certain category of consumers, the Parliamentary Portfolio Committee on Trade and Industry published for public comment in November 2017 the Draft National Credit Amendment Bill, popularly known as the Debt Intervention Bill. The Bill provides for debt intervention to any consumer who either does not receive an income or whose income in the preceding six months did not exceed R7 500 per month, has no realisable assets, is not under debt review, and whose total unsecured debt owing did not exceed R50 000. Whilst this Bill has gone through a number of iterations, it is clear that, whatever final form it takes, it will lead to an increase in the workload of the Tribunal, and thereby stretch its resources.

Growing political uncertainty, coupled with waning business and consumer confidence in the economy, fuelled negative sentiments during the period under review, with various institutions revising their economic growth projections for the country downward. The external value of the Rand depreciated sharply following a cabinet reshuffle at the end of March 2017, prompting two international credit rating agencies, Fitch Ratings and Standard and Poor's to downgrade South Africa's long-term foreign currency credit rating to sub-investment grade in April 2017. In June 2017, Moody's followed suit and downgraded the country's long-term foreign and local currency debt ratings to a notch above investment grade, but maintaining a negative outlook. Standard and Poor's had predicted that the ongoing political tensions and the potential for further event risk could weigh on investor confidence and exchange rates, and potentially drive increases in real interest rates.

The main drivers for the downgrades included –

- (a) the weakening institutional framework;
- (b) reduced growth prospects reflecting policy uncertainty;
- (c) slower progress towards structural reform;
- (d) rising public debt and contingent liabilities that threaten fiscal integrity; and
- (e) political uncertainty.

Weak consumption expenditure as a result of the gloomy economic outlook translated into a slowdown in the consumer price index (CPI), reaching 4.6% in July 2017. Consequently, the South African Reserve Bank's (SARB) Monetary Policy Committee (MPC) lowered the repurchase rate by 25 basis points to 6.75% with effect from 21 July 2017 in order to stimulate expenditure. A reduction in the lending rate by commercial banks, which follows from the reduction in the repo rate, lowers the cost of borrowing and enables consumers to take on credit for various uses.

By the end of the review period, the global market still exhibited positive signs despite uncertainty in the trade policy front and a possible US-China trade war. In the domestic market, business and consumer confidence was restored following the ruling party's elective conference in December 2017. Inflation in the last quarter of the financial year remained comfortably well within the target range. By March 2018, the domestic economic growth outlook had improved moderately amid rising business and consumer confidence, with the SARB projecting a GDP growth rate of 1.7% in 2018, although rising oil prices present a risk to the positive mood. The MPC thus decided to reduce the repurchase rate by 25 basis points to 6.5% with effect from 29 March 2018. It is expected that the lower interest rates will provide much needed reprieve to consumers, especially those who are over-indebted, although the effects are likely to be felt in the next review period.

Organisational environment

During the 2016/17, the Tribunal received 22,673 valid cases and during 2017/2018, the Tribunal received 24,952 valid cases, an increase of 10.05%. Although the volume of cases has increased in 2017/2018, the increase was at a lower rate than in the previous years as can be seen from the graph below. The strategies implemented previously, as discussed below, continued to assist the Tribunal to effectively and efficiently manage its caseload.

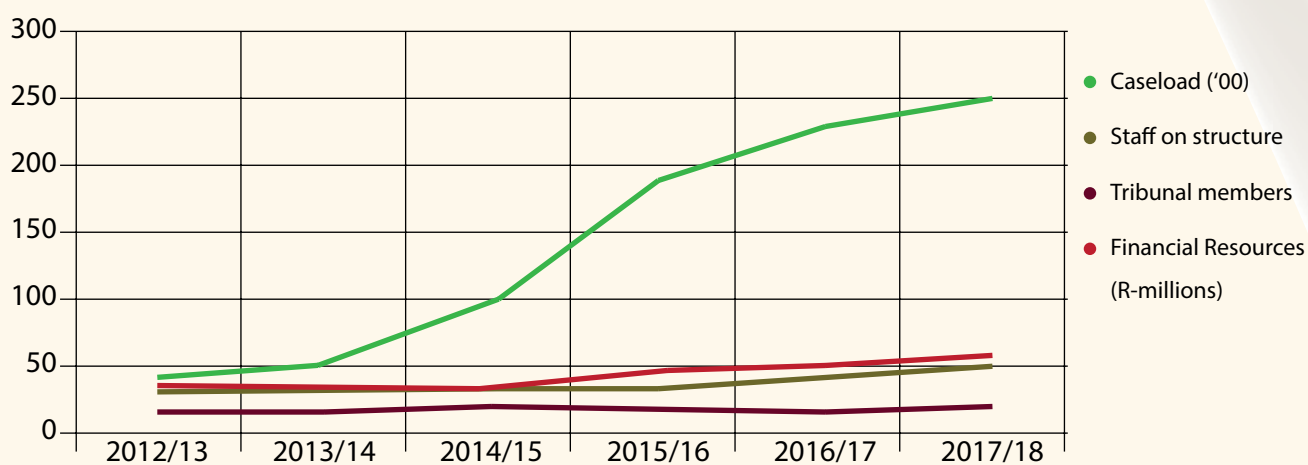


Fig. 1 Caseload increase from 2012/13 to 2017/18 compared with financial and human resources in the same period



In an attempt to offer debt relief to a certain category of consumers, the Parliamentary Portfolio Committee on Trade and Industry published for public comment in November 2017 the Draft National Credit Amendment Bill, popularly known as the Debt Intervention Bill. The Bill provides for debt intervention to any consumer who either does not receive an income or whose income in the preceding six months did not exceed R7 500 per month; has no realisable assets is not under debt review and whose total unsecured debt owing did not exceed R50 000.



In order to manage the upsurge and unpredictability of the caseload, the Tribunal engaged several strategies. These strategies included collaboration with various stakeholders (i.e. universities, consumer affairs offices, courts, professional associations, ADRs and regulators) for better coordination and to ensure that the Tribunal only dealt with cases within its purview, and motion courts for the cases related debt-re-arrangement, as well as ICT interventions. A screening process was also introduced, which aided these strategies. In terms of this process, only cases which meet the requirements of the Tribunal's rules were taken through the various steps to ensure that optimised utilisation of the Tribunal's resources, focused only on the work which falls in fact within the ambit of the Tribunal's mandate.

The organisational structure was amended from the previous financial year, by adding positions of an additional Cleaner, Deputy Registrar, Records Officer, HR & Facilities Officer as well as an Executive Strategic Support to the Executive Chairperson. These structural enhancements were necessary to ensure optimal accountability, aid in succession planning and to provide the requisite support for the effective implementation of the Tribunal's mandate. Moreover, the arrangements that started in the previous year to achieve optimum efficiency by consolidating case-on-case records management and records management in the Office of the Registrar continued during this period.

The Governance Committees of the NCT were resourced with new members after the previous members completed their respective second terms. The Committees continued to operate effectively. The overall operations of the NCT were strengthened through the establishment of various operational committees.

Key policy developments and legislative changes

The National Credit Amendment Act

The National Credit Amendment Act, No. 19 of 2014 (NCAA) amending the NCT's founding Act, the NCA, which expanded the NCT's jurisdiction over prohibited conduct, came into effect on 13 March 2015. The definition of "prohibited conduct" was amended and, through this amendment, it expanded the number and types of prohibited conduct that can be brought before the NCT, e.g.:

- Removes the exclusion of offences from the definition of prohibited conduct and therefore extends the Tribunal's jurisdiction to matters that are prohibited conduct and offences in terms of the NCA;
- Reckless credit matters, which used to be solely within the domain of the civil courts;
- Prohibited collection of prescribed debts; and
- Matters involving payment distribution agents and alternative dispute resolution agents as registrants.

The Tribunal received additional filings in terms of the National Credit Amendment Act during the period under review for example, matters dealing with reckless lending.

Amendments to the Rules of the Tribunal

Along with the National Credit Amendment Act, the Tribunal's amended Rules were promulgated on 13 March 2015. These amendments to the Rules created greater efficiencies and assisted the Tribunal to better manage its resources, increase access and reduce the cost of access by initiating a process where parties can file electronically. The electronic filing system is well established now and there is a growing number of filers using this vehicle to submit their applications to the NCT. The streamlined case management process further assisted the Tribunal to effectively and efficiently deal with its caseload despite an increase in the number of applications filed.

Strategic outcome-oriented goals

Each of the NCT's strategic goals is supported by specific objectives, which are, in turn, supported by projects and/or activities detailed in the operational plans of the organisation. The following strategic goals were identified for the reporting period:

- (1) To effectively and efficiently manage and adjudicate on matters brought to the NCT;
- (2) To contribute to an efficient and effective Consumer Regulatory environment; and
- (3) To ensure effective and efficient Organisational Management.

Strategic objectives

The NCT bases its performance on its legislative mandate as set out in the NCA and CPA as well as its Annual Performance Plan (APP) 2017/18 and Business Plan 2017/18. Performance targets and the budget for the year are based on these plans and are informed by the Business Plan.

The following strategic objectives were set for 2017/18:

- To expedite service delivery through the expeditious finalisation of complete debt re-arrangement applications;
- To expedite service delivery through the expeditious finalisation of non-DRA applications and referrals;
- To ensure that the NCT decisions are substantially and procedurally correct;
- To ensure cooperation and partnership amongst external stakeholders through ongoing engagement;
- To build Tribunal capacity through research papers or approved briefing papers on consumer protection and credit-related matters, added to the NCT knowledge database and / or presented at conferences or workshops;
- To ensure that the Tribunal has adequate human resources to deliver in accordance with its mandate;
- To enhance operational efficiency by implementing an enabling ICT architecture;
- To effectively and efficiently manage the financial resources of the NCT; and
- To expand economic opportunities for historically excluded and vulnerable groups.

The NCT's performance against these objectives is set out on page **29** to **52**.

Performance Information by Programme

Programme 1: Adjudication

The purpose of this programme is to provide the necessary administrative, adjudicative and related services to ensure that the NCT delivers successfully on its legislative mandate.

The following sub-programmes fall under this programme:

- **Case management** – provides services to ensure that all cases are timeously prepared, that filing parties and applicants are communicated with and that all pertinent information is recorded and disseminated; and
- **Adjudication** – ensures that competent, professional, impartial adjudicators are available to attend to matters that the procedures followed are fair and that adjudicators' decision making is substantively sound, in accordance with legal precedents and requirements.

Strategic objectives

The NCT's performance against three objectives is set out in the table below. The following strategic objectives were set for 2017/18 for this programme and its sub-programmes:

- To expedite service delivery through the expeditious finalisation of complete debt-rearrangement applications;
- To expedite service delivery through the expeditious finalisation of non-DRA applications and referrals; and
- To ensure that the NCT decisions are substantially and procedurally correct.

Table 1: Performance against predetermined objectives (Adjudication)

Output	Performance Measure or Indicator	Annual Target	Actual Achievement	Reason for Variance	Corrective Action
Responsive, timeous service to stakeholders in line with mandate	Average number of days from date of filing of DRA to date of issuing order to filing parties	≤ 100 days	59,06 days	Over-achieved. The Tribunal closely monitors the case management process and tracks the life cycle of these matters from creation to finalisation without exclusions. In addition, various interventions resulted in efficiency gains.	N/A
	Average number of days from date of close of pleadings of non-DRA to date of issuing notice of set down to filing parties	≤ 30 days	16,35 days	Over-achieved. The Tribunal has actively managed cases and engaged in internal strategies and interventions to ensure that matters are heard in an expeditious manner.	N/A
	Average number of days from date of final adjudication of non-DRA to date of issuing judgement to filing parties	≤ 40 days	24.10 days	Over-achieved. The Tribunal closely tracked its cases and ensured that matters are brought to finalisation as swiftly as possible.	N/A

Output	Performance Measure or Indicator	Annual Target	Actual Achievement	Reason for Variance	Corrective Action
Ensuring that NCT decisions are substantively and procedurally correct and creating jurisprudence in consumer and credit matters	% of decisions overturned on appeal or review	< 5%	0%	Over-achieved. A matter that was initially overturned in High Court was again overturned by the Supreme Court of Appeal. This resulted in the confirmation that the decision of the Tribunal was correct. A second matter was settled.	N/A

Case Management

Introduction

At present, there are approximately 35 different types of applications and 150 different types of prohibited conduct that may be brought to the NCT in terms of the NCA, CPA and Rules of the Tribunal. Applications may be brought by the NCR, the NCC, consumers, credit bureaus, credit providers, debt counsellors, payment distribution agents, alternative dispute resolution agents and service providers.

Only the NCR, NCC and, in certain cases, complainants, may refer alleged prohibited conduct cases to the NCT for a determination. In some instances, the instances, the High Court may, on application by a party, confer jurisdiction upon the NCT to hear a matter not otherwise provided for.



Office of the Registrar

Office of the Registrar

The operational function of the Registrar's Office is central to the Tribunal delivering on its mandate, particularly in relation to expeditious case and records management processes.

The Registrar's Office is responsible for:

- Case support, including the development of research and briefing papers, which assists in the delivery of high-quality decisions being issued by the Tribunal;

- Provision of legal support and advice to the Tribunal in respect of organisational legal issues;
- Representation and advisory function on behalf of the Tribunal during internal labour proceedings, at labour forums and during court proceedings; and
- Management of the records function by ensuring the availability of complete and secure records.

Objectives for the year

Four strategic objectives were set in the Registrar's Office for the year, aligned to the NCT's overall strategic objectives. These were:

- 1. To effectively and efficiently manage all the cases filed with the Tribunal including providing effective and efficient case management support to Tribunal members in respect of matters allocated to them for adjudication.**

In order to achieve this goal, the Registrar's Office must expeditiously process and finalise matters filed with the Tribunal.

During the 2017/2018 financial year, the Tribunal finalised more matters than it received. This was due to both effective and efficient case flow management. This milestone was attained notwithstanding the voluminous nature of filings before the Tribunal. In order to understand the case management process, it is critical that it be differentiated into its categories, i.e. DRA and non-debt re-arrangement (non - DRA) matters.

Debt re-arrangement applications

These are consent order applications filed by a registered Debt Counsellor and that can be finalised without the hearing of evidence. The purpose is for the Tribunal to consider the applications in chambers (as opposed to an open court) and issue an order confirming the re-arrangement of the consumer's payments terms which have been consented to by the creditors. On the filing of the application, the consumer's assets are secured from execution. This security lapses on the refusal of the application and is confirmed by the granting of the application. It is trite that the confirmation is subject to the consumer fulfilling its obligations under the re-arrangement order. In effect, the consumer is protected when an application for debt review is received by the Tribunal. The Tribunal has a duty to finalise these matters expeditiously to ensure that its mandate is fulfilled.

As a result of increased applications for DRA applications, mainly from Gauteng, the Western Cape and KwaZulu-Natal provinces, the Tribunal continued to use Motion Courts. As such, DRA applications are adjudicated on a monthly basis in these provinces. This process introduced another efficiency as it afforded Debt Counsellors in these provinces an opportunity to submit their matters at their respective Motion Courts. This led to the increase in the number of matters adjudicated and orders issued when comparing to the previous financial year. This in effect resulted in the finalisation of 27,012 DRA matters in the 2017/2018 financial year, which were 2 305 more cases than those received during the same reporting period. The success of the 2017/2018 financial year has resulted in only 7,207 debt re-arrangement matters pending before the Tribunal. This is an approximate volume of filings received per quarter. The Tribunal has also extended the special Motion Courts process to the other provinces, such as Limpopo, the Free State and the North-West contingent upon the number of applications received from these provinces.

In an effort to improve accessibility and ensuring improved services, the Tribunal saw the need for ICT interventions in dealing with DRA applications. This created a new platform for the Debt Counsellors to file their applications electronically with a portal that will allow online adjudication on these matters regardless of where they originate from. This initiative will be discussed in more detail in the ICT-section of this Report on page 53.

Non Debt re-arrangement

These are applications filed at the Tribunal that do not fall within the ambit of a debt re-arrangement nature. Non-debt re-arrangement matters are thus generally filed mostly by the Regulators (NCR and NCC), consumers in certain circumstances and other registrants in so far as the governing legislation allows.

The volume of this category of filing is substantially less than that of the DRAs, although these matters are substantively much more complex and resource-intensive than the debt re-arrangement matters. During the 2017/2018 financial year, the Tribunal received 245 applications which make up 0,98% of the filings received by the Tribunal (245 applications of 24,952 applications). Although only 0,98% of the filings fall within the non-DRA category, the decisions or findings of the Tribunal have far-reaching consequences, such as influencing changes to the consumer credit and consumer industry and providing clarity with the interpretation of fairly new legislation.

An application which falls into this category requires a hearing of evidence to be placed before the Tribunal. This generally consists of the application filed with all supporting documentation, an answering and a replying affidavit. At the hearing, oral evidence can be presented and the usual procedural laws and the laws of evidence remain applicable. It is these matters that attract legal representation consisting of attorneys, junior counsel and senior counsel at times.

The Tribunal had 193 non-DRA matters pending on 1 April 2017. A total of 245 non-DRAs were received during 2017/18 and of these 334 were finalised. As at 31 March 2018, the Tribunal had 104 non-DRA matters pending.

To ensure expeditious service delivery, the Tribunal measures its performance against how efficiently it sets down a matter for hearing as well as how efficiently it issues judgments. The Tribunal has issued judgments at a turnaround time of 24,10 days from the date of final adjudication and has set down matters at a turnaround of 16,25 days from the date of close of pleadings. This has far exceeded the set targets for the Tribunal of a turnaround of 40 days and 30 days respectively.

2. To effectively and efficiently manage the case records and communications in respect of cases filed with the Tribunal.

Records have been safeguarded both electronically through digitisation and backed up electronically and physically using off-site storage facilities. The Tribunal has continued with its digitisation process during 2017/18 and digitised all submissions received. There has been a significant increase in the digital filing of debt re-arrangement applications and there is also a shift towards extending the same process for non-DRA applications in the next financial year. These digitised records are easily retrievable via the CMS and other shared drives.

The Registrar's Office operates within its standing operating procedures in both case and records management. There are strict and observed rules of procedure that are followed to ensure that case records are continually managed.

All case records and/or communications are received electronically through email and electronically directly on the Tribunal's case management system both of which are managed by the Registrar. The usual modes of physical delivery, postage and fax still apply. All records received manually are captured on the case management system and digitised.

Subject to the provisions of the Promotion of Access to Information Act (PAIA) and the Protection of Personal Information Act (POPI), the Tribunal has mechanisms through which any person (natural or juristic) may request any case record. The judgments of the Tribunal are also published on a free public site – Southern African Legal Information Institution (SAFLII) at www.saflii.org.

3. To provide research support to the Tribunal, Tribunal members and staff, including effectively conducting research and managing the policy development process, where required.

The Tribunal is bound by the NCA as amended and the CPA. Both pieces of legislation are still relatively new with minimal guiding jurisprudence. The Tribunal consistently places emphasis on maintaining its standing as a knowledge-based entity. This is evident by the Tribunal setting a target of developing 24 research/briefing papers in the 2017/2018 financial year. The purpose is to brief staff and Tribunal members on relevant jurisprudence, legislative reforms and/or applicable international developments within the consumer and credit markets. These research papers are shared with staff and Tribunal members, resulting in sound and informed decisions made by the Tribunal. During the period under review, the Tribunal over - achieved this target by compiling 31 research papers.

The Tribunal was further engaged in providing strategic and practical support to the Portfolio Committee on Trade and Industry during their development of a new Debt Intervention Bill, dealing with the extinguishment of debt for consumers earning up to R7500 per month. The Tribunal participated in the sub-committee dealing with policy issues as well as the drafting task team which focused mainly on the operational and implementation side of the proposed amendments. The task teams dealt with all the submissions received from the public consultation processes and developed plans on how the proposed amendments could be implemented. The proposals of the task teams were accepted by the Portfolio Committee and would be included in the new Draft Bill to be presented to the Portfolio Committee in the new financial year.

4. To provide services as legal advisor to the Tribunal in respect of its operations, industrial relations and service provider service level agreements and disputes.

The Registrar's Office supports the Tribunal in managing external legal service providers in instances where it is necessary to appoint lawyers to defend or represent the Tribunal at the High Court should the need arise. The Registrar's Office further keeps a register of all external appeals to ensure that the outcomes of these matters are tracked.

Finally, the Registrar's Office supports the NCT operations in the management of service level agreements entered into by the Tribunal and provides support to other business units in instances of breach of contract and specific performance matters.

Table 2: Case statistics for all cases filed at the Tribunal

CATEGORY	TOTAL PER CATEGORY	OVERALL TOTAL
Total Cases C/O into 2017/2018		9,705
a. Debt re-arrangements	9,512	
b. Non Debt re-arrangements	193	
Total Cases filed 2017/2018		24,952
a. Debt re-arrangements	24,707	
b. Non Debt re-arrangements	245	
Less Total Cases finalised		27,346
a. Debt re-arrangements	27,012	
b. Non Debt re-arrangements	334	
Total Cases Pending		7,311
a. Debt re-arrangements	7,207	
b. Non Debt re-arrangements	104	

Since its inception, the NCT experienced a continuous increase in the number, type and complexity of cases filed in terms of both the CPA and NCA. See Fig. 2 and Fig. 3 below:

Debt Re-arrangement Applications

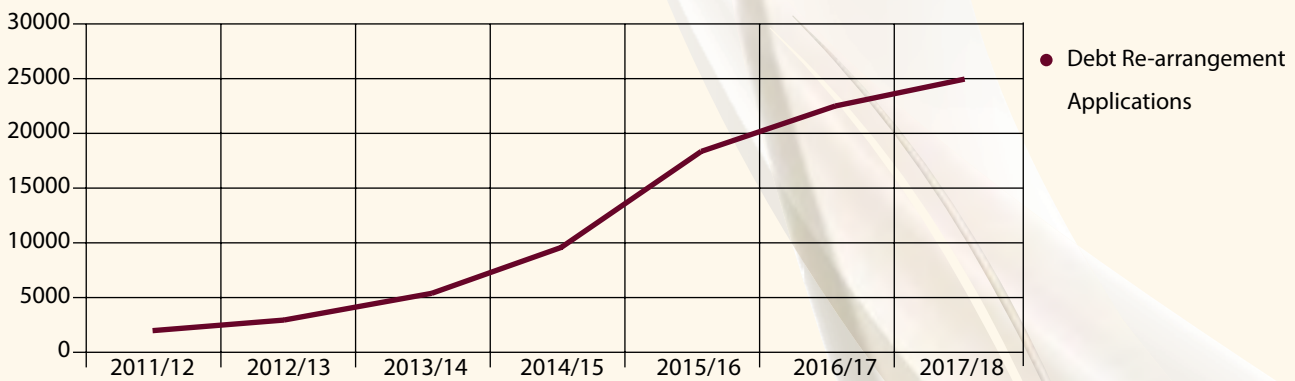


Fig. 2 Debt Re-arrangement Applications received per year from 2011/12 to 2017/18

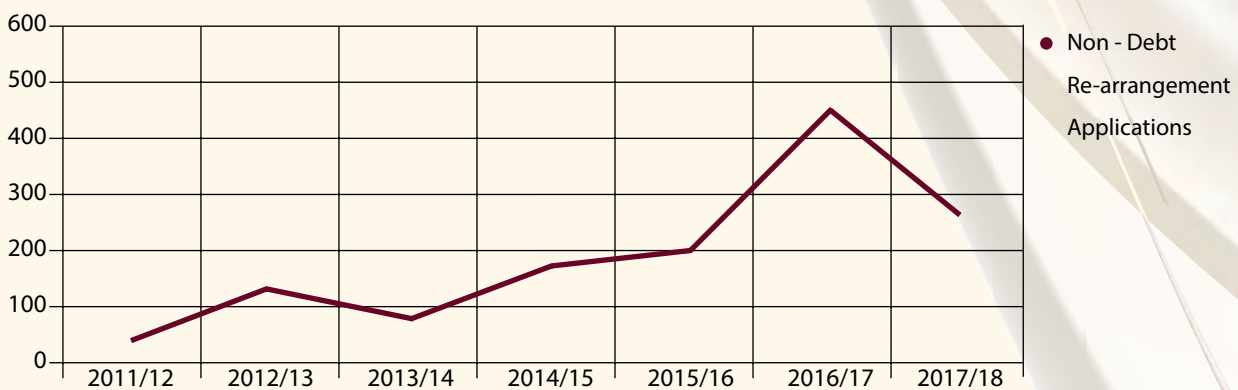


Fig. 3 Non-Debt Re-arrangement Applications received per year from 2011/12 to 2017/18

The above graphs depict an increase in debt re-arrangement applications and a decrease in non - debt re-arrangements applications. The decrease was specifically based on the reduction of the matters brought to the Tribunal in terms of s114 of the National Credit Act. This is where an applicant files an application to compel the production of a statement. During the 2016/2017 financial year, the Tribunal received 272 (two hundred and seventy-two) of these cases, which declined to only two cases received during the year under review.

Non Debt re-arrangement Statistics

The Tribunal received 245 non-DRA cases in the financial year 2017/2018, with non-regulatory filers filing the majority of the applications. The regulatory bodies accounted for 16,74% of the non-DRA applications filed at the Tribunal by filing 41 (forty-one) out of the 245 applications. The majority of Non Debt re-arrangement applications are filed by non-regulatory filers amounting to 83, 26%.

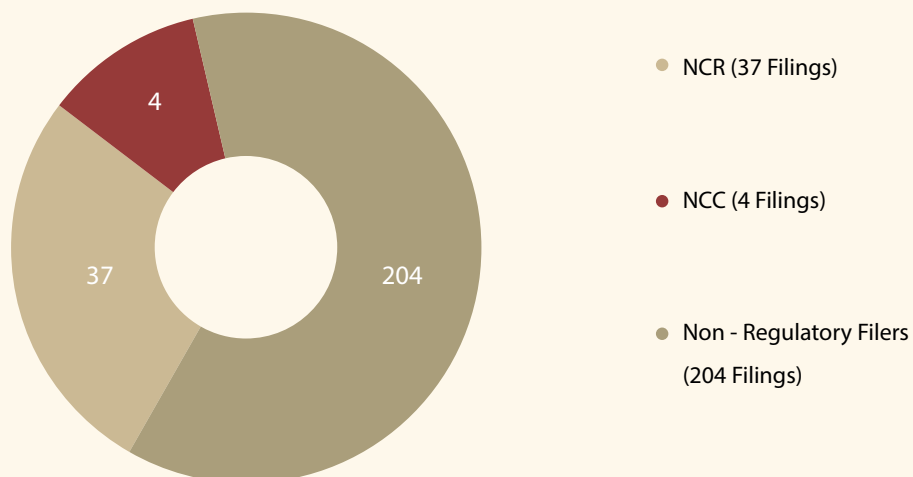


Fig. 4 Non-DRA cases received during 2017/18 categorised per filer-type

In addition, 179 of the 245 cases received, constituting 73,06% of the non-DRA filings, were NCA matters and 66 (26,94%) of the cases received were filed in terms of the CPA. During the 2016/2017 financial year, the Tribunal was in receipt of 30 applications filed in terms of the CPA. The increase of 120% of applications filed under the CPA is indicative of an increase in accessibility of filers to the Tribunal.

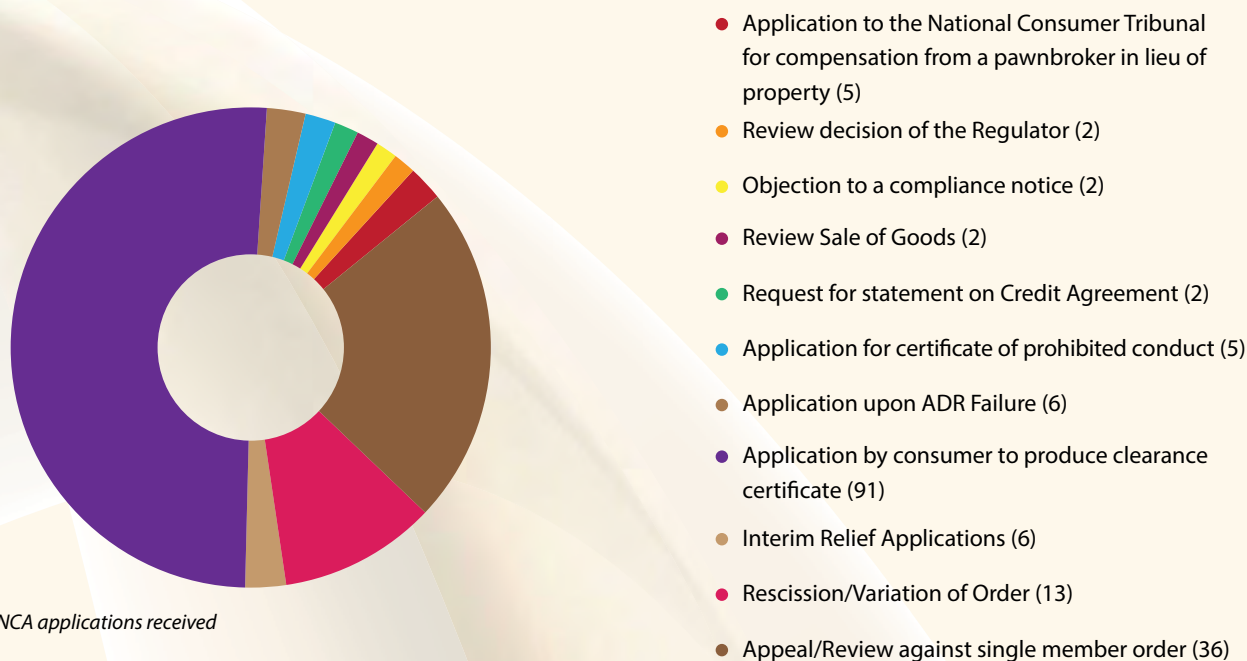


Fig. 5 NCA applications received

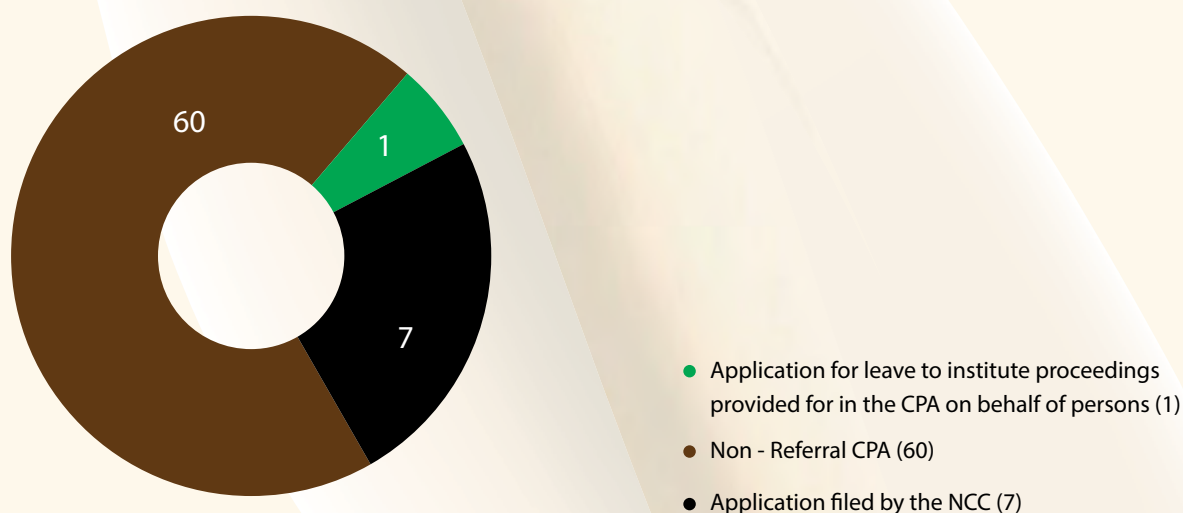


Fig. 6 CPA applications received

Table 3: Non-DRA applications filed during the year

Act Section	2014/15	2015/16	2016/17	2017/18	TOTAL
70(3)b Application for a consent order after dispute resolution by alternative dispute resolution agent	-	-	2	-	2
73(2)(b) NCC referrals	2	1	2	5	10
75(1)(b) Applications for leave to refer a non-referral directly	7	23	25	60	115
101 (1) Objection to a compliance notice	-	-	-	-	-
74(1) Application for consent order	-	-	-	-	-
100(6) Applications for the imposition of an administrative penalty following non-compliance with a compliance notice	-	-	-	-	-
114(1) Interim relief	-	-	-	-	-
Rule 4- Certification of Class Action	-	1	-	1	2
60(3) Application by producer or importer to review A Notice issued by Commission in terms of Sections 60(2)	-	-	1	-	1
Total CPA applications	9	25	30	66	130

Act Section	2014/15	2015/16	2016/17	2017/18	TOTAL
165(1) Rescission of variation of NCT order	53	43	100	91	287
137(3) Application upon failure of alternative dispute resolution	35	12	2	2	51
140(1) NCR referrals	15	38	15	14	82
56(1) Objection to a compliance notice	4	1	-	2	7
57(1) Cancellation of registration of registrant	25	15	19	22	81
115(1) Disputed entry on a statement	5	1	1	-	7
128(1) Review of a sale of goods	1	3	2	2	8
148(1) Appeals and reviews	14	2	2	6	24
149(1) Interim relief	3	29	4	7	43
59(1) Review of a decision by the NCR	3	-	3	2	8
71(3) Application by a consumer to review a decision not to issue or failure to issue a clearance certificate	1	5	2	6	14
141(1) Applications for leave to refer a non-referral directly	6	12	18	13	49
138 read with 135(b)(ii) Application for consent order after alternative dispute resolution.	1	2	3	-	6
55(6) Failure to comply with a compliance notice	2	2	1	-	5
114(1) Application by a consumer upon failure to produce a statement	-	2	272	2	276
164(3) Application to the NCT for a certificate declaring conduct to be prohibited or required in terms of the Act	-	-	1	5	6
99(2) Application by a consumer for compensation from a pawnbroker in lieu of property	-	1	-	5	6
142 Application to limit obligations in respect of frivolous, vexatious or unreasonable requests	-	-	1	-	1

Act Section	2014/15	2015/16	2016/17	2017/18	TOTAL
63(5) Application to review a decision regarding the languages used in credit documentation	-	-	-	-	-
Total NCA applications	168	168	446	179	961
Total applications filed	177	193	476	245	1091

Debt re-arrangement Statistics

The Tribunal received 24,707 DRA applications in 2017/2018 and carried over 9,512 matters into 2017/2018 which had been filed in previous years amounting to 34,219 matters. The Tribunal can only adjudicate on matters that are adjudication ready. This in effect means that the matters must have reached close of pleadings. The pleadings were closed for 32,454 matters. The Tribunal thus finalised 27,012 of these matters, which means that 5,442 matters could not be adjudicated on by the end of the financial year even though they were ready for adjudication.

Adjudication in the 2017/2018 financial year emanated from Motion Court which runs for nine days a month in three different venues. Motion Court has been a resounding success since its inception as evidenced by the volume of orders issued since its birth as opposed to the number of orders issued before. It is, however, an interim solution and one that will be phased out, reliance being placed on system development. Motion Court is dependent on a filer preparing a matter for adjudication and enrolling that matter before a Tribunal Member. The Tribunal places the onus on the filer to complete this task for the Motion Court to be successful. Tribunal staff members are always at hand to assist the parties in processing their bundles of cases at Motion Court. During the current financial year, the Tribunal received 22,603 applications brought to Motion Court for adjudication and successfully adjudicated on 22,488 amounting to 99.49% of the applications brought to the Motion Court.

An operational challenge that the Tribunal faced was that the success of the Motion Court was dependent on a Debt Counsellor placing a matter before the Motion Court putting the onus on the Debt Counsellor rather than on the Tribunal. This resulted in some (not all) matters that ready for adjudication being held from adjudication. In an attempt to ensure that these matters were being addressed, the Tribunal introduced targeted interventions with identified filers to ensure that filers addressed their outstanding matters. The success of such interventions in the reporting period resulted in high volumes of withdrawals filed and matters that had been lapsed by the Tribunal.

A total of 9,512 applications were carried over into 2017/2018 from previous reporting periods. The project resulted in the finalisation of 8,613 matters with 1,654 matters being withdrawn, 2,870 had lapsed and the balance of 4,089 matters were dealt with through adjudication. This reduced the number of pending matters that had been filed prior to 2017/2018 to only 899 at the end of the financial year. Most of the matters that were outstanding resided with Debt Counsellors who either can not be located (by the Debt Counsellors themselves) as their (Debt Counsellors') details had changed or that they were no longer practising.

The Tribunal only ran Motion Court for 72 days during the reporting period. This, in essence, meant that the Tribunal finalised 31,233 applications per day adjudicated by Tribunal members on a rotational basis, based on limited availability of Tribunal members. This talks to the availability of both members and applications themselves. The e-filing system introduced by the Tribunal allows Debt Counsellors to file their applications on the CMS, enabling Tribunal members to adjudicate daily at their convenience and expeditiously. Debt Counsellors would not need to submit their applications at Motion Court as adjudication would be conducted online. The introduction of the online adjudication system will afford Tribunal members the opportunity to adjudicate a higher volume of cases per day.

Table 4: Debt Re-arrangement Statistics 2017/18

Status		Subtotal	Total
Total Matters carried over into 2017/2018			9,512
Total Matters received in 2017/2018			24,707
Total Matters finalised in 2017/2018			
(a)	Orders	22,488	27,012
(b)	Withdrawals	1,654	
(c)	Lapsed	2,870	
Total Pending Matters as at end 2017/2018			
(a)	Matters prior to 2017/2018	899	7,207
(b)	Matters 2017/2018	6,308	



Adjudication

Introduction

In accordance with section 27 of the NCA as amended, the core function of the Tribunal is adjudication. This section provides for the adjudication of applications filed and referrals of prohibited conduct. The Tribunal also has the power to review decisions made by the NCR and NCC, hearing interim relief applications and hearing appeals from single-member judgements of the NCT. In addition, the review of compliance notices and applications for the cancellation of registrants, referrals regarding prohibited conduct by registrants and service providers can also be filed with the NCT. The Tribunal may make certain orders in terms of section 150 of the NCA.

Tribunal members

The President of the Republic of South Africa appoints the Tribunal members to fulfil the Tribunal's adjudicative function. There are 18 Tribunal members, i.e. three full-time and 14 part-time Tribunal members, excluding the EC. Currently, once the selection and recommendation process has gone through Cabinet, the President then delegates this function to the Minister of Trade and Industry.

A review of the CVs of the Tribunal members (see Annexure A on page 152 of this Report) illustrates the wide range of qualifications and experience.

Prof Joseph M. Maseko- Executive Chairperson	Ms Diane R. Terblanche –Part-time Member
Ms Laura Best - Part-time Member & Deputy Chairperson	Ms Penelope Beck - Part-time Member
Prof Bonke C. Dumisa - Part-time Member	Mr Xolela C. May - Part-time Member
Adv. Frans K. Manamela - Part-time Member	Mr Andisa Potwana – Full-time Member
Adv. Neo H. Sephoti - Part-time Member	Mr Fungai K. Sibanda - Part-time Member
Prof Tanya Woker - Part-time Member	Ms Hazel V. Devraj – Full-time Member
Adv. John R. Simpson – Full-time Member	Ms Nomfundo Maseti – Part-time Member
Ms Maleho Nkomo – Part-time Member	Prof Kasturi Moodaliyar – Part-time Member
Mr Trevor Bailey – Part-time Member	Dr Maria Peenze - Part-time Member

Tribunal members



Prof Joseph M. Maseko
Executive Chairperson



Ms Laura Best
Part-time Member &
Deputy Chairperson



Prof Bonke C. Dumisa
Part-time Member



Adv. Frans K. Manamela
Part-time Member



Adv. Neo H. Sephoti
Part-time Member



Prof Tanya Woke
Part-time Member



Adv. John R. Simpson
Full-time Member



Ms Maleho Nkomo
Part-time Member



Mr Trevor Bailey
Part-time Member



Ms Diane R. Terblanche
Part-time Member



Ms Penelope Beck
Part-time Member



Mr Xolela May
Part-time Member



Mr Andisa Potwana
Full-time Member



Mr Fungai K. Sibanda
Part-time Member



Ms Hazel V. Devraj
Full-time Member



Ms Nomfundo Maseti
Part-time Member



Prof Kasturi Moodaliyar
Part-time Member



Dr Maria Peenze
Part-time Member

The Tribunal members responsible for the adjudication of cases are required to comply with the Constitution of the Republic of South Africa and other relevant legislation. They also operate in terms of formal performance agreements guided by the Tribunal's core values, Code of Ethics and Conflict of Interest Policy.

The Adjudication process

Table 5: Adjudication statistics

Total Non-DRA's finalised 2017/18 (193 matters had been carried into 2017/2018 and 245 matters had been filed in 2017/2018)		334
	Judgments issued	129
	Applications Withdrawn	113
	Applications Lapsed	68
	Matters Settled and Confirmed	11
	Orders varied by Tribunal Member on own accord	2
	Condonation refused	6
	Certificate of Prohibited Conduct	5
Appeals/Reviews filed 2017/18		6
Internal		
	Appeals/Reviews Upheld	0
	Appeals/Reviews Dismissed	1
	Incomplete	1
	Withdrawn	1
	Lapsed	1
External from 2007 to 31 March 2018		24
	Appeals/Reviews Upheld	2
	Appeals/Reviews Dismissed	7
	Pending	12
	Settled	2
	Withdrawn	1

APPEALS AND REVIEWS

An internal appeal/review is where the decision of a single Tribunal member is taken on appeal or review and the application is considered by a three-member Tribunal panel. This panel either upholds the decision or upholds the appeal or review. If an external appeal or review is against the decision of a three-member Tribunal panel, the appeal or review is heard by the High Court which either upholds the Tribunal decision or upholds the appeal or review.

Internal single member decisions taken on appeal or review

In total, six decisions were taken on internal appeal or review in 2017/18 with only two of these matters pending. No internal appeals resulted in the decision of the Tribunal being overturned.

Table 6: Non-DRA decisions taken on appeal or review from 2007 to 31 March 2018

No.	NCT case no.	High Court case no.	High Court decision	Date of judgment
1	Southern African Fraud Prevention Service Ltd v NCR NCT/168/2009/54(1)	National Credit Regulator v Southern African Fraud Prevention Service Ltd 58190/2010 (North Gauteng High Court)	Appeal against NCT decision upheld	May 2011
2	NCR v Christopher Bornman and others CT/656/2010/57(1)(P)	Christopher Bornman and others v NCR A6/2011 (North Gauteng High Court)	Dismissed (HC)	March 2012
		Christopher Bornman and others v NCR 798/2012 (Supreme Court of Appeal)	Dismissed (SCA)	March 2013
3	NCR v Petrus Martinus Ferreira NCT/166/2008/57(1)(P)	PM Ferreira v NCR 51467/2010 (North Gauteng High Court)	Dismissed	December 2011
4	Barko Financial Services (Pty) Ltd v NCR NCT/743/2010/56(1)(P)	Barko Financial Services (Pty) Ltd v NCR A499/2011 (North Gauteng High Court)	Dismissed (HC)	March 2013
		Barko Financial Services (Pty) Ltd v NCR 415/2013 (Supreme Court of Appeal)	Dismissed (SCA)	18 September 2014
5	Telegenix Trading 340 CC v NCC and Silas Phadagi NCT/8697/2013/101(1)	Telegenix Trading 340 CC v NCT, NCC and Phadagi 726/2014 (North Gauteng High Court)	Dismissed	April 2014
6	De Klerk v NCR NCT/6210/2012/57(1)	De Klerk v NCT, NCR et al 33329/2013 (North Gauteng High Court)	The parties reached a settlement agreement, which was made an order of the High Court	June 2013
7	JW van Zyl v NCR NCT/3868/2012/57(1)	JW van Zyl v NCR AR620/13 (KwaZulu-Natal High Court)	Withdrawn	1 September 2014
8	MC Bouah Enterprises v Dynacon Global Trading NCT/7936/2013/75(1)	MC Bouah Enterprises v Dynacon Global Trading, NCT 35836/2014 (North Gauteng High Court)	Matter set down for hearing on 7 July 2014, but postponed sine die.	Pending
9	P Byleveld v Execor Twelve (Pty) Ltd t/a Motor City & The NCC NCT/10686/2013/75(1)	Execor Twelve t/a Motor City v P Byleveld A446/14 (North Gauteng High Court)	Matter to be set down for hearing	Pending
10	NCR v Capitec Bank Limited NCT/9152/2013/140(1)	NCR v Capitec Bank Limited & The NCT A440/14 (North Gauteng High Court)	Dismissed	February 2016
11	NCC v Univision Services NPC & 11 others NCT/19486/2014/73(2)(b)	Univision NPC & Others v NCC & NCT. 97574/2015 (North Gauteng High Court)	Upheld in the High Court	November 2016
			The decision of High Court Appeal taken to SCA by NCC and the SCA confirmed the Tribunal's decision Dismissed	28 March 2018
12	Moneyline Financial Services v The National Credit Regulator NCT/17884/2014/57(1)	Moneyline Financial Services v The National Credit Regulator A440/16 (North Gauteng High Court)	Notice duly served	Pending
			Pending	

No.	NCT case no.	High Court case no.	High Court decision	Date of judgment
13	Motswai v House and home NCT/33263/2015/75(1)(B)	Shoprite Checkers (Pty) Ltd t/a House & Home v Penny Beck – Paxton N.O & 4 Others 71787/16 (North Gauteng High Court)	The parties reached a settlement agreement, which was made an order of the High Court	November 2016
14	NCR v Lewis Stores & Monarch Insurance Ltd NCT/27651/2015/140	Lewis Stores (Pty) Ltd v NCR & the National Consumer Tribunal A694/16 (North Gauteng High Court)	Set down for May 2018 Pending	Pending
15	NCR v South African Fraud Prevention Services NPC- NCT/23181/2015/140(1)	South African Fraud Prevention Service v The National Credit Regulator	Cross Appeal Dismissed and Appeal upheld	17 November 2017
16	NCR v EZ Trade	Micro Finance South Africa & Banking Association SA NPC v NCR and 2 Others	Leave to intervene granted Pending	Pending
17	NCR v Lewis Stores (Pty) Ltd	NCR v Lewis Stores (Pty) Ltd & the National Consumer Tribunal A333/2017(North Gauteng High Court)	Pending	Pending
18	NCR v Edcon	Edcon Holding v The National Consumer Tribunal & The National Credit Regulator Case Number: A237/17	Pending	Pending
19	NCR v Finbond Mutual Bank	The National Credit Regulator v Finbond Mutual Bank Case Number: To be allocated by High Court	Pending	Pending
20	NCR v Shoprite Investments Limited	Shoprite Investments Limited v NCR Case Number: A509/17	Pending	Pending
21	NCR v Hua Xiang Cash Loans CC	Hua Xiang Cash Loans CC vs National Consumer Tribunal and 2 Others	Pending	Pending
22	Makete Judah Letsoalo vs Wes-bank a division of Firststrand Bank limited	Makete Judah Letsoalo vs NCT and 2 Others Case number: 77923/17	Pending	Pending
23	Ian Eugene Romer Wason Coretta Makhaza vs Absa Bank Limited & 16 Others	Coretta Makhaza vs Ian Eugene Romer Wason and 16 Others Case number: 23967/18	Pending	Pending

Although table 5 only lists 23 appeals, line item 15 was a matter where two decisions were made by the Appeal Court. The Respondent in the court a quo appealed the Tribunal's finding that it contravened the National Credit Act and the Applicant in the Court a quo cross appealed the Tribunal's finding of not imposing an administrative fine. The Appeal was upheld and the cross appeal dismissed. This is the reason why there are 24 outcomes to 23 matters.

Notable Judgements

Rescission of Debt re-arrangement order

1. NCT-84263-2017-165- SH GUMEDE v LORENCO LEWIS ET AL

This was an application in terms of section 165 of the National Credit Act, No 34 of 2005 for variation and rescission of an order by the Tribunal. The application was against an order granted by a single member of the Tribunal in accordance with section 138 (1) of the National Credit Act, read with section 86 (8) (a) of the Act. The Tribunal dealt with the issue of the Applicant's request that the order be rescinded and varied. However, the Tribunal pertinently ruled that a variation could not be granted at the same time as a rescission as the two were alternative remedies. The Tribunal made an emphatic distinction between a rescission and a variation. It stated that a rescission has the result of ending the matter altogether while a variation only effects certain changes. The Applicant cited a change of financial circumstances as the reason for seeking a rescission and did not provide the basis upon which it sought a variation. The Tribunal held that the change of financial circumstances was not one of the grounds for a rescission or variation of an order under section 165 of the Act. The application to rescind and vary the order granted was thus refused.

Impact of the judgement on the consumer-credit market

The judgement clarifies the provisions of the National Credit Act in relation to rescission or variation of debt review orders.

Application for leave to Refer

2. NCT-86201-2017-75 (1) (b)- THAMENDEREN PERUMAL v SA MOTORCYCLES t-a BIG BOY SCOOTERS

The Applicant brought an application in terms of section 75 (1) (b) of the Consumer Protection Act, 2008 (CPA) for leave to refer his complaint to the National Consumer Tribunal after it had been non-referred by the National Consumer Commission. The Applicant obtained leave of the Tribunal to refer his application to the Tribunal. The Applicant complained about the wheels of a bike he bought in 2016 with a one year warranty on them which did not match the size indicated on the Respondent's website. However, the standard bikes usually have a three-year warranty with the Respondent. The Respondent had conceded that the website contained a mistake and undertook to ensure that the correct wheels and rims were delivered to the Applicant. The Applicant requested a refund, despite the fact it had used the bike on a few occasions which the Respondent refused to provide. The Tribunal had to determine whether or not the Respondent was bound to refund the Applicant the full purchase price of R22 798.00 that the Applicant had paid the Respondent for two new Big Boy Pit Bikes, Model TT 125s (the bikes). Having regard to the applicable sections 55 and 56 of the CPA as well as the specific circumstances of this case, the Tribunal refused the Applicant's request for a refund of the full purchase price, and ordered the Respondent to replace and fit the wheels, including any related transport costs, as advertised on the Respondent's website at no cost to the Applicant within 21 days of the date of judgment. The Tribunal further ordered the Respondent to provide the Applicant with a one year warranty on its usual terms and conditions calculated from the date of the bikes having been inspected and found to be in good working order by a dealer appointed by the Respondent.

The Tribunal did not order a full refund of the purchase price and based this on the Applicant having had the material benefit of the product for two years. The Tribunal, therefore, decided it would be fair and just for the ruling to not include the refund of the full purchase price as initially sought by the Applicant.

Impact of the judgement on the consumer–credit market

The judgment is significant in the promotion of responsible market conduct in the marketplace and promotion of consumer rights in South Africa. As credit providers become more aware of what is regarded as prohibited conduct and the penalties associated thereto, they will be more inclined to align their business strategy with the provisions of the binding legislation.

The outcome of a complaint

3. NCT-78954-2017-140 (1)- NCR v GAUTENG MOTORS CC

The Applicant brought an application in terms of section 140 (1) of the National Credit Act 34 of 2005, to declare the Respondent's conduct to be unlawful and prohibited in terms of the Act, and for an imposition of an administrative fine. It is worth noting that the Applicant has statutory powers to monitor the consumer credit market and industry in order to ensure that prohibited conduct is prevented or detected, and prosecuted. The hearing was heard on a default basis. The Respondent was allegedly involved in extending credit whilst not registered as a credit provider and entering into reckless credit agreements with consumers. An investigation of the Applicant was prompted by a complaint related to the repossession of a consumer's vehicle by the Respondent, allegedly without following the required enforcement procedures. On perusal of all the relevant submissions, the Tribunal found that the Respondent had engaged in prohibited conduct by engaging in reckless credit, charging extra charges without disclosing the nature thereof, and failing to adhere to lawful debt enforcement procedures. The Respondent was ordered to pay an administrative fine of R800 000 (eight hundred thousand rands) within 30 days of the date of the judgment.

Impact of the judgement on the consumer–credit market

The judgment is significant in the promotion of responsible credit granting in the marketplace and promotion of consumer rights in South Africa. As credit providers become more aware of what is regarded as prohibited conduct and will be more inclined to align their business strategy with the provisions of the binding legislation.

Interim Relief

4. NCT-96399-2017-149 (1)- TSHILIDZI PFARELO SWUHANA v NATIONAL CREDIT REGULATOR

The application had been brought in terms of section 149 of the NCA by the Applicant, which section deals with interim relief to complainants. The Applicant sought an interdict preventing the NCR from deregistering it as a debt counsellor pending its appeal against the decision of the NCR before the Tribunal, the latter which was not the subject matter before the Tribunal. The Tribunal had to decide whether or not to grant an interim order in respect of a complaint as defined in the NCA, with the intention of providing interim relief that is reasonably necessary to prevent serious, irreparable damage to the Applicant as complainant in terms of the Act. The Respondent raised an issue of jurisdiction; that the Tribunal lacked jurisdiction to hear the matter and that the Applicant lacked locus standi to bring the application for interim relief. Owing to the inquisitorial nature of the Tribunal, it can mero motu (on its own accord) decide whether it can hear an application assigned to it in terms of the appropriate legislation - in this particular case, the NCA. Jurisdiction to adjudicate on an application for interim relief will be apparent if the requirements for interim relief as laid down in section 149 (1) of the Act are found to exist. In this particular matter, the Tribunal found that it did not have jurisdiction to consider the application for interim relief, and consideration of merit was irrelevant. The application for urgent relief was thus dismissed.

Impact of the Judgment on the consumer credit market

The order clarifies the processes to be followed as well jurisdictional issues in respect of urgent relief sought by consumers.

Cancellation of registration

5. NCT-82548-2017-57 (1)- NATIONAL CREDIT REGULATOR v MURPHY AND SONS CASH LOANS CC

The application was brought in terms of section 57 (1) of the NCA, which section deals with cancellation of registration, in this case of a credit provider for non-compliance with conditions of registration and the provisions of the Act. The application was heard on a default basis. The Tribunal was satisfied with service of papers on the Respondent. According to the Applicant, the Respondent had repeatedly contravened the Act and the conditions of registration as a credit provider and failed to conduct its business in a manner consistent with the purpose and requirements of the NCA. The investigation centred on a sample of 10 credit agreements on the books of the Respondent, all of which allegedly contained contraventions of the NCA. In a nutshell, the Respondent was alleged to have, amongst others, inadequately assessed the ability of consumers to receive and repay the credit extended to them, entering into reckless credit agreements with consumers, failed to keep proper records of documentation for conducting affordability assessments, charged interest on the principal debt in excess of the prescribed amount and failed to provide consumers with pre-agreement statement and quotation in contravention of the relevant provisions of the Act. As the application was heard on a default basis, the Tribunal accepted as undisputed the allegations of the Applicant in terms of Rule 13 (5) of the Tribunal Rules. The Tribunal, after considering the evidence before it, found that the Respondent had contravened the NCA, its Regulations and the conditions of its registration as a credit provider. The Tribunal declared the conduct of the Respondent to be prohibited and cancelled its registration as a credit provider. The Tribunal further ordered a refund to all affected consumers who were charged excess amounts in the form of fees or amounts which exceeded the prescribed maximum allowed by the NCA which the Respondent was not entitled to, within 30 days of the date of judgment. The Respondent was further ordered to pay an administrative fine of R250 000.00.

Impact of the Judgment on the consumer credit market

The Tribunal must exercise fairness and impartiality in the execution of its mandate. The order serves as a deterrent to would-be offenders or non-compliant credit providers.

Rescission or variation of the order

6. NCT-86330-2017-165- MATHIUS MOKOLUOA AND PORTIA NTSOSO v ABSA BANK LTD ET AL

This application was brought in terms of section 165 of the National Credit Act 34 of 2005 for rescission of the consent order on the basis that the debt review application was erroneously granted in the absence of the parties affected by it. At the time that the Presiding Member considered the application, the Applicant had already delivered a notice to withdraw the application to have the consent between the parties confirmed by delivering Form Tl.r19 (withdrawal form) to the Tribunal. The Presiding Member rescinded the debt review order as it was granted in the absence of any party affected by it.

Impact of the Judgment on the consumer-credit market

The judgement clarifies the reasons for rescission of consent orders.

Objection to Compliance Notice

7. NCT-31877-2015-56 (1)- SA TAXI SECURITISATION (PTY) LTD v NATIONAL CREDIT REGULATOR

This was an application for objection to a compliance notice issued by the National Credit Regulator to the Applicant for alleged contraventions of section 106 (5) of the National Credit Act 34 of 2005 which prohibits a credit provider from adding any surcharge fee or additional premium above the actual cost of the insurance. The Applicant was alleged to be charging its clients monthly insurance while receiving a 15% discount from the insurance company it was paid to. Their clients were not aware of the discount and never received the benefit of the discount. Following an investigation, the National Credit Regulator issued a compliance notice to the Applicant to refund its clients all the excess amounts charged for insurance. Thereafter, the Applicant lodged an application in terms of section 56 of the NCA with the Tribunal objecting to the compliance notice. The Tribunal found in favour of the Applicant and set aside the compliance notice as the acts of non-compliance the Applicant was accused of committing, took place more than three years ago before the matter was placed before the Tribunal. In terms of section 166 of the NCA, the act or omission forming the basis of the complaint before the Tribunal, may not be older than three years.

Impact of the Judgment on the consumer-credit market

The Tribunal must exercise fairness and impartiality in the execution of its mandate. The judgment is significant in creating awareness that the NCR as a public entity must use its public power fairly and in accordance with the principles of natural justice.

Outcome of Complaint

8. NCT-35378-2015-140 NATIONAL CREDIT REGULATOR v EDCON HOLDINGS LIMITED

This application was brought in terms of section 140 (2) (b) of the National Credit Act 34 of 2005 for an order declaring that the Respondent be found to be in repeated contravention of specific sections of the Act, namely sections 90, 100, 101, and 102 (1) engages in prohibited conduct by contravening the said sections and be directed to refund all consumers for the period 2007 to date, charged club and membership fees and that it conducts an audit at its cost of all the consumers entitled to refunds. In this case, the Applicant conducted an investigation into the affairs of the Respondent and initiated a complaint on its own in terms of section 136 (2) of the Act after reasonably believing that the Respondent might be flouting the provisions of the NCA, relating to the cost of credit and more particularly sections 100, 101 and 102 of the said Act. The Tribunal had to decide whether or not the amount charged by the Respondent to consumers as a membership or club fee was, in fact, a cost of credit. The Applicant argued that the nature of the membership or club fee levied by the Respondent fits the description of a cost of credit, the issue being that this kind of cost of credit is not permitted under the NCA. The Respondent argued, however, that the club fee constitutes a purchase consideration for a product called club product which provides consumers with a basket of value-added services and benefits which a consumer receives in return for payment, known as club fee. The main argument of the Respondent was essentially that club membership did not form part of the credit agreement. However, the Tribunal found that the Respondent by adding the club fee to the credit agreement or credit facility process had contravened section 101 of the NCA. Thus the Respondent was found to have engaged in prohibited conduct.

Impact of the Judgment on the consumer-credit market

The Tribunal must exercise fairness and impartiality in the execution of its mandate. The order serves as a deterrent to would-be offenders or non-compliant credit providers.

Referral to the Tribunal

9. NCT-60756-2016-141 (1) YORICK ROSS v AFRICAN BANK LTD & ANOTHER

This application was brought in terms of section 141 (1) (b) of the NCA 34 of 2005 for leave to refer a complaint that had been non-referred by the National Credit Regulator. In this case, the Tribunal had to decide on whether it could grant the Applicant leave to directly refer the complaint non-referred by the Regulator to the Regulator and if leave was granted, to consider the merits of the complaint in full and in some instances, perhaps a separate hearing be held. In hearings of such a nature, the Tribunal first considers whether it has jurisdiction to hear the matter, namely whether the subject matter of the application falls within the ambit of its founding laws, the NCA or the CPA. In this case, the Applicant's complaints against the Respondent arose out of six loans which the Applicant took with the Respondent over a period 6 months (between about August 2012 and February 2013) and a credit card he took in and during 2010 alleging they were in contravention of section 80 (1) of the NCA. The Tribunal found that the matter had prescribed and that the Tribunal was prevented from adjudicating on the application for leave to refer the complaint directly to the Tribunal.

Impact of the Judgment on the consumer credit market

The above ruling clarifies the law regarding the mandate and jurisdiction of the Tribunal as well as the fact that the consumers, on the application, must first seek and be granted leave to refer prior to delving into the details of the merits of the main application. It creates certainty in future applications.



Executive Chairperson and Fulltime Tribunal members

Programme 2: Administration

The purpose of this programme is to provide strategic leadership to the Tribunal to ensure the successful implementation of its legislative mandate through flexible, efficient and sustainable resource solutions and support services.

The following sub-programmes fall under Administration.

- **Office of the Executive Chairperson** – provides strategic direction and oversight to the operations of the NCT.
- **Office of the COO** – provides operational direction and manages the operations of the NCT.
- **Financial Management** – provides support to the NCT with respect to forecasting, budgeting, financial resource allocation, oversight and management.
- **Information and Communication Technology** – provides support to the NCT to ensure that the appropriate technology architecture, electronic communication channels and other associated information resources and services are available to ensure that the NCT is able to operate efficiently and in a secure manner.
- **Corporate Services** – collaborates across departments to gain both the synergies of utilising diverse skills and expertise to develop integrated, holistic solutions to business needs as well as to reduce costs through the leveraging of efficiencies in administration, systems and people.
 - o **Corporate Services: Human Resources and Facilities Management** – provides support to the NCT to ensure that the right people are available at the right time with the right competencies to ensure that the NCT is able to execute on its mandate while ensuring the safety and wellness of its employees.
 - o **Corporate Services: Communication** – facilitates greater awareness of the NCT's role, mandate and adjudicative outcomes and ensures that there are regular, structured opportunities for engagement with key stakeholders. This ensures that the NCT operates in an environment where all internal and external stakeholders are well informed and in which the regulatory activities of other stakeholders may be effectively aligned to those of the NCT.
 - o **Corporate Services: Compliance and Risk Management** – manage compliance, good governance and effective risk management through oversight and a focus on behavioural change.

Strategic objectives

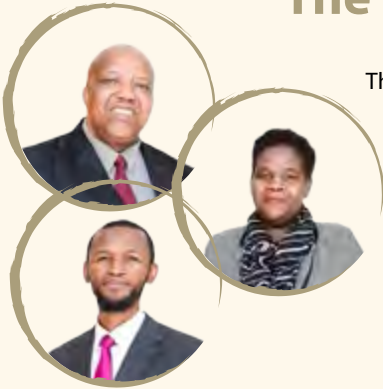
The following strategic objectives were set for 2017/18:

- To ensure cooperation and partnership amongst external stakeholders through ongoing engagement.
- To build Tribunal capacity through research papers or approved briefing papers on consumer protection and credit-related matters, added to the NCT knowledge database and/or presented at conferences or workshops.
- To ensure that the Tribunal has adequate human resources to deliver in accordance with its mandate.
- To enhance operational efficiency by implementing an enabling ICT architecture.
- To effectively and efficiently manage the financial resources of the NCT.
- To expand economic opportunities for historically excluded and vulnerable groups.

Table 7: Performance against predetermined objectives (administration)

Output	Performance Measure or Indicator	Annual Target	Actual Achievement	Reason for Variance	Corrective Action
Co-operation and partnership between stakeholders	Number of structured engagements and interactions with external stakeholders including events, structured meetings and joint forums at which presentations were presented.	14 engagements	26 Engagements	Over achieved. The rollout of the CMS required more structured engagements with debt counsellors to promote easier access to Tribunal services.	N/A
Increased knowledge	Number of research and approved briefing papers on consumer protection and credit-related matters added to the NCT knowledge database.	24	31 Research and approved briefing papers	Over achieved. The Tribunal managed to conduct more research than anticipated.	N/A
Adequate Human Resources to fulfil NCT mandate	Percentage positions filled on approved organisational structure	85%	92.65%	Over achieved. The Tribunal filled vacant positions.	N/A
An ICT Enterprise Architecture that supports, enables and meets NCTs requirements	Percentage availability of business applications to users during business hours.	98% availability of business applications to users during business hours.	99.91%	Over achieved. The Tribunal carefully monitored its ICT business applications and ensured that the systems were available to users.	N/A
Detailed financial management information	Achievement of milestones in the development of an advanced accounting system approved by the Executive Chairperson	Research and develop an upgrade accounting system for approval	Achieved. Research was conducted and the upgraded accounting system was developed and approved.	N/A	N/A
Youth with employable skills and experience	Number of youths employed through structured opportunities created for youth development	6	8 Youths Appointed.	Over-achieved. The Tribunal managed to appoint two more youth due to operational requirements that increased.	N/A

The Office of the Executive Chairperson



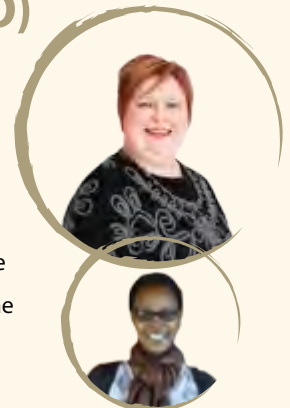
Office of the Executive Chairperson

The Executive Chairperson provides strategic direction and oversight on the operations of the NCT and is appointed by the President of the Republic of South Africa on the referral of the Minister of Trade and Industry. As a Tribunal member, the Chairperson also fulfils an adjudicative function. He is responsible for managing the adjudication process in terms of the NCA, CPA and other applicable legislation. All judgements are automatically internally perused by the Executive Chairperson's Office to promote consistency and high quality judgements.

The Executive Chairperson's role as the Accounting Authority is discussed on page 69 and in this role, he is responsible for ensuring that sound governance is maintained at the NCT. He is further responsible for providing requisite strategic leadership in establishing policies, systems and operating procedures and oversight over all aspects of the Tribunal, whether it is adjudication, governance or operations.

The Office of the Chief Operating Officer (COO)

The COO provides overall operational direction and management over operations and ensures that the NCT remains compliant with its objectives and meets the deliverables as set out in its Strategic, Annual Performance and Business Plans. The COO is further responsible for planning and monitoring of the NCT's operations with all applicable legislation and obligations as set out in various Acts, policies and standard operating procedures as well as establishing relevant internal controls. During the year under review, the NCT met all its obligations in this regard. In addition, the COO provides leadership and guidance to the Tribunal's executive team in the execution of their respective functions and responsibilities.



Office of the Chief Operating Officer

The COO is the main spokesperson of the Tribunal and plays a leading role in the Tribunal's communications, supported by the Corporate Services team. The focus of the NCT's communication is to facilitate greater awareness of its role, mandate and to ensure regular, structured opportunities for engagement with key stakeholders. This ensures that the NCT operates in an environment where stakeholders are well-informed and in which the regulatory activities of other stakeholders may be effectively aligned.

The Office of the Chief Financial Officer (CFO)



Office of the Chief Financial Officer

The financial management of the NCT is the responsibility of the Finance Unit under the management of the Chief Financial Officer.

The vision of the Finance Unit is 'to be a respected business partner that contributes to financial sustainability and the sound reputation of the NCT'. The mission of the Finance Unit is 'to optimise financial performance and good governance at the NCT by providing insightful guidance, excellent service and ensuring sound internal control'.

In order to achieve its strategic objectives and to contribute towards the organisational goals and objectives of the NCT, the Finance Unit's strategic goals have been formulated to ensure the effective and efficient use of financial resources. Sound financial management is imperative in sustaining the NCT. The goals of the Finance Unit were accordingly set out in the Strategic Plan of the NCT as follows:

To provide sound strategic financial advice

Through monthly monitoring of the NCT's budget and the compilation of quarterly spending trend reports and forecasts for the remainder of the financial year, the Finance Unit was able to advise the Executive Chairperson and Executive Committee (EXCO) on an on-going and pro-active basis in relation to the impact of the rapid increase in the caseload on the financial and human resources of the NCT. This enabled the NCT to re-evaluate its financial position and resource availability on a regular basis and to shift its focus to pressure areas and to reprioritise its spending and the implementation of projects in order to stay within its financial means and still achieve its strategic objectives.

To optimise the value for money received by the Tribunal from vendors of goods and services

Through sound financial discipline and the implementation of cost and efficiency savings in conjunction with other units, the Finance Unit ensured that the NCT obtained value for money from its suppliers and that more funds were available for adjudication. The CFO pro-actively monitors expenses to advise on any abnormal or unexpected increase, resulting in the achievement of savings by the introduction of appropriate strategies and cost-saving initiatives. In addition, the Finance Unit ensures that payments are only made to suppliers after confirmation of the correct quantity and quality of goods and services rendered to the NCT. Payments will accordingly only be processed on sign-off by the relevant Manager confirming the above.

To implement the appropriate actions to ensure accurate forecasting and budgeting

Due to the financial constraints of the South African Government, it is crucial that the NCT ensures that budgets are prepared accurately and that forecasts used in the allocation of financial resources are reliable as additional funding will not be available should the NCT not manage to stay within its allocated budget. A budget model was developed and approved for implementation in April 2016 and has been implemented and refined.

To effectively and efficiently plan, manage and report on the finances of the Tribunal

Management Accounts were prepared on a monthly basis and submitted to **the dti** once approved by the Chief Operating Officer and the Executive Chairperson. The monthly management accounts included a trends analysis in which spending trends were analysed and recommendations made, where necessary, as to future resource allocations and potential areas where cost-saving initiatives can be implemented or efficiency gains are achieved. Quarterly financial statements were also prepared that were submitted to National Treasury, **the dti** and the Audit and Risk Committee.

To maintain effective and efficient financial processes, systems, controls and policies to manage financial resources and risks

Through the updating of the policies and standing operating procedures within the Finance Unit, the NCT was able to operate within a sound control environment that has reduced the risk of financial loss to the NCT and the risks of internal and/or the external auditors identifying control deficiencies.

To embark on initiatives to ensure the Tribunal is appropriately funded by considering alternative funding models and, funding for programmes

Due to the continuous increase in the caseload beyond the expectations of the NCT, the Tribunal is operating on a tight budget to ensure that it can adjudicate on cases brought before it and to realise its mandate.

Information and Communications Technology (ICT)

The ICT Unit is responsible for providing the NCT with systems and services which will enable business processes to operate in an efficient and effective manner as well as have electronic access of NCT resources to all authorised stakeholders (internal and external) in a fast and secure manner from any geographic location. This enables the NCT to achieve its mandate in an innovative, secure and automated manner. During the FY17-18 reporting period, the ICT network, infrastructure and business applications experienced no significant outages and accordingly supported the NCT in the achievement of its mandate.



Office of the Chief Information Officer

The ICT being an enabling support unit for the business, set five strategic goals for the FY17-18 period to ensure that it effectively supports the NCT to meet its goals and objectives as set out by the FY17-18 annual performance plan (APP) and the organisation wide Business Plan. Each of these goals are catalogued below accompanied by an explanation of what took place during this period to ensure the goal objectives were achieved.

Ensuring that the ICT Enterprise Architecture supports, enables and meets the NCT's business requirements

In order to meet this goal, the NCT ICT Unit, in conjunction with Business, identified nine key business applications for this period. These are used enterprise-wide to ensure that the NCT users have the electronic tools to meet their business needs. Because of the criticality of operations, the ICT Unit has a measurement to ensure that availability of these systems is $\geq 98\%$ during business hours. These include:

- The mail exchange server, which is the central hub allowing the organisation's users to send/receive emails internally and externally at all times. The configuration of the NCT mail sub-system has been set up in such a manner as to allow for rapid recovery without loss of emails from unforeseen circumstances given the critical nature of this tool as a communications medium.
- The Case Management System, which allows for the electronic handling of the processes adopted for managing NCT cases. This includes capturing and registering of cases onto the system, updating/tracking of case status, and reporting. This system is made available both to internal and external users. It underpins the core mandate of the NCT in terms of the National Credit Act.
- The Exclaim system, which enables the organisation to track and report on its compliance checklists electronically in line with the approved policies and procedures of the organisation. This output is used for ensuring that the NCT provides accurate and comprehensive information to its stakeholders on the status of the organisation as and when required.
- The SharePoint system, which provides a central controlled information repository for organisational business documents and information. It also allows users to track changes made to documents for control purposes and, as such, is used within the NCT as a central electronic library for coordinated management of information.
- The VIP Employee Self Service system, which is an electronic workflow tool used for managing the requesting, approvals reporting and tracking of employees leave types on an ongoing basis.
- The VIP HR system, which is the records management system for all employee HR related activities and overall reporting of HR statistics such as employment equity figures.
- The Pastel system, which is the NCT Payroll and Supply Chain management system for the NCT.
- The Incident Management system, which is used as an electronic help desk tool for users to log problems and get them resolved through ICT. The system provides for the opening of a ticket, logging the fault, tracking the fault to a conclusion and closing the ticket.

- The Remote Desktop Services system, which allows for users from any remote location to sign on to their user profile and have the same availability and access and experience to services on the NCT ICT systems infrastructure as if they were accessing systems locally in the NCT offices.



The ICT being an enabling support unit for the business, set five strategic goals for the FY17-18 period to ensure that it effectively supports the NCT to meet its goals and objectives as set out by the FY17-18 annual performance plan (APP) and the organisation wide Business Plan.



For the FY17-18 period, the above applications had an average availability of 99% to the users during business hours, thus increasing secure, controlled access for Tribunal members, employees and other relevant stakeholders to the NCT's key business processes, information and services.

Additional functionality was rolled out in the FY17-18 period to further introduce efficiencies into the Case Management System in production. The key enhancements which were implemented and rolled out include:

- An application programming interface that allows external filers who already have a system to be able to send applications using a programming interface. This facility means a filer can send through a large number of applications without the need to capture the information in the conventional e-filing forms provided on the system. This capability is aimed at those filers with systems that do not wish to have to recapture application information a second time into the NCT e-filing system.
- An automated assessment facility with the NCT e-filing system such that when an external filer captures and application and uploads the associated supporting documentation, the system will check to ensure the prerequisite number and type of supporting documents have been uploaded before it provides the filer with a permanent case reference number. This capability



has a positive effect in ensuring that the problem of making incomplete electronic filing submissions is all but eliminated.

- Integration of the generation of templates into the e-filing system such that filers need only complete the electronic forms provided with the debt counsellor, consumer, credit provider and credit agreement details, and the system will automatically generate the prepopulated templates in readiness for the automated decision support system to assess the application and generate an order or directive automatically. It must be noted that currently automated generation of orders or directives by the system is not in production at this stage and all filings are allocated to the Tribunal members for processing at the motion courts process.
- Integration of historic case record data into the Case Management System (CMS) centralised database for all cases captured prior to the 1st of April 2015 which was the date when our automated Case Management System went live. This allowed us to have one centralised repository for all cases submitted to the NCT since the organisation's inception, which facilitates and streamlines our ability to manage and report on case data.

Ensuring that the ICT Enterprise Architecture is secure and that its users are protected against hacking and viruses

The implementation of network segmentation of the NCT ICT hardware and infrastructure was implemented during this period to allow for extra security and protection for NCT systems and applications. This meant converting our network design from a "flat" to a "layered" structure which ensures that none of the NCT business applications servers are visible to users on the wide area network. Users coming in over the wide area network can only access these services and get the necessary visibility if they have the correct credentials to be able to come through the NCT firewall and Proxy server.

Through the continued effective maintenance of our Microsoft windows based active directory database configuration, the Trend Micro anti-virus software and our firewall policy rules, we experienced no security breaches during the reporting period. In addition, we purchased a fully supported vulnerability assessment tool for the period which was run on weekly basis on the NCT ICT infrastructure, based on the weekly reports produced which highlighted where the potential vulnerabilities were located. We then instituted a regular patching process to address these shortcomings.

Providing effective change management services to support user adoption of newly-implemented systems

The change management goal focus in the 2017/2018 financial year was delivering awareness programmes and to assist debt counsellors to migrate from manually filing applications to the NCT Case Management e-filing system. Although this has been slow, more and more Debt Counsellors have registered on the e-filing system and are submitting applications electronically via this method. The medium-term plan is to phase out the process of allowing filers to manually submit applications and only receive these via the case management system electronic interface.

To effectively manage ICT-related risk through effective management and good governance

The three key structures that addressed this goal during the reporting period included the ICT Steering Committee, whose primary focus was on the projects, the NCT's EXCO and the ICT Governance Committee. ICT risks were pro-actively identified, reviewed and reported on regularly utilising the NCT's Risk Management process.

Through the appointed disaster recovery service provider, the ICT Unit conducted a detailed data recovery exercise in Quarter 1 and 3 of the 2017/18 financial year. User acceptance tests were successfully conducted in all the respective business units and the service provider subsequently issued a certificate to that effect.

With the continued threat of load shedding over and above having a disaster recovery capability, the installed generator which powers all servers, power over Ethernet points, the firewall, a reduced number of switches, routers and printers has worked well, thus ensuring further resilience and adequate systems availability during the times that a power outage was experienced. Once the grid failed the generator “kicked” in within an eight-second timeframe, which is well within the threshold to provide continuous power to the systems infrastructure as the UPS system has an operational window of up to 40 seconds. The failover for the systems and users during these times was seamless.



ICT Steering Committee

The ICT Steering Committee, comprising four members, continued to effectively operate to provide operational oversight over the management of all ICT-related projects. Within the COBIT framework, which the NCT has adopted as its governance model, there is a strong emphasis for the organisation to implement effective measures and control mechanisms to govern its ICT programmes. The ICT Steering Committee is one such instrument used to achieve this goal. Three Committee meetings were held during which the Chief Information Officer (CIO) reported back on progress made with project implementation.

Membership and attendance

Member	Capacity	No. of meetings attended
Ms M Bosch (Chairperson)	COO	3 of 3
Mr B Nomvete	CIO	3 of 3
Mr A Moolla (Member from 1 January 2018)	CFO	0 of 1
Mr L Rabotapi (Member from 1 September 2017)	Registrar	1 of 1
Mr P Moodley (Member until 31 August 2017)	Acting Registrar	1 of 2
Mr W Strauss (Member until 6 July 2017)	CFO	1 of 1
Mr B Keet (Member from 7 July 2017 until 31 December 2017)	Interim CFO	1 of 1



Ms M Bosch
(Chairperson)



Mr B Nomvete
CIO



Mr A Moolla
CFO



Mr L Rabotapi
Registrar

Key areas of responsibility

The Committee operates in accordance with an approved charter that sets out its duties and responsibilities. Among others, it is responsible for:

- Reviewing and providing guidance on investment reports, business cases and project plans for identified ICT projects in line with submissions made by the CIO;
- Ensuring that the scope of product and project development initiatives align with the requirements of the NCT;
- Reconciling differences in opinion and approach, and resolving disputes arising from product and projects development;
- Reporting project progress to EXCO and the ICT Governance Committee; and
- Overseeing the monitoring of contracted service providers to ensure that they deliver on requirements as per the signed SLA.

The Committee operates in a consultative fashion by seeking inputs from all relevant internal stakeholders, including Executives, Management and staff, through the Office of the COO, before making recommendations.

Main activities during the reporting period

The ICT Steering Committee focused on the development and deployment of the enhancements to the implemented Case Management System.

The Office of the Corporate Services Executive (CSE)

Corporate Services is a newly established functional unit within the Tribunal which was established in terms of the 2017/18 Strategic Plan and was operationalised accordingly. The Unit incorporates the departments of the Secretariat and Compliance Specialist, Human Resources and Communications. The CSE is responsible for compliance of the NCT with all applicable legislation and obligations as set out in the various Acts, policies and standard operating procedures as well as establishing relevant internal controls. In addition, the CSE is responsible for HR management, overseeing communications activities, logistics and administrative support, as supported by the various departments within this unit. During the year under review, the NCT met all its obligations in this regard. Audit management, risk management and fraud management also form part of the CSE's responsibilities and these items are discussed on page 70 of this report.



Office of the Corporate Services Executive

Corporate Services: Human Resources and Facilities Management

As the work environment is a key component of the work experience of staff, facilities and occupational health and safety (OHS), are managed by the Corporate Services Executive and the HR and Facilities Manager, supported by human resource management. The Human Resources Department formed part of the Corporate Services Unit with effect from 01 April 2017.

As a result of the direct impact of the increasing caseload on Tribunal operations and human resources, line management, in consultation with the Corporate Services Unit, consistently ensured that the resultant increased workload was effectively managed in a sustainable way.

In light of the above, the goals of the HR and Facilities Department were set out in the 2017/18 Strategic Plan of the NCT as follows:

To attract, develop and retain the right people to ensure the right skills in the right place at the right time to deliver on the NCT's mandate

In order to achieve this goal, the recruitment of a competent and capable workforce was a key priority during the year. The Tribunal filled 92,65% positions during the 2017/18 financial year. In addition, eight youths were appointed in various departments as Interns. These interns participated in a structured programme, including on-the-job training. The internship programme not only focused on the government's youth employment priorities but also acts as a feeder for junior positions, which might become vacant within the NCT. The Tribunal also considered other ways to attract and retain a competent workforce through the development of a Recruitment Strategy and subsequent amendments to its Recruitment Policy.



To develop an enabling framework and working environment that optimises the potential for employee engagement and wellness

The Human Resources Department, as part of the Corporate Services Unit, successfully implemented an employee wellness and health programme. The HR Department also used the results obtained from the online Organisational Culture and Engagement Survey to develop an action plan to improve overall employee engagement.

To shape a values-based culture that champions service excellence

The performance of all NCT Tribunal members and staff continued to be managed through the use of the NCT's performance management system throughout the period under review. In the same light, working hours for NCT staff members were closely monitored and overtime closely managed. Where line management indicated a justifiable increase in workload, this was mitigated through the use of additional resources in the form of contingency staff members as well as temporary agency staff to ensure healthy and sustainable work distribution.

To ensure compliance with all relevant employment and OHS related policies, legislation and regulations

The HR Department reviewed all applicable HR policies and procedures to ensure compliance with employment-related legislation and regulations. In addition, the HR Department ensured that NCT employees' inputs were obtained through a consultative process in relation to policy changes that may impact on the employees. A clarification session on the amended policies was held in conjunction with the Secretariat and Compliance Specialist. The erstwhile Employee Forum also provided an additional platform for staff members to provide inputs in respect to the amended policies. The Employee Representative Forum was, however, replaced by Shop Stewards during December 2017. All HR policies and procedures were tabled before the HR Governance Committee for expert input and recommendation to the EC. The full report on the activities of the HR Department is set out in Part D: Human Resources.

To establish user-friendly HR systems to facilitate and inform accurate HR data and reporting

The NCT implemented a system developed by Sage VIP to automate the performance review system. The VIP HR Performance Management module was utilised to conduct bi - annual performance reviews.

“As a result of the direct impact of the increasing caseload on Tribunal operations and human resources, line management, in consultation with the Corporate Services Unit, consistently ensured that the resultant increased workload was effectively managed in a sustainable way.”

Corporate Services: Communications

Stakeholder relations

Stakeholder engagement is salient in ensuring that the NCT effectively monitors and improves its efficiencies. Key stakeholders include **the dti**, Tribunal members and staff, committee members, as well as other regulatory entities and members of the public. During the reporting period, the NCT had 26 engagements with external stakeholders.

Regulatory entities

The NCT engaged with various regulatory entities, (National and International), the public as well as civil societies. The NCT participated through the African Dialogue (AD) on cross-border collaboration and related consumer credit regulatory projects. In addition, the NCT also participated at the United Nations Conference on Trade and Development (UNTAD) on how to effectively provide redress to aggrieved parties. The NCT further provided training to the Seychelles Fair Trading Commission on adjudication skills. The NCT also engaged with a South African non-profit organisation known as the Centre for Financial Regulation. This entity supports financial sector development through research, advocacy and provides assistance to the financial market in order to assist the Pakistan Microfinance Network (PMN) consisting of 44 Microfinance retail players, including Microfinance Banks and Non-Bank Microfinance companies. This was done for purposes of reviewing its consumer handling system to help develop the market and build trust among consumers. The NCT attended Parliament on numerous occasions during the past financial year, including meetings with the Portfolio Committee on debt relief measures and the finalisation of the Debt Relief Bill. In addition, the NCT had discussions with the Minister of Trade and Industry regarding enhancing economic participation and fostering compliance in the consumer credit market.

Educational institutions

During the reporting period, the Acting Executive Chairperson, supported by the COO's Office, engaged with a variety of educational institutions, including the University of Cape Town (UCT), University of the Western Cape UWC), University of Fort Hare (UFH) and the University of Pretoria (UP) to encourage research on consumer credit policies and to discuss the curriculum of consumer courses taught at these institutions, as well as providing awareness to students about the Tribunal and the variety of careers within its regulatory environment.

Filing parties

To facilitate access to the Tribunal services as well as managing stakeholder perceptions due to the increasing caseload during the previous financial years, it was necessary for the Tribunal to engage frequently with the filing parties, especially the Debt Counsellors and Debt Counsellors Association of South Africa (DCASA). The Tribunal had 11 strategic engagements with debt counsellors in Gauteng, KZN and the Western Cape, in order to advise them of the process of automated filing through the CMS and operations of Motion Courts for DRA matters. Moreover, the NCT had a strategic interaction with aspirant debt counsellors through the University of Pretoria to enlighten them about the role and mandate of the Tribunal. The engagements were very successful and the implementation of the CMS, as well as the Motion Courts, were well received by the filing parties. The Tribunal further engaged consumers in eleven sessions in the Eastern Cape, North-West, Mpumalanga, and Northern Cape on the role of the Tribunal through **the dti** education and awareness project.



Media houses

In an endeavour to increase awareness and access to Tribunal services, the Tribunal had four engagements through television consumer rights shows, radio stations as well as print media with the national as well as the Western Cape media houses. Subsequent to these, the media coverage of the Tribunal has been improving from a quality and accuracy perspective.

Other engagements

The Tribunal participated in the establishment of the Collective bargaining Forum by **the dti** as part of the labour movement in order to continually improve the labour conditions as well as establishing engagement channels to facilitate dialogue between employers and employees as well as the greater dti entities.

Strategy to overcome areas of underperformance

There were no areas of underperformance during the reporting period.

Changes to planned targets

The NCT's Strategic Plan for 2017/18- 2021/22 and Annual Performance Plan (APP) for 2017/18-2019/20 were approved by the Minister of Trade and Industry on 23 February 2017. Due to the continual increase in its caseload, the NCT requested approval from the Minister during October 2017 to amend the organisational structure contained in the APP for the period 2017/18 - 2019/20 to bolster the human resources of the Tribunal in order to achieve the various goals and objectives set for the Tribunal.

It was proposed that an additional five (5) positions be added to the structure and that of three (3) incumbents would deal directly with the Case Management process and support the Executive Chairperson in the management of the adjudication and related functions. It was thus proposed that the following positions be added to the structure:

- Executive Strategic Support
- Deputy Registrar
- Records Officer
- Human Resources Officer and
- Cleaner

In order to give effect to the requested amendment, it was proposed that the organogram, as it appeared in the APP for the period 2017/18 – 2019/2020, which was approved on 23 February 2017, be replaced with a revised organogram. In addition, it was proposed that the KPI index for the KPI “Percentage of positions filled” be revised by amending the method of calculation to indicate that as of 01 January 2018, there are 50 instead of 45 positions on the organisational structure.

The Minister of Trade and Industry, in conjunction with the Minister for Public Service and Administration, approved the amendments to the organogram which were confirmed in a letter dated 14 November 2017. As at 01/01/2018, the NCT had fifty (50) instead of forty-five (45) positions on its organisational structure.

Linking performance with budgets

Table 8: Linking performance with budgets

Programme	2016/17			2017/18		
	Budget	Actual expenditure	(Over)/ under expenditure	Budget	Actual expenditure	(Over)/ under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Adjudication	21 744	24 127	(2 383)	30 417	31 317	(900)
Administration	29 498	27 811	1 687	32 876	33 088	(212)
Total	51 242	51 938	(696)	63 293	64 405	(1 112)

The increase in adjudication expenditure can be attributed to an increase in employee-related costs in the Registrar's Office and an increase in the number of full-time Tribunal members. The key vacancies of the Registrar and the Senior Records Officer were filled in the 2017/18 financial year. An additional Tribunal Member was appointed in July 2017 and this appointment was factored into the budget for 2017/18 year. A new position for Deputy Registrar was also added to the organogram which also resulted in an increase in the employee costs.

The increase was also attributed to costs associated with motion courts which results in Tribunal members and support staff having to travel throughout the country. Furthermore venues had to be procured to facilitate the motion court process. It needs to be noted, however, that the increase in the number of DRA matters resulted in part-time Tribunal members being paid for adjudicating approximately 32 debt re-arrangement agreement matters per day instead of twelve matters as was previously accounted for. Through this process, the NCT has also improved its service delivery, accessibility and visibility by accessing its stakeholders in different locations throughout South Africa. As debt re-arrangement agreement matters were no longer assessed when filed with the NCT, these assessments now take place at the motion courts, and debt counsellors are then given the opportunity to rectify any incomplete filings at the motion court.

The over-spending on administration expenses was mainly due to the leasing of additional office space. Additional office space was acquired to accommodate the increase in the staff appointments and to increase the number of Motion Court rooms available at the NCT offices. The additional Motion Court rooms would reduce frequency of hiring venues in Gauteng. In addition, fewer external Motion Courts and venues will be necessary as the NCT offices will be utilised in conjunction with the online adjudication. This would result in further efficiencies gained as less travelling and accommodation will be required.

Revenue collection

Table 9: Revenue collection

Revenue source	2016/17			2017/18		
	Estimate	Actual amount collected	(Over)/ under collection	Estimate	Actual amount collected	(Over)/ under collection
	R'000	R'000	R'000	R'000	R'000	R'000
Grant income	46 151	46 151	-	48 459	48 459	-
Roll-over/additional funds	1 620	9 817	(8 197)	-	10 800	(10 800)
Filing fees	2 711	4 441	(1 730)	13 882	4 945	8 937
Service fees	-	14	(14)	-	32	(32)
Insurance claims	-	142	(142)	-		
Interest earned	760	2 193	(1 433)	953	1 981	(1 028)
Total	51 242	62 758	11 516	63 294	66 217	(2 923)



Income from filing fees comprises fees received from filing parties for cases brought before the Tribunal. The budget was prepared on the assumption that the cases filed for the year will be substantially higher than the previous year, hence the major variance shown in Table 9 above. The budget for 2017/18 financial year was prepared on the assumption that the case numbers would increase by 90% while the actual case numbers increased by 10% to 11% from the previous financial year. This anticipated increase of 90% was based on historical data which indicated on average the caseload increased by 70% over a five year period.

At the time that the budget for 2017/18 was prepared, the NCT did not anticipate it would have R10.8 million of accumulated funds. This accumulated rolled over funds consisted of funds accumulated from previous financial years.

As explained in Table 9, due to the retained surplus at the end of the previous financial year being more than what was budgeted for, there were more funds available for investment than anticipated. This resulted in the interest earned on investment to be higher than what was budgeted for.

Capital investment

The NCT does not have infrastructure projects and, as such, has no need for a Capital Investment Plan. It does, however, have property, plant and equipment that are accounted for in a detailed asset register, which is reconciled with the general ledger on a monthly basis.

The assessment of the entity's assets is conducted on an annual basis. The general condition of the assets is good, and hence the cost of maintaining these assets is very low. As such, there is no backlog in any maintenance programmes. The movement of the NCT's property, plant and equipment during 2017/18 is summarised in the following table:

Movement of NCT property, plant and equipment

Table 10: Movement of NCT property, plant and equipment

Property, plant and equipment	Opening balance	Additions	Assets written off	Assets sold	Depreciation	Closing balance
Furniture and fittings	564 370	381 717	-	-	(60 086)	886 000
Office equipment	49 182	69 335	-	-	(27 174)	91 343
Computer equipment	1 421 131	991 293	(18 705)	-	(524 964)	1 868 755
Leasehold improvements	1 479 347	989 907	-	-	(601 882)	1 867 396
Books	25 472	1 047	-	-	(3 547)	22 972
Signage	-	-	-	-	-	-
Office equipment – leased	189 586	682 549	-	-	(219 556)	652 889
Total	3 729 088	3 115 847	(18 705)	-	(1 436 902)	5 389 328

Expenditure on capital assets (including intangible assets) amounted to R4 million. This was mainly due to occupying additional office space and the development of the CMS, which is being financed out of the approved roll-over funds brought forward from previous financial years.

Additional office space was rented during the year to accommodate the increased staff complement and to establish an additional Motion Courtroom. This caused an increase in furniture and fittings and computer equipment. Furthermore, additional laptops, screens and printers were acquired for Tribunal members so they could adjudicate matters online.

Refer to Note 2, Note 3 and Note 18.9 in the Annual Financial Statements.





PART C: GOVERNANCE

Introduction

Corporate governance embodies the processes and systems by which an entity is directed, controlled and held to account. In addition to legislative requirements based on its enabling legislation and the Companies Act, Act No. 71 of 2008, corporate governance with regard to public entities is applied through the precepts of the PFMA and run in tandem with the principles contained in the King Code of Governance Principles and King Report on Governance (King IV).

Parliament, the Executive Authority and the Accounting Authority of the NCT are responsible for corporate governance.

Portfolio Committees

The Parliamentary Portfolio Committee (PC) on Trade and Industry provides oversight over the service delivery of the NCT.

During 2017/18, the NCT briefed the Portfolio Committee on Trade and Industry in relation to its Strategic Plan 2017/18 – 2021/22 and the Annual Performance Plan 2017/18 – 2019/20, as well as progress on its cases. In addition, should Parliamentary questions be posed to **the dti** entities, the NCT responds in writing to these questions.

Executive Authority

The NCT, as a public entity within the sphere of **the dti**, reports, through the Department's Consumer and Corporate Regulation Division (CCRD) and the Public Entity Oversight (PEO) Unit to the Honourable Minister of Trade and Industry, Dr Rob Davies (MP).

The NCT complied with its obligations in terms of its Shareholder Compact by submitting quarterly reports to **the dti** on or before the end of each respective quarter. The Honourable Minister, as Executive Authority, approved these reports.

Accounting Authority

Introduction

The Executive Chairperson is the Accounting Authority of the NCT and holds absolute responsibility and accountability for its performance. He provides strategic direction to the NCT and, in his role as Accounting Authority, monitors operational performance and management, determines policy processes to ensure the integrity of risk management and internal controls, and ensures compliance with applicable laws, regulations and government policy.

Governance committees

The following governance committees were in place to support and advise the EC on his duties:

- Audit and Risk Committee;
- ICT Governance Committee; and
- Human Resource Governance Committee. This committee also constitutes itself as a Performance Management Committee.

Since the Executive Chairperson is also a full-time member of staff and therefore affected by NCT policies and procedures, any matters pertaining thereto are first put before the Executive Committee (EXCO) for comment. Such matters are then brought before the relevant governance committee for consideration and formal recommendations are made to the Executive Chairperson.

The Executive Chairperson fully considers each recommendation from the governance committees and formally responds to each recommendation. When approving a recommendation, he issues an instruction to Management through the Office of the COO to action the recommendation with specific timeframes for implementation. If a recommendation is not accepted, the Chairperson provides full reasons for not accepting the recommendation for consideration by the relevant committee.

The recommendations made by the NCT Audit and Risk Committee and the outcomes and progress thereof are reported to **the dti** in the Tribunal's quarterly report.

Audit and Risk Committee



Mr T Mofokeng

Mr T Kgokolo (Chairperson)

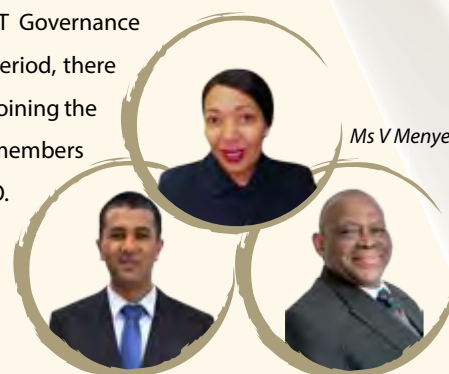
Mr W Strauss

Mr M Kajee

The role of the Audit and Risk Committee is discussed on page 74 and the Audit and Risk Committee Report can be viewed on page 96.

ICT Governance Committee

The ICT Governance Committee continued to effectively operate by providing ICT Governance oversight over the ongoing operations of the NCT's ICT Unit. During the reporting period, there was a transition of the committee from the former members leaving to new members joining the group. The ICT Governance Committee comprises of three (3) members. Two of the members are independent external IT Specialists with the third member being the Tribunal's CIO. The main change that took place was that the new externally appointed members all have in-depth ICT skills which positively contribute to the ongoing decision-making processes.



Ms V Menye

Mr P Dala (Chairperson)

Mr B Nomvete

Table 10.1: Membership and attendance

Member	Capacity	No. of meetings attended
Mr Prittish Dala (Appointed as Committee Chairperson from October 2017)	Independent ICT Specialist	2 of 2
Ms Vuyokazi Menye (Appointed as Member from October 2017)	Independent ICT Specialist	2 of 2
Mr Bax Nomvete (Appointed as Member since October 2017, attended all prior meetings ex officio)	CIO	2 of 2
Dr. Laura Best (Committee Chairperson until June 2017 when her term expired)	Part-Time Tribunal Member	1 of 1
Prof Bonke Dumisa (Committee Member until June 2017 when his term expired)	Part-Time Tribunal Member	0 of 1
Adv. J Simpson (Committee Member until June 2017 when his term expired)	Fulltime Tribunal Member	1 of 1
Mr B Mize (Committee member until June 2017 when his term expired)	Independent ICT Specialist	1 of 1

Key areas of responsibility

The ICT Governance Committee has an oversight function and works in an advisory capacity to the Accounting Authority. It operates according to an approved charter.

Main activities during the reporting period

The ICT Governance Committee's main duties during the reporting period included:

- Review of items/documents prepared by the Chief Information Officer and approved by EXCO;
- Review ICT risks and recommendations made on the internal controls and mitigating risk plans;
- Recommendations made on the level of compliance with policies;
- Provision of strategic inputs on ICT matters to the NCT;
- Review reports, plans, strategies, policies and proposals and recommendations made there to in relation to the entire ICT functions as detailed in the ICT Strategy of the NCT;
- Review and provide inputs on the ICT Governance Framework;
- Recommendations made for resourcing the ICT function and related ICT investments in line with the ICT Strategy and Plan; and
- Review and make recommendations the effectiveness of SLA management

The CVs of the members of the ICT Governance Committee are attached to this report in Annexure B.

HR Governance Committee



Adv N Lolwane

Ms N Mona

Mr T Motswaledi (Chairperson)

Table 11: Membership and attendance

Member	Capacity	No. of meetings attended
Mr Tlhotse Motswaledi (Committee Chairperson since 27 November 2017)	Independent HR Specialist	2 of 2
Ms Nomkhita Mona (Committee Member since 27 November 2017)	Independent HR Specialist	2 of 2
Adv. Nelson Lolwane (Committee Member since 27 November 2017)	Corporate Services Executive	2 of 2
Prof JM Maseko (Chairperson until June 2017 when he was appointed as Executive Chairperson)	Part-Time Tribunal Member	2 of 2
Adv FK Manamela (Member until August 2017 when his term expired)	Part-Time Tribunal Member	1 of 2
Ms H Devraj (Committee Member until August 2017 when her contract expired)	Full-Time Tribunal Member	2 of 2
Prof S Paruk (Committee Member until August 2017 when her contract expired)	Independent HR Specialist	2 of 2

During the reporting period, the terms of office all the previously appointed HR Governance Committee Members came to an end. The structure of the Committee was changed such that the HR Governance Committee comprised with two (2) independent HR Specialists and the Corporate Services Executive. The COO as well as the HR & Facilities Manager attend meetings in their official capacities. The CVs of the members of the HR Governance Committee are attached to this report in Annexures B.

Main activities during the reporting period

The Committee deliberated on and made recommendations on the following main areas during the 2017/18 reporting period:

- Considered the impact of the positions of the Registrar and Corporate Services Executive being vacant and suggested that a headhunting process be followed in the light of the normal recruitment processes being unsuccessful in securing suitable placements. As an interim measure, the Committee supported the proposal of these positions being filled by temporary placements;

- Recommended that alternative tools be considered to substitute psychometric testing to ensure that the NCT uses universal tests that are not biased against certain demographical components of South African society;
- Considered amendments to the various HR policies and recommended the policies for approval with a focus on the Succession Planning Policy and the Performance Management Policy and recommended that these two policies be more closely examined in order to ensure better alignment to the needs and culture of the organisation. With regard to the Succession Planning Policy, it was recommended that job rotation be considered;
- Finalised the performance reviews and also provided guidance to management on how to handle issues pertaining to performance improvement and the review of performance information; and
- Recognised that the HR Strategy and Plan took on a more strategic direction and greater alignment to the organisational strategy and was pleased that Management put in a lot of work to take on this strategic direction. Even though the position of HR & Facilities Manager was not filled by a permanent employee, Management has ensured that despite this challenge, that it achieved 92,59% of the Plan. The hard work and dedication by Management in achieving the goals of the HR Plan have resulted in creating a more stable and nurturing working environment at the NCT.

Risk Management

Effective risk management entails continuous and proactive identification and assessment of risk factors affecting the NCT's mandate. As at 31 March 2018, the NCT had 21 strategic risks on the Risk Register. The Tribunal Management is responsible for implementing risk action plans and for ensuring controls are effective and continually enhanced. At each EXCO Meeting, the relevant 'risk owner' reports on the status of the particular risk managed as well as the mitigating actions taken. Progress against risk action plans is monitored and reported on a quarterly basis to **the dti** in the quarterly reports.

During the reporting period, the risks associated with the constant and rapid increase in the NCT's caseload, as well as insufficient funding to meet operational requirements due to the increasing caseload, were prioritised. Risks pertaining to cyber security further received a significant amount of attention during the reporting period. At the end of the reporting period, the NCT implemented 100% of the risk action plans that were due for implementation.

Internal Control

The NCT provides a stringent and focused approach to ensuring effective internal controls. Under the leadership of the EC, the COO and Executive Managers are responsible for ensuring that internal controls are implemented, maintained and monitored by the respective business units. In order to ensure that internal controls are effectively implemented and monitored, written Standard Operating Procedures were developed and approved for implementation. Compliance with these Standard Operating Procedures are monitored continually. These Procedures would be reviewed and revised from time to time to ensure the continuous strengthening of internal controls as and when deficiencies are identified and to ensure continued effectiveness and efficiency within a controlled environment.

Internal Audit

Key activities and objectives of the Internal Audit function

Internal Audit provides Management with independent, objective assurance and consulting services designed to add value and to continually improve the operations of the NCT. It assists the organisation in accomplishing its objectives through a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management and control processes. The following key activities are performed in this regard:

- Assess and make appropriate recommendations for improving the governance processes in achieving the NCT's objectives;
- Evaluate the adequacy and effectiveness of the risk management process and contribute to the improvement thereof; and
- Assist the Accounting Authority in maintaining efficient and effective controls by evaluating those controls and making recommendations for enhancement or improvement.

The Internal Audit function was outsourced to an external service provider, Business Innovation Group (BIG), and was overseen by the COO. BIG audits all areas of business in terms of the approved three-year, risk-based Internal Audit Plan.

In addition, the Internal Audit Unit of **the dti** also monitors compliance and engages with the NCT from time to time. This unit also monitors the NCT's reports on the status of implementation of Management's commitments on Audit Findings raised by either internal audit or external auditors.

Summary of internal audit work done

During the reporting period, Internal Audit conducted the following audits and reviews:

- Internal financial controls;
- Audit of Predetermined Objectives;
- Human Resources;
- Case and Records Management;
- IT Security;
- Follow Up review; and
- Motion Courts.

AUDIT AND RISK COMMITTEE

Key activities and objectives of the Audit and Risk Committee

The Audit and Risk Committee provides independent oversight over governance, risk management and control processes at the NCT, which include oversight and responsibilities relating to:

- Internal audit;
- External audit;
- Accounting and reporting;
- Accounting policies;
- Review of the AGSA's Management and Audit Reports;
- Review of In-year Monitoring Reports;
- Risk management;
- Internal control;
- Pre-determined objectives;
- Ethics and forensic investigations;
- Finance, Compliance and ICT; and
- Fraud reporting.

The NCT's independent fraud hotline service provider is mandated to provide fraud reports as and when reported directly to the ARC. The NCT specifically budgets annually for the conducting of forensic investigations should instances of fraud or corruption be reported. During the year under review, no incidents of fraud were reported.

Table 12: Attendance of Audit and Risk Committee meetings

Name	Qualifications	Internal/ external	If internal, position	Date appointed	Date resigned	No. of meetings attended
Mr Thomas Kgokolo (Chairperson)	MBA, BCompt Hons (CTA), CA(SA)	External	N/A	September 2017	N/A	1 of 2
Mr M Kajee	B Compt Hons, CA(SA), ACMA	External	N/A	01/01/2014	N/A	5 of 5
Mr Tshepo Mofokeng	B Com, B Acc, CA(SA), CIA, CRMA	External	N/A	September 2017	N/A	2 of 2
Mr Willie Strauss	BCompt, CTA, B.Proc, B. Compt. Hons. LLM (Tax Law), MBA, CA(SA)	External	N/A	September 2017	N/A	2 of 2
Mr A Amod (Previous Chairperson)	B Com, MBA, CIA, CRMA, CGSA	External	N/A	01/08/2011	July 2017	3 of 3
Ms J Meissner	B Com, B Compt Hons CA(SA)	External	N/A	28/07/2011	July 2017	3 of 3

During the reporting period, the terms of office the previously appointed Audit and Risk Committee Chairperson and a Member came to an end. A new Committee Chairperson and two additional committee members were appointed. The Executive Chairperson, COO, CFO and CSE attend the meetings of the ARC in their official capacities. The CVs of the members of the Audit and Risk Committee are summarised in Annexure B.

Compliance with Laws and Regulations

The NCT reviews its regulatory environment on a regular basis and has incorporated all applicable laws, regulations and policies into its automated compliance monitoring system, Exclaim. Compliance checklists are completed by the relevant policy owners on Exclaim, which allows for the generation of quarterly compliance reports for Audit and Risk Committee meetings as well as the EXCO meetings. During the period under review, the NCT complied with all laws and regulations impacting on its business.

Anti-Fraud and Anti-Corruption

As a regulatory entity, adequate fraud prevention processes are essential to the NCT. Its Fraud Hotline is managed by an independent service provider, which is mandated to report any instances of fraud directly to the Chairperson of the Audit and Risk Committee. A panel of fraud investigation service providers is in place to investigate any instances of fraud reported through the Fraud Hotline. A fraud awareness session was furthermore held with NCT staff, which included information on the NCT Fraud Hotline and the type of instances which should be reported utilising the Fraud Hotline.

Minimising Conflict of Interest

The NCT has processes in place to determine whether any of the Tribunal members or staff have any vested interests in matters adjudicated by the Tribunal or in the procurement, governance and operational aspects of the Tribunal.

Annually, Tribunal members and staff declare their specific current interests, whether financial or otherwise, which may result in a conflict of interest. In addition, the Tribunal conducts Companies and Intellectual Property Commission (CIPC) searches to determine whether any of the Tribunal members or staff are directors or shareholders in companies which might cause conflicts of interest in respect of service level agreements and /or adjudication.

Conflict of interest forms are completed during the adjudication of each case and before all governance, operational, procurement and recruitment interactions. Any conflict is immediately reported and assessed before the case proceeds. Any possible conflict with regard to the adjudication of matters is referred to the Executive Chairperson for a decision. Matters of conflict pertaining to a committee or meeting are referred to the Chairperson of that committee/meeting. In the event of a conflict, the conflicted party is recused during a discussion of the item on which they are conflicted.

Code of Conduct

NCT staff and Tribunal members adhere to a formal Code of Conduct and Conflict of Interest Policy. Through the Code of Conduct, Tribunal and staff members are expected to align their behaviour with the values of the NCT. The Code also addresses disclosures relating to conflict of interest, financial disclosures as well as gifts received. In the event of a breach, the internal disciplinary process is followed.

The NCT followed a formal disciplinary process during the previous financial year, due to a staff member being suspected of involvement in fraudulent activities. It constituted a serious breach of the NCT's Code of Conduct. The sanction of the hearing was dismissal and was effective from 01 April 2017.

Health, Safety and Environmental Issues

As required by legislation in terms of the Occupational Health and Safety (OHS) Act, Act No. 85 of 1993, the NCT strives to provide and maintain, as far as reasonably possible, a safe and risk-free environment for its employees and stakeholders accessing the premises. The NCT is registered with the Compensation Commissioner in terms of the Compensation for Occupational Injuries and Diseases Act, Act No. 130 of 1993, and makes an annual contribution towards the Compensation Fund to ensure compliance with legal instruments. OHS forms a key part of the role of the HR and Facilities Manager who guides and advises the Tribunal on OHS matters.

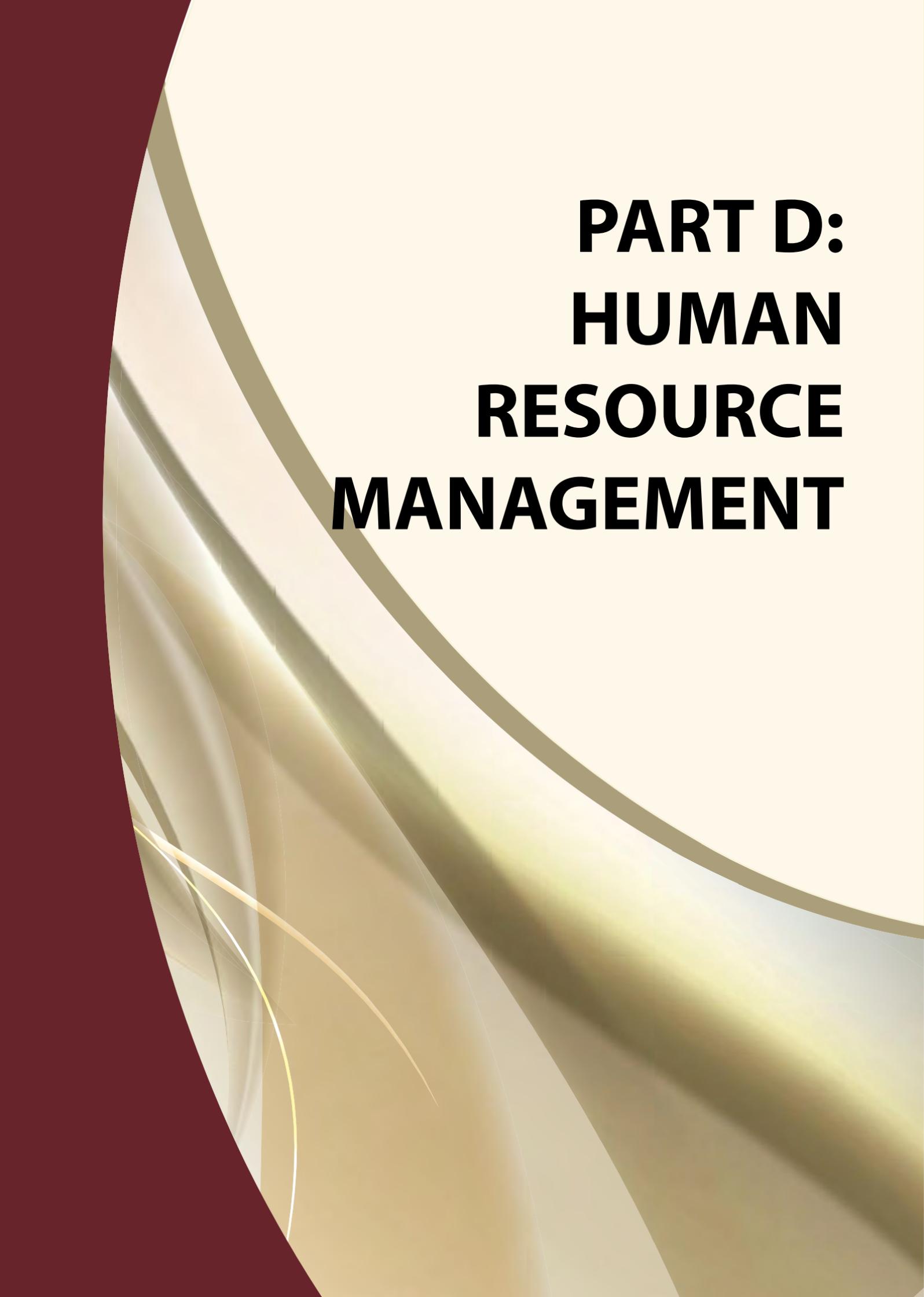
Social Responsibility

Staff and EXCO members participate on a voluntary basis in identified corporate and social responsibility projects. During the reporting period, staff members contributed clothes, toys and baby products to an orphanage in need. The Tribunal also donated old building materials to a school in Gauteng.

Audit and Risk Committee Report

The report of the Audit and Risk Committee is provided from page 96 to 98.





**PART D:
HUMAN
RESOURCE
MANAGEMENT**



Introduction

Overview of HR matters

During the reporting period, the Human Resources Department as part of the Corporate Services Unit of the NCT, faced many challenges due to the persistent and high increase in caseload. This included additional pressure on staff and Tribunal members to continue to achieve all the applicable targets as set out in the NCT's Business Plan without additional staff and financial resources.

The NCT continued to appoint and train young South Africans through its Internship Programme and contingent employee pool during this performance period. Both these programmes run over a period of one year, the difference being that the Internship is undertaken by qualified graduates and requires full-time participation for that period. The Contingency Pool programme, on the other hand, also allows for those who are still studying towards their qualifications in tertiary institutions to provide ad hoc assistance during peak periods as and when the need arises. In both programmes, participants receive on-the-job training and capacity development to equip them with marketable skills and experience to utilise in the sourcing of future employment opportunities. The NCT, furthermore, serves as a reputable contactable reference for participants.

During the reporting period, a total of eight (8) Interns were appointed in various departments, namely the ICT Department, the Registrar's Unit, Human Resources and Finance.

The NCT became unionised with effect from December 2017. The NCT implemented an Employment Equity Plan in line with the Gauteng Regional Active Population Statistics, as published by Statistics South Africa (Stats SA).

HR priorities for the year and its impact

The HR priorities were set based on the strategic goals identified for HR in line with the NCT's strategic priorities. The achievement of these goals is discussed on page 82 of this report under "Human Resources and Facilities Management"

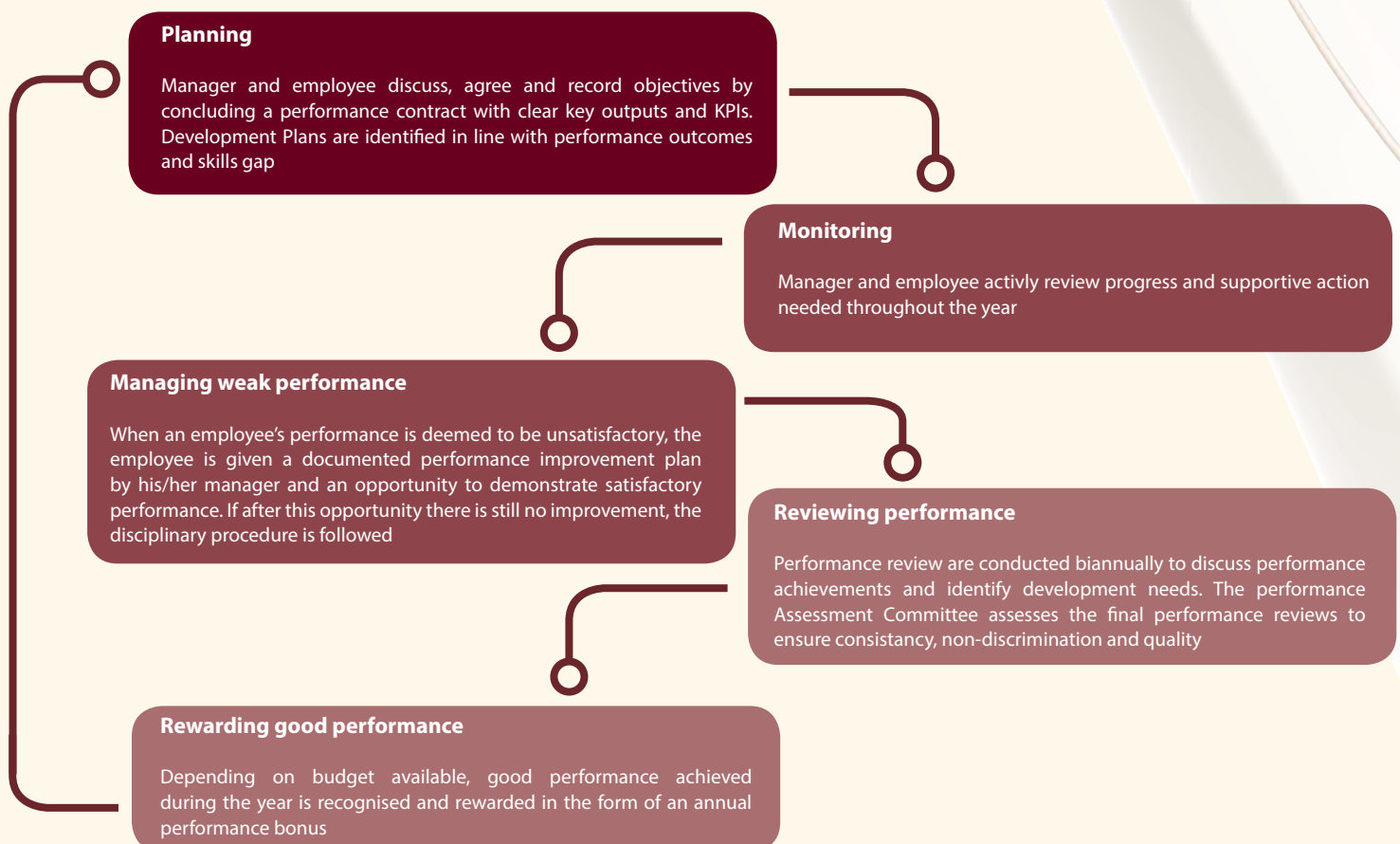
Workforce Planning Framework

The NCT requested amendments to the Organisational Structure during Q3 of the reporting period, taking into consideration its mandate, commitments, available financial resources as well as the anticipated number of cases expected to be filed. Changes in the organisational structure include additional resources, such as one additional Cleaner, one HR and Facilities Officer, an additional Records Officer, a Deputy Registrar as well as an Executive Strategic Support position reporting to the Executive Chairperson. The Human Resources and Facilities Department, Corporate Communication as well as the Compliance and Secretariat function also integrated to form part of the Corporate Services Unit.

To assist with spikes in the caseload, which requires capacity beyond that of its permanent staff, the NCT employs a pool of contingent employees on one-year contracts, including an Internship Programme. This is a mutually beneficial arrangement, in that the young graduates who participate in the Internship Programme and the Contingent Employee pool obtain valuable on-the-job experience and a valuable reference to utilise for future employment opportunities. Similarly, the NCT benefits, as these young graduates assist its permanent staff members in dealing with the demands and spikes in its caseload.

Employee Performance Management Framework

The NCT's performance management process can be illustrated as follows:



Performance management of Tribunal members and staff is vital to the success of the NCT. Both staff members and Tribunal members operate in terms of performance agreements and accordingly have a clear understanding of their individual key performance areas (KPA's) and key performance indicators (KPIs). In this way, the NCT ensures that the risk of not meeting its performance targets is minimised.

The performance of Tribunal members and staff is measured in accordance with the Performance Management Policy and Procedures and is linked with the Strategy, APP and Business Plan.

The NCT follows a risk-sharing model in terms of which 30% of an employee's final performance rating is determined based on overall organisational performance and 70% is determined based on the employee's individual performance. This model ensures that the organisation as a whole is accountable for achieving the performance targets set for the year. During the performance assessment process, each staff member conducts a self-assessment and rating, and submits this, with supporting performance information, to their relevant line manager. The information is then reviewed and performance discussions are held with individual staff members in finalising the scores.

The Corporate Services Unit, in conjunction with the Office of the COO, conducts an independent valuation of the performance assessments and performance information on a sample basis to ensure that it is reliable, valid and accurate and supports each KPI. Managers are then required to consider the issues raised in the reports, and to adjust the assessments accordingly in consultation with the relevant staff member before submission to the HR Governance Committee as the external moderator. The NCT has an appeal process in place should any staff member feel aggrieved by a performance rating by a line manager. This rigorous process is followed to ensure that there is evidence to support the scores that are put forward and to ensure that scoring is non-discriminatory and consistent across the NCT. The HR Governance Committee accepted the recommendations made by the service providers in certain instances.

Employee wellness programmes

Due to the continued increase in the Tribunal's caseload experienced during the past financial year, it became critical to focus on employee wellness. The Employee Health and Wellness Programme will be implemented during the first quarter of the financial year to assist staff and managers to deal with employee health and wellness related concerns, which the staff members greatly benefitted from. Several wellness events discussed below, however, took place during the year.

- Induction sessions with NCT staff and Management to ensure that NCT employees are appropriately inducted and to assist with quicker settling into the NCT culture;
- Monthly staff meetings to address any concerns raised by staff members;
- An Organisational Culture and Engagement survey was conducted, to obtain additional information confidentially;
- Drafted a Change Management Framework in order to guide managers through the change management process; and
- Drafted an internal Communications Plan to ensure that staff members have the necessary information impacting the NCT environment.

It was, therefore, identified that the following be addressed in 2018/19:

- To continue with regular Shop Steward meetings, which is a safe internal structure for collective engagement and the building of sound and productive workplace relationships;
- Improved internal communication inclusive of the development of a year plan focused on segmented internal audiences and an internal handbook to guide such communication;

- Upskilling managers overall by means of a Management Development Programme;
- Build on the Employee Health and Wellness programme;
- Implementing action plans to address developmental areas as identified during the Organisational Culture and Engagement survey; and
- Targeted organisational development interventions in support of building trust between people at the NCT, culture shaping and building.

Policy development

All HR policies and procedures were reviewed during the last quarter of the financial year, which included the following policies:

- Code of Conduct and Conflict of Interest Policy;
- Disciplinary Policy;
- Occupational Health and Safety Policy;
- Performance Management and Performance Information Reporting Policy;
- Total Awards Policy;
- Grievance Policy;
- HIV and Aids Policy;
- Leave Policy;
- Succession Policy;
- Recruitment, Selection, Onboarding and Retention Policy; and
- Sexual Harassment Policy.

Particular attention was paid to the relevance of these policies within the current operating environment, legislative framework and provisions relating to fairness and consistency. Recommendations made by the various Governance Committees have also been taken into consideration during the policy review. An additional policy, namely the Skills Development Policy, was compiled and approved for implementation in the next financial year.

Achievements and challenges faced

Two key performance indicators were set for the HR Department on the organisational scorecard, namely to ensure that the NCT has adequate human resources to fulfil its mandate and to contribute to youth employment. The HR Department exceeded the targets set for both these objectives as well as the overall HR Business Plan. The Organisational Culture and Engagement Survey indicated that the NCT has a healthy organisational culture and that staff members are engaged in their work. The implementation of the Employee Health and Wellness programme furthermore assisted staff members to engage with specialists during times of need.

The increasing caseload resulted in an increased utilisation of contingent employees and whilst the pool of professionals assisted the Tribunal to deal with its caseload, it also increased the supervisory burden on permanent staff to offset the increased risks of poor case management and incorrect data capturing on the CMS and further increased the Tribunal's requirements for office space. With the persistent increase in caseload, there is also an increased need for adjudicative capacity i.e. additional Tribunal members.



Future HR plans/goals

GOAL 1: To attract, develop and retain the right people to ensure that the right skills are available in the right place at the right time to deliver on the NCT's mandate. **(Level 2)**

- Data is accurate, timeous and complete – both in terms of physical and electronic records (includes leave records, performance management data and job descriptions).
- To establish a clear process of workforce planning and strategic sourcing to proactively deliver on the NCT's human capital requirements.
- To up-skill the ICT competencies and skills of all NCT employees and Tribunal members and to ensure their continuous professional development.
- To develop and implement an effective on-boarding and induction programme.
- To manage performance effectively through the continuous assessment of performance in the NCT as well as proactive analysis of identified trends.
- To implement a programme of personal competency development in alignment with the NCT's competency framework and access to structured learning.
- To develop and implement a non-monetary rewards and recognition programme to recognise achievement and enhance retention.

GOAL 2: To develop an enabling framework and working environment that optimises the potential for employee engagement and wellness. **(Level 4)**

- To implement and apply a change management framework and approach with the accompanying tools and methodologies to accelerate and sustain user adoption and enable desired change.
- Through effective internal communications, engage in targeted wellness awareness programmes aligned to the NCT values, as well as increase levels of employee engagement, productivity and enhanced work / life balance.

GOAL 3: To anticipate future business and environmental demands on the NCT and to provide Human Resource capacity to satisfy those demands and fulfil the NCT's mandate. **(Level 3)**

- Ensure effective and proactive manpower planning by developing an overall resourcing plan that identifies the skills and functions required for the NCT to fulfil its mandate and achieve sustainable business continuity.
- Identify skills and roles needed to help fulfil the NCT's mandate.
- To ensure the continuous maintenance and evaluation of Job Descriptions.
- Data is accurate, timeous and complete – both in terms of physical and electronic records (includes leave records, performance management data & job descriptions).

GOAL 4: To shape a values-based culture that champions high performance and service excellence. **(Level 5)**

- To measure and evaluate the extent to which managers and employees are living out the NCT values.
- To develop a comprehensive blue-print of what the future NCT culture should look like.
- To identify the leadership competencies required to shape the future NCT culture and implement a plan to develop these competencies over time.
- Through the establishment and implementation of objective management assessment tools, ensure that the NCT management cadre positively impacts its workforce.

GOAL 5: To establish effective and efficient HR Administration to facilitate and inform accurate HR data and reporting. **(Level 1)**

- To ensure a comprehensive, accurate and up to date HR Database as well as physical and electronic HR Records.
- To ensure comprehensive HR Reporting to enhance business decision making.
- Finalise and communicate the HR Policies and their supporting Standard Operating Procedures.
- Develop and implement a Performance Management System, supported by the service provider of the human resources software and Employee Self-Service.
- To implement a comprehensive approach to talent management supported by the necessary systems, processes and VIP modules (competency development, career development & succession planning).
- To develop line managers understanding and competency in implementing talent management processes and systems effectively.

Human Resource Oversight Statistics

Table 13: Personnel cost by programme

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Personnel expenditure as a % of total expenditure (R'000)	No. of employees	Average personnel cost per employee (R'000)
Adjudication	31 317	14 198	45%	27	526
Administration	33 088	17 554	55%	22	798
Total	64 405	31 752	100%	49	648

** Note: Weighted average utilised as some personnel have both an adjudicative as well as an administrative function. In addition, interns, temporary staff and contingent employees included in figures are provided for on a pro-rated basis.*

Table 14: Personnel cost by salary band

Level	Personnel expenditure (R'000)	Personnel expenditure as a % of total expenditure (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top management	1 753	5%	1	1 753
Senior management	10 844	36%	7	1 549
Professional qualified	7 239	24%	7	1 034
Skilled	5 981	20%	10	598
Semi-skilled	4 119	14%	22	187
Unskilled	315	1%	2	158
Total	30 251	100%	49	648

Table 15: Performance rewards

Programme	Performance rewards	Personnel expenditure (R'000)	% of performance rewards to total personnel costs (R'000)
Top management	233	1 753	13%
Senior management	1 278	10 844	12%
Professional qualified	883	7 239	12%
Skilled	774	5 981	13%
Semi-skilled	253	4 119	6%
Unskilled	42	315	13%
Total	3 463	30 251	11%

Table 16: Training costs

Directorate/ business unit	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as % of personnel cost	No. of employees trained	Average training cost per employee
Adjudication	14 198	220	2%	18	12 207
Administration	17 554	493	3%	31	15 937
Total	31 752	713	2%	49	14 567

Table 17: Employment and vacancies

Programme	2016 /17 no. of employees	2017/18 approved posts	2017/18 no. of employees	2017/18 Vacancies	% of vacancies
Adjudication	17	27	23	4	14.81%
Administration	18	23	21	2	8.69%
Total	35	50	44	6	12,00%

Note: This information pertains only to permanent employees as at 31 March of each year. Interns, who join the NCT through the one-year Internship Programme, as well as temporary employees, are excluded from the information provided above. The vacancies for 2017/18 and the % of vacancies are indicated as at 31 March 2018 while the % of vacancies indicated in the section on Performance Against Predetermined Objectives is as an average over the full 2017/18 financial year.

Table 18: Employment and Vacancies by employment category

Salary band	2016/17 no. of employees	2017/18 approved posts	2017/18 no. of employees	2017/18 vacancies	% of vacancies
Top management	-	1	1	-	-
Senior management	5	8	8	-	-
Professional qualified	8	12	11	1	8.33%
Skilled	10	12	10	2	16.66%
Semi-skilled	10	13	12	1	7.69%
Unskilled	2	3	2	1	33.33%
Total	35	50	44	6	12.00%

Note: This information pertains only to permanent employees as at 31 March of each year. Interns, who join the NCT through the one-year Internship Programme, as well as temporary employees, are excluded from the information provided above. The vacancies for 2017/18 and the % of vacancies are indicated as at 31 March 2018 while the % of vacancies indicated in the section on Performance Against Predetermined Objective is as an average over the full 2017/18 financial year.

Table 19: Employment changes

Salary band	Employment at beginning of the period	Appointments	Terminations	Internal transfer out of band	Employment at end of the period
Top management	1	-	-	-	1
Senior management	5	4	1		8
Professional qualified	8	4	1	-	11
Skilled	10	1	1		10
Semi-skilled	10	4	1	-1	12
Unskilled	2	-	-		2
Total	36	13	4	-1	44

Fig 7: Reasons for staff leaving

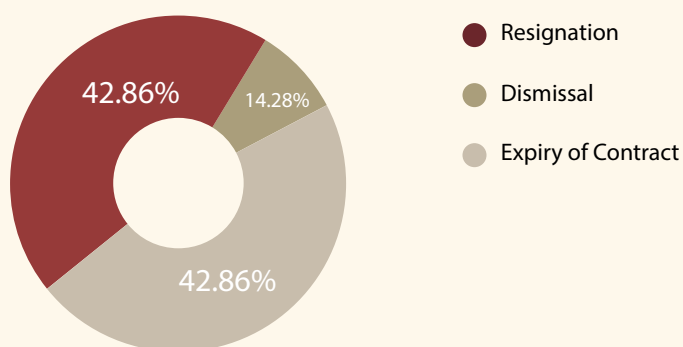
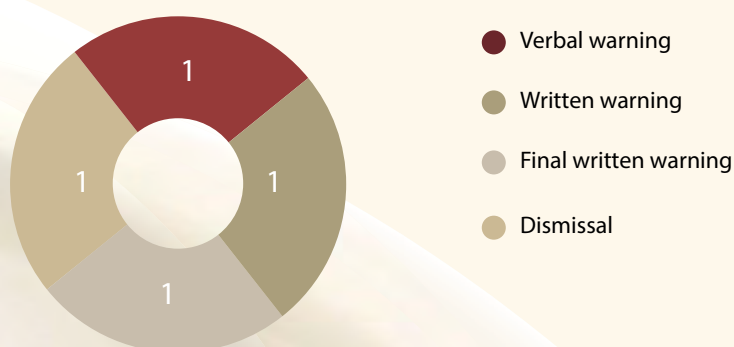


Fig 8: Labour relations: misconduct and disciplinary action



Equity target and employment equity status

Although the NCT is not required to report in terms of the Employment Equity Act, Act No. 55 of 1998, it supports and is committed to the principles of employment equity. The NCT also employs a workforce with a 58.54% female and 41.46% male ratio.

Table 20: Employment equity status (exclude foreign)

Levels	Male			
	African	Coloured	Indian	White
	Current	Current	Current	Current
Top management	1	-	-	-
Senior management	4	-	1	1
Professional qualified	4	-	1	-
Skilled	1	-	-	-
Semi-skilled	4	-	-	-
Unskilled	-	-	-	-
Total	14	-	2	1

Table 21: Employment equity status (exclude foreign)

Levels	Female			
	African	Coloured	Indian	White
	Current	Current	Current	Current
Top management		-	-	-
Senior management		-	1	1
Professional qualified	3	-	1	2
Skilled	8	1	-	-
Semi-skilled	5	-	-	-
Unskilled	2	-	-	-
Total	18	1	2	3







Part E: Financial Information



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General Information

Nature of business and principal activities

The National Consumer Tribunal (NCT) was established in terms of the National Credit Act (Act 34 of 2005). From 1 April 2011, its mandate was expanded to also include adjudication on matters in terms of the Consumer Protection Act (Act 68 of 2008). The NCT is an independent body that is responsible for hearing and deciding on cases involving consumers, credit providers, debt counsellors and credit bureaux as well as providers of goods and services. The NCT is also responsible for reviewing decisions made by the National Credit Regulator and the National Consumer Commission.

Accounting authority

BC Dumisa (Acting Executive Chairperson of the Tribunal from 10 November 2016 to 30 June 2017)

JM Maseko (Executive Chairperson of the Tribunal from 01 July 2017)

Part-time Tribunal members for 2017/18

BC Dumisa (Acting Executive Chairperson from 10 November 2016 to 30 June 2017)

L Best (Deputy Chairperson from 01 July 2017)

PA Beck

L Rabotapi (From 1 July 2017 to 31 August 2017)

FK Manamela

JM Maseko (From 1 April 2017 to 30 June 2017)

X May

HFN Sephoti

FK Sibanda

DR Terblanche

T Woker

M Peenze (From 1 July 2017)

MMD Nkomo (From 1 July 2017)

N Maseti (From 1 July 2017)

TA Bailey (From 1 July 2017)

K Moodaliyar (From 1 July 2017)

Fulltime Tribunal members for 2017/18

HV Devraj

JR Simpson

LA Potwana (From 1 July 2017)

Key management for (2017/18)

M Bosch (Chief Operating Officer)
L Rabotapi (Registrar) (From 1 September 2017)
P Moodley (Acting Registrar from 1 April 2017 to 31 August 2017)
NKD Lolwane (Corporate Services Executive from 1 October 2017)
M Nel (Acting Corporate Services Executive from 1 April 2017 to 30 September 2017)
BX Nomvete (Chief Information Officer)
W Strauss (Chief Financial Officer to 6 July 2017)
B Keet (Interim Chief Financial Officer from 7 July 2017 to 31 December 2017)
A Moolla (Chief Financial Officer from 1 January 2018)

Registered office

Block B, Ground Floor
Lakefield Office Park
272 West Avenue
Centurion
0157

Business address

Block B, Ground Floor
Lakefield Office Park
272 West Avenue
Centurion
0157

Postal address

Private Bag X110
Centurion
0046

Bankers

Nedbank Ltd
South African Reserve Bank

Statement of responsibility for the year ended 31 March 2018

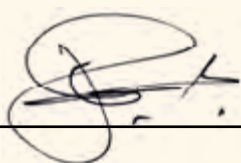
The Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is its responsibility to ensure that the Annual Financial Statements fairly represent the state of affairs of the NCT as at the end of the financial year and the results of its operations and cash-flows for the period then ended, in conformity with South African Statements of Generally Recognised Accounting Practices (GRAP). The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

The Annual Financial Statements have been prepared in accordance with GRAP and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

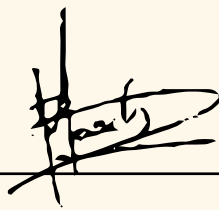
The Accounting Authority acknowledges that it is ultimately responsible for the system of internal control established by the NCT and places considerable importance on maintaining a strong control environment. To enable the NCT to meet these responsibilities, the Accounting Authority sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. These internal control standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These internal controls are monitored throughout the NCT and all employees are required to maintain the highest ethical standards in ensuring the NCT's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the NCT is on identifying, assessing, managing and monitoring all known forms of risk across the NCT. While operational risk cannot be fully eliminated, the NCT endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

Based on the information and explanations given by Management, the Accounting Authority is of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal control can provide only reasonable and not absolute assurance against material misstatement or loss.

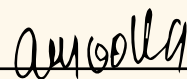
The Annual Financial Statements, which have been prepared on the going concern basis, were approved and signed on its behalf:



JM Maseko
Executive Chairperson
and Accounting Authority
31 May 2018



M Bosch
Chief Operating Officer
31 May 2018



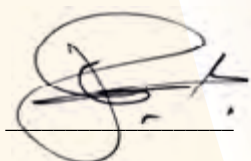
A Moolla
Chief Financial Officer
31 May 2018

Statement of responsibility and confirmation of 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 is consistent with the annual financial statements audited by the Auditor-General SA;
- The Annual Report is complete, accurate and is free from any omissions;
- The Annual Report has been prepared in accordance with the Annual Report Guide for Schedule 3A and 3C Public Entities as issued by National Treasury;
- The Annual Financial Statements have been prepared in accordance with the standards applicable to the NCT;
- The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for 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 performance information, the human resources information and the Annual Financial Statements; and
- The Auditor-General SA is engaged to express an independent opinion on the Annual Financial Statements.
- In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the NCT for the financial year ended 31 March 2018.

Yours faithfully



Prof Joseph M. Maseko
Executive Chairperson
National Consumer Tribunal
31 May 2018

Audit and risk committee report

We are pleased to present our report for the financial year ended 31 March 2018.

Audit and risk committee responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 51(1) (a) (ii) of the Public Finance Management Act (PFMA) and National Treasury Regulations 27.1. The Audit and Risk Committee also reports that it has adopted appropriate formal Terms of Reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control systems

The system of controls within NCT 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 for public entities. This is achieved by means of the risk management processes, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

From our review of the reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the Management Report of the Auditor-General of South Africa (AGSA), we can conclude that the system of internal control as applied over financial and non-financial matters and enterprise risk management at the NCT is effective, efficient and transparent. This was underscored by the clean audit report of the Auditor-General of South Africa (AGSA) with some audit findings. A few non-material control deficiencies were identified by the Internal Auditors in the system of internal control relating to the ICT Vulnerability Assessment. The Committee has noted Management's commitment to address these non-material control inadequacies and will be monitoring Management's progress in resolving these issues on a regular basis, as required in terms of the Audit and Risk Committee Charter.

Enterprise risk management

It is the Committee's view that enterprise risk management at the NCT continues to be adequate and effective. We are satisfied that the enterprise risk management processes undertaken during the year to address high-risk areas within NCT continue to work effectively. There is an Enterprise Risk Management Framework in place, which includes the Enterprise Risk Management Strategy, Fraud Prevention Plan and Policy and the Fraud Hotline. An updated formal risk assessment was also undertaken and risk-based internal audit plans were then developed, approved by the Committee and fully implemented. Key strategic and operational risks that were highlighted in the risk register were continually monitored and discussed at the EXCO and Audit and Risk Committee meetings as part of the Enterprise Risk Management Strategy. The Audit and Risk Committee is satisfied that these risks were managed to an acceptable level.

Internal audit

We are satisfied that the internal audit function operated effectively, that it addressed the risks pertinent to the NCT in its audits and assisted the entity with value-adding services to ensure that both financial and operational objectives were achieved.

NATIONAL CONSUMER TRIBUNAL - ANNUAL FINANCIAL STATEMENTS

Corporate governance

We are not aware of any issues of non-compliance with corporate governance. In our view, NCT continues to strive towards complying with the sound principles of corporate governance.

In-year management and monthly/quarterly report

The Accounting Authority has tabled the In-Year Management (IYM) and monthly/quarterly reports to the Minister and to the Committee, as required by the Treasury Regulations. The Committee is satisfied with the content and quality of these reports. As per our regular discussion with NCT Management, Management has confirmed that these reports were properly formulated in compliance with the PFMA and Treasury Regulations.

Evaluation of financial statements

The Audit and Risk Committee has:

- reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report, with the AGSA and the Accounting Authority;
- reviewed the AGSA's Management Report and its audit findings;
- reviewed changes to accounting policies and practices as reported in the Annual Financial Statements;
- reviewed the NCT's processes for compliance with legal and regulatory provisions;
- reviewed the information on predetermined objectives as reported in the Annual Report;
- reviewed material adjustments, if any, resulting from the audit of the NCT; and
- reviewed, and where appropriate, recommended changes to the interim financial statements as presented by the NCT for the six months ending 30 September 2017.

AGSA's report

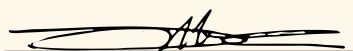
We have, on a quarterly basis, reviewed the NCT's implementation plan for audit issues raised in the prior year. The Audit and Risk Committee has met with the AGSA to ensure that there are no unresolved issues that emanated from the regulatory audit.

The Audit and Risk Committee concurs and accepts the AGSA's opinion regarding the Annual Financial Statements, and proposes that the Audited Annual Financial Statements be accepted and read together with the report of the Auditor-General of South Africa.

NATIONAL CONSUMER TRIBUNAL - ANNUAL FINANCIAL STATEMENTS

Appreciation

The Committee wishes to acknowledge the dedication and hard work performed by the Accounting Authority, other Governance Structures, NCT Management and Officials. The Audit and Risk Committee wishes to express its appreciation to the Management of the NCT, the AGSA and the Internal Audit Unit for the co-operation and information they have provided to enable us to compile this report.



Mr Thomas Kgokolo
Chairperson of the Audit & Risk Committee
National Consumer Tribunal
31 May 2018

NATIONAL CONSUMER TRIBUNAL - ANNUAL FINANCIAL STATEMENTS

Report of the accounting authority

Purpose of this report

This report is presented in terms of Treasury Regulation 28.1.1 as was issued in terms of the Public Finance Management Act (PFMA), Act No. 1 of 1999. The Executive Chairperson of the National Consumer Tribunal (NCT) as appointed by the President through the Minister of Trade and Industry is also the Accounting Authority of the NCT.

Nature of business

The NCT is an independent adjudicative entity. It derives its mandate from the National Credit Act (NCA), Act No. 34 of 2005. This mandate was expanded in 2008 to include adjudication on matters arising from the Consumer Protection Act (CPA), Act No. 68 of 2008.

Financial overview

The NCT is confident that it has fulfilled its mandate and has used its funding in an efficient and cost-effective manner. The Annual Financial Statements for the year are presented on page 108 to 149, and are summarised as follows:

	2017/2018	2016/2017
Total revenue	R55 417 366	R52 940 733
Total expenditure	R 64 346 933	R51 903 532
Finance costs	R57 975	R34 840
Net (deficit) / surplus	(R8 987 542)	R1 002 361
Total assets	R16 573 833	R23 907 699
Total liabilities	R9 652 040	R7 998 364
Net assets	R6 921 793	R15 909 335

In the period under review, the NCT received a grant of R48 459 000 from **the dti**, which represents an increase of 5.0% (2016/17: 0.3%) from the previous year's grant of R46 151 000. This ensured that the NCT was in a position to fulfil its mandate, as the grant makes up 87% of its total revenue (2016/17: 87%).

Income from filing fees, included in total revenue, increased by 11% (2016/17: 104%) from the previous year, namely from R4.4 million to R4.9 million. This is attributed to the increased number of cases received. The filing fee amount of R200 per debt re-arrangement agreement matter; that became effective on 4 February 2016 has remained unchanged in the 2017/18 year. The amount received for filing fees does not offset the adjudication costs as the filing fee is only a nominal amount of R200. It is levied for debt re-arrangement agreement matters filed with the NCT. It does not contribute towards the more expensive and time consuming non-debt rearrangement matters. Please refer to Note 18.2 in the Annual Financial Statements for more detail.

NATIONAL CONSUMER TRIBUNAL - ANNUAL FINANCIAL STATEMENTS

National Treasury permitted the NCT to retain its surplus funds of R10.8 million accumulated from the preceding financial year. These funds were earmarked for adjudication of cases brought forward from the 2016/17 financial year and funding the anticipated case load as well as the finalization of the case management system. The funds were utilised as intended. The NCT incurred a deficit amounting to R8.9 million in the 2017/18 financial year resulting in the accumulated surplus decreasing to R6.9 million. It is important to note that the NCT had surplus funds carried forward from the previous financial year available for spending. However these accumulated funds are not recognised as revenue and thus the statement of financial performance reflects a deficit.

The NCT's income from interest earned decreased by 10% (2016/17: 49%) from R2.1 million to R2 million. This is as a result of a lower average balance in the investment account due to the increase in overall expenditure and specifically operational expenses which increased substantially in the current year which negatively affected the funds available for investment. The NCT invests surplus funds with the Corporation for Public Deposits in terms of its Investment and Grant Management Policy. See Note 18.3 in the Annual Financial Statements for more detail.

The total expenses for the year increased by 19% (2016/17: 23%) from R51.9 million to R64.3 million. The key drivers behind this increase are set out below:

- Other operating expenses increased by R3.4 million (27%) from R12.7 million to R16.1 million. This was attributed to increased travel and accommodation costs as well as lease rentals. Travel and accommodation costs increased due to more motion courts being held outside the NCT premises throughout the country. Furthermore, the numbers of participants in the motion courts have increased. The NCT also acquired additional office space resulting in increased lease rentals. The additional office space was required due to an increased staff establishment and to establish an additional court room. The additional court room has and will continue to realise in efficiencies as fewer venues and facilities will be hired in Gauteng. Please refer to Notes 12.1 to 12.4 in the Annual Financial Statements for more detail.
- The increase in employee related costs can be attributed to a combination of factors. In the previous financial year, the Acting EC (as he then was); was remunerated at a daily rate and not a monthly salary with the current EC appointed in July 2017. In the 2017/18 financial year, the NCT had one additional full-time Tribunal member, totalling in three members instead of two in the previous year. The staff establishment also increased by five employees; and most of these were at management level. The vacancy rate in the previous year was higher and most of these vacancies were at senior management level. In the 2017/18 financial year the number of interns was increased by one and six data capturers were appointed on fixed term contracts.
- Tribunal members' fees increased by R1.07 million (16%) from R6.9 million to R8 million. This was attributed to a combination of factors. The daily rate paid to Tribunal members increased by R310.33 (5%) from R5 642.35 to R5 952.68. Furthermore, 1 146 more cases were finalised in the financial year. The increase was attributed to enhanced processes to deal with non-debt rearrangement matters resulting in more efficient service delivery as well as result in an increase in adjudication costs.
- The costs relating to part-time Tribunal members for adjudication and other support services together with employee related costs for support to the Tribunal and adjudication services provided by the Executive Chairperson and the full-time Tribunal members, comprise 62% (2016/17: 59%) of the total expenses of the NCT. As a professional service organisation that fulfils an adjudicative function it is expected that this ratio should be high for the NCT. It also means that other costs incurred to support the employees and the Tribunal members; comprise just under 40% of total expenditure.

NATIONAL CONSUMER TRIBUNAL - ANNUAL FINANCIAL STATEMENTS

- It is recognised that the NCT's cost of statutory compliance is high in comparison to its size and total revenue. The cost of compliance in respect of the internal audit function, the Audit and Risk Committee and external audit fees amounted to R2.5 million (2016/17: R2 million). This equates to 4% (2016/17: 4%) of the total expenditure of the NCT.

The NCT continued to look for cost-saving opportunities and efficiency gains to ensure that it would be able to fund the anticipated increase in the caseload. During the year under review, the NCT, as mentioned earlier in this report, continued with the motion courts to deal with the debt rearrangement agreement matters. Instead of 12 matters per day as previously dealt with. The motion courts were previously held for five days. However this has been reviewed and amended to three days realising in cost savings. This also resulted in a saving on venue and accommodation costs. Through the motion court process the NCT also improved its service delivery, accessibility and visibility by access to its stakeholders in different locations throughout South Africa. As debt rearrangement agreement matters are no longer assessed at the point of being filed with the NCT, these assessments now take place at the motion courts. And debt counsellors are given the opportunity to rectify any incomplete filings at the motion court. This resulted in an increase in the volume of debt re-arrangement matters to 32 matters being handled by part - time Tribunal members per day.

The implementation of the enhancements to the Case Management System (CMS) also yielded cost savings and other efficiencies in the financial year. The investment in the CMS would continue to enhance our service delivery. The Tribunal would realise cost savings on travel and accommodation, as well as expenditure on subsistence and travel allowances going forward. Some of the non-debt rearrangement matters were also grouped together to be heard on the same day where possible. The Tribunal received a large number of cases filed in terms of Section 114 and Section 165 of the NCA. These matters were grouped together and dealt with in batches of 12 and 6 respectively per day. This substantially reduced the cost of adjudication on these matters compared to the past. These were applications for rescissions and variations as well as appeals from single member judgments.

Materiality framework

Material facts of a quantitative nature are facts that exceed the materiality framework and are disclosed if discovered. The Tribunal's materiality level period under review remained unchanged at 0.60% of its budgeted operational expenditure (excluding capital expenditure).

Financial assistance from the state

The Tribunal received no financial assistance from the state, other than its grant as mentioned previously. The state also made no commitments on behalf of the NCT.

Supply chain management

The NCT's procurement policies were compliant with the PFMA, the Treasury Regulations and the Preferential Procurement Policy Framework Act, Act No. 5 of 2000.

Losses written off

The losses written off were for IT equipment which amounted to R18 706 as disclosed in Note 2 to the Annual Financial Statements. This write-off related to computer equipment that was stolen. The amount decreased by R33 673 from R52 379 to R18 706 as disclosed in Note 2 to the Annual Financial Statements.

NATIONAL CONSUMER TRIBUNAL - ANNUAL FINANCIAL STATEMENTS

Fruitless and wasteful expenditure

There was no fruitless and wasteful expenditure during the year under review.

Irregular expenditure

There was no irregular expenditure during the year under review.

Material losses through criminal conduct

There were no material losses through criminal conduct.

Criminal and disciplinary action taken against offenders

No offences were committed and there was therefore no need to take any criminal or disciplinary action in this regard.

Events subsequent to the reporting date

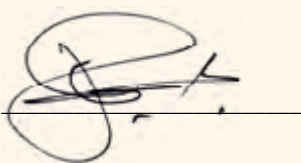
Management was not aware of any matter or circumstances as at the end of the financial year, not otherwise dealt with in the annual financial statements, that significantly affected the financial position of the National Consumer Tribunal or the results of its operations.

Audit report matters in the previous year

No audit matters were raised during the audit of the previous financial year that the NCT had to address during the current financial year.

Going concern outlook

The Accounting Authority is confident that the NCT would continue as a going concern for the next financial year due to the grant allocation already made available. Furthermore the NCT requested **the dti** to consider increasing the filing fee for a debt rearrangement matter from R200 to R300.



Prof Joseph M. Maseko
Executive Chairperson
National Consumer Tribunal
31 May 2018

Report of the Auditor-General to the Parliament on National Consumer Tribunal

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the National Consumer Tribunal set out on pages 108 to 149, which comprise statement of financial position as at 31 March 2018, the 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 the 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, financial position of the National Consumer Tribunal as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance South African Standards of Generally Recognised Accounting Practices (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act no. 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 auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the 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.

Responsibilities of the Accounting Authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and the requirements of 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.
7. In preparing the financial statements, the accounting authority is responsible for assessing the National Consumer Tribunal'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 accounting authority either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Report of the Auditor-General to the Parliament on National Consumer Tribunal (continued)

Auditor-General's responsibilities for the audit of the financial statements

8. My objectives are to obtain reasonable assurance about whether the 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.
9. 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

Introduction and scope

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
11. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators/ measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2018.

Programmes	Pages in the annual performance report
Programme 1 – Adjudication	29 – 30
Programme 2– Administration	49 - 50

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

Report of the Auditor-General to the Parliament on National Consumer Tribunal (continued)

14. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:

- Programme 1: Adjudication
- Programme 2: Administration

Other matters

15. I draw attention to the matter below.

Achievement of planned targets

16. Refer to the annual performance report on pages 29 to 30 and page 50 for information on the achievement of planned targets for the year and explanations provided for the overachievement of a number of targets.

Report on the audit of compliance with legislation

Introduction and scope

17. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
18. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

19. The National Consumer Tribunal's accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
20. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion there on.
21. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
22. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.

Report of the Auditor-General to the Parliament on National Consumer Tribunal (continued)

Internal control deficiencies

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

Auditor-General

Pretoria

31 July 2018



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Report of the Auditor-General to the Parliament on National Consumer Tribunal (continued)

Annexure – Auditor-General’s responsibility for the audit

1. 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 programmes and on the public entity’s compliance with respect to the selected subject matters.

Financial statements

2. 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 public entity’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority
 - conclude on the appropriateness of the accounting authority’s 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 related to events or conditions that may cast significant doubt on the National Consumer Tribunal’s ability 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 the 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 a public entity to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. 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.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

NATIONAL CONSUMER TRIBUNAL - ANNUAL FINANCIAL STATEMENTS

Statement of financial position as at 31 March 2018

	Note	31 March 2018	31 March 2017
		R	R
ASSETS			
Non-current assets		7 452 634	5 077 920
Property, plant and equipment	2	5 389 328	3 729 088
Intangible assets	3	2 063 306	1 348 832
Current assets		9 121 199	18 829 779
Inventory	4	62 048	68 936
Trade and other receivables from exchange transactions	5	546 728	601 281
Cash and cash equivalents	6	8 512 423	18 159 562
Total assets		16 573 833	23 907 699
LIABILITIES			
Non-current liabilities		428 149	85 994
Long-term portion - Finance lease obligations	7	428 149	85 994
Current liabilities		9 223 891	7 912 370
Short-term portion - Finance lease obligation	7	261 292	104 407
Trade and other payables from exchange transactions	8	5 500 052	5 023 338
Provisions	9	3 462 547	2 784 625
Total liabilities		9 652 040	7 998 364
NET ASSETS		6 921 793	15 909 335
NET ASSETS			
Accumulated surplus	28	6 921 793	15 909 335

NATIONAL CONSUMER TRIBUNAL - ANNUAL FINANCIAL STATEMENTS

Statement of financial performance for the year ended 31 March 2018

	Note	31 March 2018	31 March 2017
		R	R
Revenue: Non-Exchange		48 459 000	46 151 000
Government grant	10	48 459 000	46 151 000
Revenue: Exchange		6 958 366	6 789 733
Filing fees	10	4 945 400	4 440 600
Service fees	10	31 833	14 370
Proceeds from insurance	10	-	141 905
Interest earned	10	1 981 133	2 192 858
Total Revenue		55 417 366	52 940 733
Total expenses		64 346 933	51 903 532
Administrative expenses	11	7 132 413	8 035 004
Other operating expenses	12	16 138 162	12 710 007
Audit fees	13	1 313 073	783 075
Tribunal members' fees	14	8 010 826	6 932 912
Employee related costs	15	31 752 459	23 442 534
Operating (deficit) / surplus		(8 929 567)	1 037 201
Finance costs	16	57 975	34 840
Net (deficit) / surplus for the year		(8 987 542)	1 002 361

NATIONAL CONSUMER TRIBUNAL - ANNUAL FINANCIAL STATEMENTS

Statement of changes in net assets for the year ended 31 March 2018

	Accumulated surplus	Total net assets
	R	R
Balance as at 1 April 2016	14 906 974	14 906 974
Net surplus for the year	1 002 361	1 002 361
Balance as at 31 March 2017	15 909 335	15 909 335
Net (deficit) / surplus for the year	(8 987 542)	(8 987 542)
Balance as at 31 March 2018	6 921 793	6 921 793

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Cash Flow Statement for the year ended 31 March 2018

	Note	31 March 2018	31 March 2017
		R	R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		55 594 616	52 802 733
Government grants		48 459 000	46 151 000
Filing fees		5 122 650	4 302 600
Service fees		31 833	14 370
Other receipts - Insurance claims and refund of equipment rentals		-	141 905
Interest received		1 981 133	2 192 858
Payments		(61 627 691)	(50 382 918)
Tribunal members' fees		(7 636 801)	(6 978 475)
Employee-related costs		(31 224 129)	(23 634 113)
Suppliers		(22 766 761)	(19 770 330)
Net cash flows from operating activities	17	(6 033 075)	2 419 815
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(2 433 298)	(840 929)
Additions to intangible assets		(939 282)	(951 082)
CASH FLOWS FROM FINANCING ACTIVITIES		(241 484)	(218 504)
Finance lease payments		(241 484)	(218 504)
Net (decrease) / increase in cash and cash equivalents		(9 647 139)	409 300
Cash and cash equivalents at the beginning of year		18 159 562	17 750 262
Cash and cash equivalents at the end of year	6	8 512 423	18 159 562

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Statement of comparison of budget and actual Amounts as at 31 March 2018

		Accrual- based approved budget (before transfers)	Transfers between budget line items for the year ended on 31 March 2018	Accru- al- based final budget (after trans- fers)	Actual amounts on comparable basis with final budget	Difference between final budget and actual amounts
	Note	R	R	R	R	R
REVENUE						
Income from non-exchange transactions		48 459 000	-	48 459 000	48 459 000	-
Roll-over / Additional funding required	18.1	-	-	-	10 800 000	10 800 000
Income from exchange transactions	18.2	13 882 200	-	13 882 200	4 977 233	(8 904 967)
Interest received	18.3	952 724	-	952 724	1 981 133	1 028 409
Total revenue		63 293 924	-	63 293 924	66 217 366	2 923 442
EXPENSES						
Administrative expenses	18.4	6 242 425	-	6 242 425	7 132 413	(889 988)
Other operating expenses	18.5	10 546 735	-	10 546 735	14 352 492	(3 805 757)
Audit fees	18.6	879 000	-	879 000	1 313 073	(434 073)
Tribunal members' costs	18.7	12 609 462	-	12 609 462	8 010 826	4 598 636
Employee-related costs	18.8	31 994 302	-	31 994 302	31 438 998	555 304
Finance costs		-	-	-	241 484	(241 484)
Capital expenditure	18.9	1 022 000	-	1 022 000	3 372 580	(2 350 580)
Total expenses		63 293 924	-	63 293 924	65 861 866	(2 567 942)
Surplus / (Deficit) for the period		-	-	-	355 500	355 500

NATIONAL CONSUMER TRIBUNAL - ANNUAL FINANCIAL STATEMENTS

Statement of comparison of budget and actual amounts as at 31 March 2018 (continued)

RECONCILIATION OF SURPLUS FOR THE PERIOD WITH THE SURPLUS / DEFICIT IN THE STATEMENT OF FINANCIAL PERFORMANCE

		Adjustment of actual amounts to comparable basis with final budget
		R
Net surplus / (deficit) per the Statement of Financial Performance		(8 987 542)
Adjusted for:	Activity	
Intangible assets impaired	Operating	-
Tangible assets written off	Operating	18 705
Amortisation	Operating	224 808
Depreciation	Operating	1 436 902
Lease rentals on premises and parking – Straight-line adjustment	Operating	105 255
Roll-over funds brought forward from 2016/17	Operating	10 800 000
Finance costs on leases	Financing	57 975
Finance lease payments	Financing	(241 484)
Movement in accrual for leave pay – Employee related costs	Operating	313 461
Capital assets purchased	Investing	(3 372 580)
Difference between Final Budget and Actual Amounts		355 500

Note: 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. Also refer Note 17 for the reconciliation of net cash flows from operating activities with the surplus per the Statement of Financial Performance.

1. Accounting Policies for the year ended 31 March 2018

The accounting principal adopted in the preparation of these Annual Financial Statements are set out below and are, in all material respects, consistent with those of the previous year, except as otherwise indicated.

1.1 Basis of preparation

The Annual Financial Statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) and the Public Finance Management Act (PFMA), Act 1 of 1999, as amended, including any interpretations, guidelines and directives issued by the Accounting Standards Board. The Annual Financial Statements have been prepared on a historic cost basis and the accounting policies are consistent with prior years. The amounts have been presented in the currency of the South African Rand (R), which is also the functional currency of the NCT. Unless otherwise stated, financial figures are presented to the nearest R1.

The GRAP Standards relevant to the NCT are listed below:

GRAP 1: Presentation of Financial Statements
GRAP 2: Cash Flow Statements
GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 9: Revenue from Exchange Transactions
GRAP 12: Inventories
GRAP 13: Leases
GRAP 14: Events After the Reporting Date
GRAP 17: Property, Plant and Equipment
GRAP 19: Provisions, Contingent Liabilities and Contingent Assets
GRAP 21: Impairment of Non-cash-generating Assets
GRAP 23: Revenue from Non-exchange Transactions
GRAP 24: Presentation of Budget Information in Financial Statements
GRAP 25: Employee Benefits
GRAP 31: Intangible Assets
GRAP 104: Financial Instruments
IPSAS 20: Related Party Disclosures

The Cash Flow Statement was prepared in accordance with the direct method.

1.2 Significant judgements

In preparing the Annual Financial Statements, Management was required to make estimates and assumptions that affected the amounts represented in the Annual Financial Statements and related disclosures. Use of 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 might be material to the Annual Financial Statements. Significant judgements included:

1. Accounting Policies for the year ended 31 March 2018 (continued)

1.2.1 Provisions

Provisions were raised and management determined estimates based on the information available. Additional disclosure of these estimates of provisions was included in Note 9 – Provisions.

1.2.2 Contingencies

Management used its judgement in deciding to reflect the surplus as a contingent liability based on past experience whereby the previous year's surplus was approved to be rolled over into the next financial year.

1.2.3 Property, plant and equipment

In determining the useful life and residual value of each category of property, plant and equipment, management took into consideration the nature and use of each asset. Leased office equipment and leasehold improvements were depreciated over the lease period with no residual value.

1.2.4 Intangible assets

In determining the useful life of computer software, management took into consideration that the software would have to be upgraded from time to time. The residual value of computer software was regarded as zero due to the fact that computer software was not re-saleable.

1.3 Going concern

The Annual Financial Statements were prepared on a going-concern basis and the accounting policies were applied consistently throughout the year.

1.4 Related party transactions

Parties were considered to be related where a party has the ability to control the NCT or is able to exercise significant influence or joint control over the NCT in making financial and operating decisions. A related party transaction is a transfer of resources, services or obligations between related parties regardless of whether a price is charged or not.

1.5 Contingent Liabilities

A contingent liability is disclosed in the Notes to the Annual Financial Statements when a possible obligation arises from past events, the existence of which would be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the NCT. Each class of contingent liability at the reporting date, providing a brief description of the nature of the contingent liability and its possible financial effect.

1. Accounting Policies for the year ended 31 March 2018 (continued)

1.6 Revenue recognition

1.6.1 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential received and receivable by the NCT which results in an increase in net assets. An exchange transaction is one in which the NCT receives assets or services, or has liabilities extinguished, and directly gives equal value to the other party in exchange.

Filing fees:

Filing fees are recognised as revenue when the right to the revenue has been established. This is when an application is received.

Service fees:

Service fees are recognised as revenue when the right to the revenue has been established. This is when a payment is received for services to be rendered.

Investment income:

Investment income is recognised as it accrues using the effective interest rate method.

1.6.2 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the NCT either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

When the NCT receives resources as a result of a non-exchange transaction, it recognizes an asset and revenue when it is probable that the NCT will receive economic benefits or service potential and it can make a reliable measure of the resources transferred.

Where the resources transferred to the NCT are subject to the fulfilment of specific conditions, it recognizes an asset and a corresponding liability. As and when the conditions are fulfilled, the liability is reduced and revenue is recognised.

The asset and the corresponding revenue are measured on the basis of the fair value of the asset on initial recognition. Non-exchange revenue transactions comprise a grant from the Department of Trade and Industry and is recognised as revenue at the date of receipt.

1.7 Prepayments

The NCT may render payment for the delivery of goods or services in advance of the delivery of goods or the rendering of services when contractually obligated. In this instance such prepayment is recognised in the Statement of Financial Position as an asset when the payment is made, and is measured at the fair value of the consideration paid. The asset is expensed when delivery of the goods occurs or when the service is rendered.

1. Accounting Policies for the year ended 31 March 2018 (continued)

1.8 Leasing

1.8.1 Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Lease payments under an operating lease are recognised as expenses in the Statement of Financial Performance on a straight line basis over the lease period.

1.8.2 Finance leases

Finance leases refers to a contract that transfers the risks, rewards, rights and obligations incidental to ownership to the lessee and is recorded as a purchase of equipment by means of long-term borrowing. All other leases are classified as operating leases.

Assets held under finance leases and the corresponding liability, are recognised at their present value of the minimum lease payments at the date of acquisition. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the estimated present value of the assets acquired, are charged to the Statement of Financial Performance over the term of the relevant lease so as to produce a constant periodic rate of interest on the remaining balance of the obligations for each accounting period.

1.9 Government grants

Government grants are recognised when it is probable that future economic benefits will flow to the NCT and when the amount of the grant can be measured reliably. Government grants are recognised as revenue to the extent that there is no further obligation arising from the receipt of the transfer payment. Grants are measured at the fair value of the transfer payment received.

1.10 Employee benefits

The cost of short-term employee benefits (those payable within twelve months after the service is rendered, such as paid vacation leave and performance bonuses), are recognised in the period in which the service is rendered and are not discounted.

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 the absence occurs.

1.11 Borrowing costs

Borrowing costs are recognised as an expense in the period in which it is incurred.

1. Accounting Policies for the year ended 31 March 2018 (continued)

1.12 Property, plant and equipment

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded 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 the NCT. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of fair value of the item can be measured reliably.

The NCT assesses the useful life and residual values of property, plant and equipment annually. The useful lives and residual values are estimated on an annual basis at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is calculated on the straight-line method to write off the cost of each asset over its estimated useful life as follows:

Property, plant and equipment	Average useful life
Furniture and fittings	15 years
Equipment	5 years
Computer equipment	5 years
Books	5 years
Signage	5 years
Leasehold improvements	Period of lease or until reconstruction
Leased equipment	Period of lease

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

1.13 Intangible Assets

An intangible asset is recognised when:

- It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity;
- The cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost. Expenditure on research is recognised as an expense when it is incurred. An intangible asset from development is recognised when:

- It is technically feasible to complete the asset so that it will be available for use or sale; and
- There is an intention to use or sell it; and

1. Accounting Policies for the year ended 31 March 2018 (continued)

- There is an ability to use or sell it; and
- It will generate probable future economic benefits; and
- The expenditure during the development phase can be measured reliably.

Intangible assets are carried at cost less accumulated amortisation and impairment losses. The amortisation period and method are reviewed every year-end.

Amortisation is provided to write down the intangible assets on a straight-line basis as follows:

Intangible assets	Average useful life
Computer software (Internally generated)	3 to 5 years
Computer software (Other)	3 years

The amortisation charge for each period is recognised in the Statement of Financial Performance.

1.14 Impairment of tangible and intangible assets

At each reporting date, the NCT 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. A reversal of an impairment loss of assets other than goodwill is recognised immediately in the Statement of Financial Performance.

1.15 Inventories

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is acquired by the entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired. The carrying amount of inventories is recognised as an expense in the period that the inventory was distributed or consumed.

Inventories, consisting of consumable stores, are measured at the lower of cost and current replacement cost.

1.16 Financial instruments – initial recognition

The NCT classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial assets and financial liabilities are recognised on the Statement of Financial Position when the NCT becomes party to the contractual provisions of the instrument.

1. Accounting Policies for the year ended 31 March 2018 (continued)

1.16.1 Financial assets

Financial assets are initially measured at fair value plus transaction costs. Financial instruments are measured through the surplus or the deficit for the year at fair value. The NCT's principal financial assets are trade and other receivables and cash and cash equivalents. These financial assets are classified as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category includes short-term receivables, such as receivables, as well as cash and cash equivalents. Loans and receivables are initially measured at fair value, plus transaction costs. Subsequently, items included in this category are measured at the amortised cost, calculated based on the effective interest method, and material interest income is included in the surplus or the deficit for the year. Net gains or losses represent gains and losses on de-recognition and are included in "other income" or "other expenses."

Short-term receivables with no stated rate are measured at the original invoice amount, if the effect of discounting is immaterial.

Impairment losses are recognised on loans and receivables when there is objective evidence of impairment. An impairment loss is recognised in the surplus or the deficit when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate of the instrument.

1.16.2 Financial liabilities

The NCT's principal financial liabilities are trade and other payables and are classified as current liabilities.

Other financial liabilities are initially measured at fair value plus transaction costs. Subsequently, these items are measured at the amortised cost, using the effective interest rate method. Interest expenses on these items are measured at the amortised cost, using the effective interest rate method. Material interest expenses on these items are recognised in the surplus or the deficit for the year and they are included in "finance costs". Net gains or losses represent gains or losses on de-recognition and are included in "other income" or "other expenses."

Provision is made for leave pay and as it is set at 100% of all outstanding accumulated leave at reporting date, it is disclosed as an accrual under trade and other payables.

1.17 Provisions

Provisions are recognised when the NCT has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably.

1. Accounting Policies for the year ended 31 March 2018 (continued)

1.18 Cash and cash equivalent

Cash and cash equivalents are measured at fair value.

1.19 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. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20 Irregular expenditure

Irregular expenditure as defined in Section 1 of the PFMA as expenditure other than unauthorised expenditure, incurred in contravention of, or that is not in accordance with requirements of any applicable legislation, including National Treasury Practice Note 4 of 2008/2009 which was issued in terms of Sections 76(1) to 76(4) of the PFMA, which requires the following (effective from 1 April 2008):

- Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year-end and/or before finalisation of the financial statements, must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is required, with the exception of updating the note 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, must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note 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 must be updated with the amount condoned.
- Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority, must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the Accounting Authority may write off the amount as bad debt and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable under law, the expenditure related thereto must remain against the relevant expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

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Notes to the Annual Financial Statements for the year ended 31 March 2018

2. Property, Plant and Equipment

	2018			2017		
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Furniture and fittings	1 619 834	(733 834)	886 000	1 238 117	(673 747)	564 370
Office equipment	231 094	(139 751)	91 343	161 759	(112 577)	49 182
Computer equipment	3 653 472	(1 784 717)	1 868 755	2 684 063	(1 262 932)	1 421 131
Leasehold improvements	3 036 096	(1 168 727)	1 867 369	2 046 189	(566 842)	1 479 347
Books	219 995	(197 023)	22 972	218 947	(193 475)	25 472
Signage	33 315	(33 315)	-	33 315	(33 315)	-
Office equipment – Leased	838 717	(185 828)	652 889	451 173	(261 587)	189 586
Total	9 632 523	(4 243 195)	5 389 328	6 833 563	(3 104 475)	3 729 088

Reconciliation of property, plant and equipment – 2018

	Opening balance	Additions	Assets written off	Assets sold	Depreciation	Closing balance
Furniture and fittings	564 370	381 716	-	-	(60 086)	886 000
Office equipment	49 182	69 335	-	-	(27 174)	91 343
Computer equipment	1 421 131	991 293	(18 705)	-	(524 964)	1 868 755
Leasehold improvements	1 479 347	989 907	-	-	(601 885)	1 867 369
Books	25 472	1 047	-	-	(3 547)	22 972
Signage	-	-	-	-	-	-
Office equipment – Leased (refer to Note 2.1)	189 586	682 549	-	-	(219 246)	652 889
Total	3 729 088	3 115 847	(18 705)	-	(1 436 902)	5 389 328

Reconciliation of property, plant and equipment – 2017

	Opening balance	Additions	Assets written off	Assets sold	Depreciation	Closing balance
Furniture and fittings	616 635	1 398	(1 178)	-	(52 485)	564 370
Office equipment	64 241	10 879	(4 083)	-	(21 855)	49 182
Computer equipment	1 341 531	492 207	(47 118)	-	(365 489)	1 421 131
Leasehold improvements	1 534 107	334 812	-	-	(389 572)	1 479 347
Books	36 796	1 633	-	-	(12 957)	25 472
Signage	-	-	-	-	-	-
Office equipment – Leased (refer to Note 2.1)	195 051	156 168	-	-	(161 633)	189 586
Total	3 788 361	997 097	(52 379)	-	(1 003 991)	3 729 088

NATIONAL CONSUMER TRIBUNAL - ANNUAL FINANCIAL STATEMENTS

Notes to the Annual Financial Statements for the year ended 31 March 2018

2.1 Office equipment – leased

Assets with a net carrying value of R652 889 (2017: R189 586) are subject to finance leases as set out in Note 7.

2.2 Re - assessment of useful lives

The useful lives and residual values of all the property, plant and equipment were assessed during the year under review but no change was necessary.

3. Intangible assets

	2018			2017		
	Cost/ Valuation	Accumulated amortisation/ impairments	Carrying value	Cost/ Valuation	Accumulated amortisation/ impairments	Carrying value
Computer software – Internally generated	2 188 739	(298 705)	1 890 034	1 368 539	(173 454)	1 195 085
Computer software – Other	1 262 005	(1 088 733)	173 272	1 142 923	(989 176)	153 747
Total	3 450 744	(1 387 438)	2 063 306	2 511 462	(1 162 630)	1 348 832

Reconciliation of intangible assets – 2018

	Opening balance	Additions	Amortisation	Impairments	Closing balance
Computer software – Internally generated	1 195 085	820 200	(125 251)	-	1 890 034
Computer software – Other	153 747	119 082	(99 557)	-	173 272
Total	1 348 832	939 282	(224 808)	-	2 063 306

Reconciliation of intangible assets – 2017

	Opening balance	Additions	Amortisation	Impairments	Closing balance
Computer software – Internally generated	503 595	817 388	(125 898)	-	1 195 085
Computer software – Other	258 482	133 694	(228 353)	(10 076)	153 747
Total	762 077	951 082	(354 251)	(10 076)	1 348 832

3.1 Re - assessment of useful lives

The useful lives and residual values of all the intangible assets were assessed during the year under review but no change was necessary.

NATIONAL CONSUMER TRIBUNAL - ANNUAL FINANCIAL STATEMENTS

Notes to the Annual Financial Statements for the year ended 31 March 2018

4. Inventories

	31 March 2018	31 March 2017
	R	R
Stationery and consumables	62 048	68 936
	62 048	68 936

5. Trade and other receivables From exchange transactions

Debtors – Filing fees	-	-
Debtors – Payroll (UIF refunds and study loans) (Refer to Note 5.1)	1 127	70 423
Debtors – Legal fees refund and insurance claim	-	270 000
Prepayments – Insurance, license fees, rental, travelling, etc.	545 601	260 858
Total	546 728	601 281

5.1 Debtors – payroll (UIF refunds and study loans)

The NCT amended its Leave Policy pertaining to maternity leave. In reviewing the amended policy, certain employees which were previously identified as debtors were now written off. The NCT did not incur any financial loss in this regard. The R70 422 debt was based on managements best estimate of claims that employees would receive from the UIF when on maternity leave. However these claims did not materialise.

5.2 Prepayments

The prepayments are based on contractual obligations with suppliers of goods and services and include subscriptions for resource materials and insurance of assets.

NATIONAL CONSUMER TRIBUNAL - ANNUAL FINANCIAL STATEMENTS

Notes to the Annual Financial Statements for the year ended 31 March 2018

6. Cash and cash equivalents

	31 March 2018	31 March 2017
	R	R
Bank account – Notice deposit (SA Reserve Bank) (refer Note 6.1)	7 904 834	15 704 669
Bank account – Current account (Nedbank)	446 718	2 451 703
Bank account – Filing fees current account (Nedbank) (refer Note 6.2)	160 862	-
Cash on hand – Petty cash	9	3 190
Total	8 512 423	18 159 562

6.1 Bank account – notice deposit

In terms of the NCT's investment policy, surplus funds are invested with the South African Reserve Bank in the Corporation for Public Deposits (CPD) Account. Interest was earned at an average rate of 7.33% (2017: 7.35%). Also refer to Note 10 and Note 18.3.

6.2 Filing fees current account

A new bank account was opened during the year for deposits received relating to fees for applications filed electronically utilising the ePurse system. This bank account is linked to the Case Management System and links the case to the deposit.

7. Finance leases – office equipment

Minimum lease payments due

Technology Acceptances (Xerox Work Centres)	503 952	159 283
Canon Business Centre (PABX System and additions to the PABX System)	331 968	58 914
Total	835 920	218 197

Summary of minimum lease payments due

Payable within one year	350 116	122 628
Payable after one year	485 804	95 569
	835 920	218 197
Less: Future finance charges	(146 479)	(27 796)
Present value of minimum lease payments due	689 441	190 401

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Notes to the Annual Financial Statements for the year ended 31 March 2018

7. Finance Leases – Office Equipment (Continued)

	31 March 2018	31 March 2017
	R	R
Current liabilities	261 292	104 407
Non-current liabilities	428 149	85 994
Present value of minimum lease payments due	689 441	190 401

Leased assets are initially measured at the lower of the fair value of the leased asset at the inception of the lease term and the present value of minimum lease payments at that date. The average lease term is 3 to 5 years and the average effective borrowing rate was 14,48% (2017: 15,89%).

8. Trade and other payables from exchange transactions

Trade payables	2 410 668	2 366 181
Income received in advance – Filing fees	239 350	62 100
Other payables – Permanent and temporary staff	102 234	19 232
Salary deductions – PAYE, UIF, Garnishees and Union membership fees	-	617 027
Accrued expenses – Tribunal members' costs	800 747	426 722
Accrued expenses – Governance Committee members' costs	99 840	-
Accrued leave pay – Senior management and fulltime Tribunal members	1 022 550	893 353
Accrued leave pay – Other staff	824 663	638 723
Total	5 500 052	5 023 338

All the amounts owed to suppliers as disclosed under trade payables are within the normal payment terms. Accrued leave pay relates to the estimated liability as a result of services rendered by employees up to the reporting date. It was calculated by apportioning the annual salary to a daily cost which is multiplied by the number of leave days accumulated at the reporting date.

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Notes to the Annual Financial Statements for the year ended 31 March 2018

9. Provisions

	31 March 2018	31 March 2017
	R	R
Performance bonuses – Senior management and fulltime Tribunal members	1 640 266	1 374 276
Performance bonuses – Other staff	1 822 281	1 410 349
Total	3 462 547	2 784 625

Provision for performance bonuses relates to possible payment of performance bonuses to senior management, fulltime Tribunal members and other staff for services rendered by them during the current financial year.

Reconciliation of provisions

Opening balance	2 784 625	2 849 751
Provisions utilised during the year	(2 784 625)	(2 784 926)
Provisions reversed during the year	-	(64 825)
Provisions made during the year	3 462 547	2 784 625
Total	3 462 547	2 784 625

10. Total revenue

TOTAL REVENUE	55 417 366	52 940 733
Non-exchange revenue	48 459 000	46 151 000
Government grants	48 459 000	46 151 000
Exchange revenue	4 977 233	4 596 875
Filing fees (refer to Note 18.2)	4 945 400	4 440 600
Service fees	31 833	14 370
Proceeds from insurance	-	141 905
Investment income	1 981 133	2 192 858
Interest earned (refer to Note 6.1 and Note 18.3)	1 981 133	2 192 858

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Notes to the Annual Financial Statements for the year ended 31 March 2018

11. Administrative expenses

	31 March 2018	31 March 2017
	R	R
Advertising	84 444	117 197
Audit and Risk Committee members' remuneration	426 020	443 286
Bank charges	87 254	61 792
Computer expenses, ICT support and software licences (refer to Note 11.1)	636 105	403 194
Entertainment, refreshments and staff welfare	150 053	79 193
Fraud hotline and whistle blowing	37 335	42 636
General expenses, gifts, flowers, first aid, cleaning costs, cutlery and crockery	87 903	85 748
HR Governance Committee members' remuneration	104 966	90 152
ICT Governance Committee members' remuneration	107 184	112 388
Internal audit fees and secretariat services	730 103	771 919
Investigation services (refer to Note 11.2)	-	369 978
Legal and related fees	295 177	196 257
Membership fees, subscriptions, books and resource materials (refer to Note 11.3)	199 281	305 615
Printing, stationery and publications	791 702	727 843
Security services	93 790	110 394
Relocation costs	12 192	-
Storage costs, online backup services, mail archiving and disaster recovery	370 547	329 709
Training, bursaries and staff development (refer to Note 11.4)	713 785	321 770
Venues and facilities for workshops, conferences and meetings (refer to Note 11.5)	2 004 572	3 444 333
Website development, maintenance and hosting (refer to Note 11.6)	200 000	21 600
Total	7 132 413	8 035 004

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Notes to the Annual Financial Statements for the year ended 31 March 2018

11. Administrative Expenses (continued)

Increase in administrative expenses

- 11.1 Computer expenses and software licenses are higher due to additional office space that was leased which required additional ICT infrastructure. Furthermore there were additional employees on the structure.
- 11.2 A special investigation was undertaken during the 2016/17 financial year into the performance assessments of some staff members in the Registrar's office relating to the 2015/16 financial year.
- 11.3 There were subscriptions that were no longer required and were cancelled.
- 11.4 The NCT increased its investment into people development, in this manner mentoring and coaching costs were incurred. This would also assist with succession planning.
- 11.5 During the current financial year additional office space was leased, the benefit of having additional office space allowed us to hold the motion courts at the NCT premises as opposed to hiring external venues. The difference from the previous year was also due to conference costs for the African Dialogue.
- 11.6 The NCT website was re-designed and re-developed during the financial year as the previous website was outdated. The re-design was necessary for additional functionality and to allow for electronic filing of cases.

12. Other operating expenses

	31 March 2018	31 March 2017
	R	R
Amortisation	224 808	354 251
Assets impaired	-	10 076
Assets written off	18 705	52 379
Consulting fees (refer to Note 12.1)	1 140 004	2 111 341
Courier costs, postage and stamps (refer to Note 12.4)	262 822	147 574
Depreciation	1 436 902	1 003 991
Insurance	272 755	212 608
Internet costs and 3G connectivity	104 774	103 209
Lease rentals on premises and parking (refer to Note 12.2)	2 781 916	2 085 668
Recording, transcription, interpreters, witnesses and translation services (refer to Note 12.3)	363 832	593 250
Rentals – Equipment and furniture	67 335	19 222
Repairs and maintenance (refer to Note 12.5)	91 554	118 239
Telephone and fax (refer to Note 12.2)	340 593	230 215
Travel and accommodation (refer to Note 12.4)	8 014 406	4 888 593
Utilities – Water, electricity, rates and taxes (refer to Note 12.2)	1 017 756	779 391
Total	16 138 162	12 710 007

NATIONAL CONSUMER TRIBUNAL - ANNUAL FINANCIAL STATEMENTS

Notes to the Annual Financial Statements for the year ended 31 March 2018

12. Other operating expenses (continued)

Increase in other operating expenses

- 12.1 Consulting fees decreased from the previous year due to legal opinions that were obtained in respect of the following proposed amendments to its founding legislation, an ICT vulnerability review that was conducted to ensure that our ICT systems are secured from being hacked into, a staff engagement general human resources review as well as a 5-year review were conducted in terms of section 36(1) of the National Credit Act (Act No. 34 of 2005). The Tribunal closely monitors need to appoint of consultants.
- 12.2 Leases rentals are higher due to additional office space that was rented during the year. The additional office space was required due to an increased staff appointment as well as and to establish an additional Motion court room. The additional Motion court room will realise in efficiencies as fewer venues and facilities would be hired in Gauteng. This resulted in an increase in telephone and utilities costs.
- 12.3 Costs in this area have reduced due to cost savings measures that were implemented. The number of meetings that were recorded and transcribed reduced in the 2017/18 financial year resulting in cost savings. Furthermore hearings were structured to be held differently to ensure that costs savings were realised. More hearings were held on one day to reduce the amount of recording and transcription costs.
- 12.4 Travel, accommodation and courier costs were higher in 2017/18 due to an increased number of motion courts and an increase in the number of participants (Tribunal members and staff) and other hearings that were held in locations other than the NCT's offices and outside Gauteng. This resulted in travelling being undertaken to those locations by Tribunal members as well as support staff. Also refer to Note 18.5 and Note 18.7.

12.5 Repairs and maintenance

	31 March 2018	31 March 2017
	R	R
Furniture and fittings	15 086	650
Office equipment	18 369	470
Computer equipment	-	60 449
Leased assets	58 099	56 670
Total	91 554	118 239

13. Audit fees

External audit fees	1 313 073	783 075
Total	1 313 073	783 075

Audit fees for the 2016/17 interim audit were invoiced in the 2017/18 financial year resulting in the significant increase.

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Notes to the Annual Financial Statements for the year ended 31 March 2018

14. Part-time Tribunal members' costs

	2018			2017		
	Members' fees, etc.	Travelling expenses	Total costs	Members' fees, etc.	Travelling expenses	Total costs
BC Dumisa (Acting Executive Chairperson and Deputy Chairperson until 30 June 2018)	1 008 828	46 691	1 055 519	1 255 238	65 688	1 320 926
PA Beck	956 627	25 074	981 701	1 029 119	29 659	1 058 778
X May	835 318	53 082	888 400	619 364	21 622	640 986
HFN Sephoti	53 574	-	53 574	37 218	-	37 218
T Woker	682 513	15 399	697 912	530 557	28 955	559 512
FK Manamela	625 261	37 293	662 554	685 655	41 998	727 653
YT Carrim (resigned 15 August 2016)	-	-	-	46 902	329	47 231
L Best	298 628	36 302	334 930	390 207	20 189	410 396
JM Maseko (until 30 June 2017)	348 946	13 819	362 765	1 150 681	45 787	1 196 468
DR Terblanche (from 10 November 2016)	982 841	48 439	1 031 280	520 977	26 639	547 616
FK Sibanda	554 525	10 332	564 857	666 994	14 414	681 408
TA Bailey (From 01 July 2017)	407 765	12 113	419 878	-	-	-
MC Peenze (From 01 July 2017)	396 840	4 753	401 593	-	-	-
LL Rabotapi (From 01 July 2017 to 31 August 2017)	11 905	1 000	12 905	-	-	-
NMD Nkomo (From 01 July 2017)	291 719	4 338	296 057	-	-	-
NS Maseti (From 01 July 2017)	229 150	5 471	234 621	-	-	-
K Moodaliyar (From 01 July 2017)	326 386	3 690	330 076	-	-	-
Total	8 010 826	317 796	8 328 622	6 932 912	295 280	7 228 192

14.1 Increase in part-time Tribunal members' costs

The increase was due to more cases being finalised by the Tribunal members in the 2017/18 financial year. In the 2017/18 financial year 22 488 cases were finalised compared to 21 342 cases in the 2016/17 financial year. Furthermore the Minister also approved an increase to the daily rate paid to part-time Tribunal members effective from 1 April 2017. The increased costs were also attributable to refined processes to deal with non-DRA matters, these refined processes resulted in more efficient service delivery and resulted in an increase in adjudication costs. All the part-time Tribunal members were paid at the same daily rate. The differences in the amounts paid to individual members were due to their availability to attend to matters before the Tribunal. Also refer to Note 18.1, Note 18.7, Note 20.2.2 and Note 20.2.3. The increase in fees was contained due to the implementation of cost containment measures, and the reduction in the number of days for motion courts from five to three.

NATIONAL CONSUMER TRIBUNAL - ANNUAL FINANCIAL STATEMENTS

Notes to the Annual Financial Statements for the year ended 31 March 2018

15. Employee-related costs

	31 March 2018	31 March 2017
	R	R
Senior management emoluments (refer to Note 15.1)	9 896 587	7 741 899
Fulltime Tribunal members' emoluments (refer to Note 15.2)	4 921 635	3 426 239
Other staff emoluments	12 595 228	9 443 005
Other staff leave paid	164 061	19 954
Other staff performance bonuses for previous performance period	1 395 337	1 162 890
Subtotal for payments made to permanent staff and interns	28 972 848	21 793 987
Student workers (Contingent pool of temporary employees)	95 774	266 166
Temporary staff emoluments	1 499 454	1 365 141
Employer's contribution to statutory levies (refer to Note a)	193 000	130 470
Movement in accrual for leave pay	313 461	(48 104)
Movement in provision for performance bonuses	677 922	(65 126)
Total for employee-related costs	31 752 459	23 442 534

a) Statutory levies

Workmen's compensation	103 765	67 082
UIF	89 235	63 388
Total statutory levies	193 000	130 470

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Notes to the Annual Financial Statements for the year ended 31 March 2018

15.1 Senior management emoluments

	31 March 2018	31 March 2017
	R	R
Executive Chairperson (DR Terblanche: Until 9 November 2016)	214 361	1 605 050
Annual remuneration	-	1 099 289
Performance bonus for previous performance period	214 361	324 745
Leave paid out due to ending of contract	-	170 039
Other fringe benefits	-	10 977
	1 519 649	-
Executive Chairperson (JM Maseko: 1 July 2017)		
Annual remuneration	1 506 149	-
Other fringe benefits	13 500	-
	1 806 445	1 722 748
Chief Operating Officer (M Bosch)		
Annual remuneration	1 524 285	1 463 892
Performance bonus for previous performance period	267 160	243 856
Other fringe benefits	15 000	15 000
	813 022	1 646 404
Chief Financial Officer (WP Strauss: Until 6 July 2017)		
Annual remuneration	367 546	1 383 129
Performance bonus for previous performance period	271 093	251 275
Leave paid out due to resignation	171 192	-
Other fringe benefits	3 190	12 000
	567 722	-
Interim Chief Financial Officer (B Keet: From 7 July to 31 December 2017)		
Annual remuneration	523 419	-
Leave paid out due to ending of contract	38 656	-
Other fringe benefits	5 646	-
	340 500	-
Chief Financial Officer (A Moolla: From 1 January 2018)		
Annual remuneration	337 500	-
Other fringe benefits	3 000	-
	1 363 591	1 249 651
Chief Information Officer (BX Nomvete)		
Annual remuneration	1 166 158	1 068 778
Performance bonus for previous performance period	185 433	168 873
Other fringe benefits	12 000	12 000
	-	466 623
Registrar (A Burger: Until 31 May 2016)		
Annual remuneration	-	175 833
Performance bonus for previous performance period	-	117 031
Leave paid out due to resignation	-	171 759
Other fringe benefits	-	2 000

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Notes to the Annual Financial Statements for the year ended 31 March 2018

15.1 Senior management emoluments (continued)

	31 March 2018	31 March 2017
	R	R
Acting Registrar (P Moodley: Until 31 August 2017 and from 01 May 2016 to 31 March 2017 in previous year)	903 507	676 899
Annual remuneration	668 602	555 191
Acting allowance while the Registrar position was vacant	109 134	110 208
Performance bonus for previous performance period	120 771	-
Other fringe benefits	5 000	11 500
Registrar (LL Rabotapi: From 1 September 2017)	765 159	-
Annual remuneration	758 159	-
Other fringe benefits	7 000	-
Acting Corporate Services Executive (M Nel: Until 30 September 2017 and from 10 October 2016 to 31 March 2017 in previous year)	1 005 851	374 524
Annual remuneration	790 782	374 524
Acting allowance while the Corporate Services Executive position was vacant	115 060	-
Performance bonus for previous performance period	63 856	-
Leave paid out	17 070	-
Other fringe benefits	19 083	-
Corporate Services Executive (NKD Lolwane: From 1 October 2017)	596 779	-
Annual remuneration	590 779	-
Other fringe benefits	6 000	-

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Notes to the Annual Financial Statements for the year ended 31 March 2018

15.2 Fulltime Tribunal members' emoluments

	31 March 2018	31 March 2017
	R	R
Fulltime Tribunal members' emoluments	4 921 635	3 426 239
<i>Fulltime Tribunal Member (HV Devraj)</i>	1 939 881	1 743 064
Annual remuneration	1 522 833	1 463 188
Performance bonus for previous performance period	285 322	267 876
Leave paid out	119 727	-
Other fringe benefits	12 000	12 000
<i>Fulltime Tribunal Member (JR Simpson)</i>	1 814 441	1 683 175
Annual remuneration	1 524 285	1 422 795
Performance bonus for previous performance period	278 156	248 380
Other fringe benefits	12 000	12 000
<i>Fulltime Tribunal Member (AL Potwana: 9 Months in current year)</i>	1 167 312	-
Annual remuneration	1 158 312	-
Other fringe benefits	9 000	-

15.3 Expense allowances included under travelling Costs

Executive Chairperson (DR Terblanche)	-	21 063
Executive Chairperson (JM Maseko)	17 164	-
Fulltime Tribunal Member (HV Devraj)	44 656	42 937
Fulltime Tribunal Member (JR Simpson)	50 642	41 614
Fulltime Tribunal Member (AL Potwana)	34 429	-
Chief Operating Officer (M Bosch)	27 841	14 632
Chief Financial Officer (WP Strauss)	1 926	10 404
Chief Information Officer (BX Nomvete)	5 013	5 020
Registrar (LL Rabotapi)	19 513	-
Acting Registrar (P Moodley)	41 343	8 559
Corporate Services Executive (NKD Lolwane)	6 291	-
Acting Corporate Services Executive (M Nel)	4 914	444
Expense allowance paid to senior management	253 733	144 673
Expense allowance paid to other staff	197 805	187 394
Total expense allowance paid to employees	451 538	332 067

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Notes to the Annual Financial Statements for the year ended 31 March 2018

15.4 Increase in employee-related costs

There were numerous reasons for the increase in employee related costs, in the previous financial year, the Acting Executive Chairperson was remunerated at a daily rate and did not receive a monthly salary. In the 2017/18 financial year, the NCT had one additional full time Tribunal member. The staff establishments increased by 5 employees and most of these were at management level. The vacancy rate in the 2016/17 financial year was higher and there were vacancies at senior management level. In the 2017/18 financial year the number of interns was increased by one and six data capturers were appointed on fixed term contracts.

16. Finance costs

Finance leases

31 March 2018	31 March 2017
R	R
57 975	34 840
57 975	34 840

17. Reconciliation of net cash flows from operating activities

Net surplus for the year

Adjusted for:

Amortisation

Depreciation

Assets impaired

Assets written off

Finance costs – Finance leases

Movement in provisions – Employee related costs

Operating surplus before working capital changes

Changes in Working Capital

Decrease/(increase) in accounts receivable

Decrease/(Increase) in inventory

Increase/(Decrease) in accounts payable

Cash generated in operations

(8 987 542)	1 002 361
2 416 312	1 390 411
224 808	354 251
1 436 902	1 003 991
-	10 076
18 705	52 379
57 975	34 840
677 922	(65 126)
(6 571 230)	2 392 772
538 155	27 043
54 553	394 435
6 888	(19 498)
476 714	(347 894)
(6 033 075)	2 419 815

Notes to the Annual Financial Statements for the year ended 31 March 2018

18. Presentation of budget information

The NCT prepares its annual budget primarily on an accrual basis. However, items such as depreciation, amortisation, loss on sale of assets, scrapping of assets, finance costs and accrual for leave pay are not budgeted for on the accrual basis. The actual amounts in the Statement of Comparison of Budget and Actual Amounts are therefore adjusted to be comparable with the final budget.

Quantitative and qualitative material differences between the final budget and the comparable actual amount are disclosed in the notes below. The amount determined for materiality purposes is according to the materiality and significance framework as published in the Strategic Plan. This amount was determined to be 0,6% of the budgeted total revenue for the financial year that ended on 31 March 2018 which amounts to R379 764.

18.1 Roll-Over / additional funding required

The NCT started the 2017/18 financial year with the accrual accumulated funds of R15.9 million and a cash surplus of R10.8 million. Due to teething problems experienced with the implementation of the Case Management System (CMS) in previous financial years, the allocation of cases to part-time Tribunal members could not materialise through the CMS. The increase in the case load, the clearing of the backlog, the appointment of additional Tribunal members and enhancement of the CMS has resulted in the NCT reducing its accumulated surplus from R15.9 million to R6.9 million in the current year. Also refer to Note 28.

18.2 Income from exchange transactions

This income comprises filing fees received from filing parties for cases brought before the Tribunal. The budget for 2017/18 financial year was prepared on the assumption that the case numbers for 2017/18 would increase by 90% while the actual case numbers increased by 11% from the previous financial year. The anticipated increase in the case load by 90% was based on historical data which indicated on average that the caseload increased by 70% over a five year period. It is also important to note that at the time of preparing the 2017/18 budget, the number of cases received during 2016/17 was used as a basis and this included 12 000 cases which were withdrawn at a later stage. This withdrawal had the effect of inflating the baseline used to budget.

18.3 Interest received

Due to the retained surplus at the end of the previous financial year being more than what was budgeted for as already explained in Note 18.1 above, there were more funds on investment than anticipated. This resulted in the interest earned on investment to be higher than what was budgeted for. The NCT also managed its cash flow to ensure that surplus funds were invested in a way that maximised interest earned on these funds.

Notes to the Annual Financial Statements for the year ended 31 March 2018

18.4 Administrative expenses

Most of the administrative expenses per line item were underspent due to the implementation of cost savings measures and efficiency gains. Venues and facilities were significantly overspent due to more motion courts and other hearings that were held in locations other than at the NCT offices. This resulted in venues being procured to accommodate the motion courts that were held in locations outside of the NCT's offices and which were not budgeted for. Due to the efficiencies gained on the number of matters that were dealt with through the motions courts, an overall saving was achieved in the total cost of adjudication.

18.5 Other operating expenses

Travel and accommodation was significantly overspent then anticipated due to more motion courts hearings in an attempt to clear the backlog of cases. This resulted in travelling being undertaken by Tribunal members and support staff. Due to the efficiencies gained on the number of matters that were dealt with through the motions courts, an overall saving was achieved in the total cost of adjudication. Lease rental of offices was also overspent due to acquiring additional office space to accommodate the increase in the staff appointments and to increase the number of Motion courtrooms available at the NCT offices.

18.6 External audit fees

Audit fees for the 2016/17 interim audit were invoiced in the 2017/18 financial year resulting in the variance.

18.7 Tribunal members' costs

The budget for Tribunal members costs was based on the number of cases that were expected to be filed with the NCT. As the number of cases were significantly less than what was budgeted for a saving was realised. Furthermore the saving could be attributed to efficiencies realised through the motion court process where approximately 32 DRA matters per day could be concluded by one Tribunal member. The efficiencies gained on the number of matters that were dealt with through the motions courts more than offset the additional cost incurred on traveling, accommodation and venue hiring.

18.8 Employee-related costs

The NCT experienced difficulties in filling some of the vacant positions on the approved staff structure, especially those on a more senior level. Internal appointments of staff into other higher positions also resulted in vacant positions previously occupied by these staff members. All of these factors together with the cancellation of the Group Life tender has resulted in employee related costs being significantly underspent.

18.9 Capital expenditure

The capital expenditure budget was overspent mainly due to the acquiring of additional office space and the development of the case management system. Additional office space was leased so that an additional Motion court room could be established. During 2017/18 laptops, screens and printers were acquired for all Tribunal members so that they could adjudicate online. These projects were financed out of the approved roll-over funds but as the NCT not being allowed to do reserve accounting, this expenditure could not allocated directly to the accumulated surplus at the beginning of the financial year.

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Notes to the Annual Financial Statements for the year ended 31 March 2018

19. Commitments

19.1 Operating leases – buildings

	31 March 2018	31 March 2017
	R	R
Lease payments under operating leases recognised in the surplus/(deficit) for the year	2 781 916	2 085 668
<i>Future minimum lease payments</i>		
Payable within one year	2 991 823	2 618 387
Payable after one year	4 620 365	7 404 104
	7 612 188	10 022 491

The operating leases relates to the centurion office building situated at 272 West Avenue, Centurion. The lease agreement entered into is effective from 1 September 2014 and ends on 31 August 2020.

19.2 Operating leases - office equipment

Lease payments under operating leases recognised in the surplus for the year	67 335	19 222
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The operating leases for office equipment were purely incidental and relate to capitalised leases of photo copiers.

19.3 Finance leases – office equipment

Refer to Note 7: Finance leases – Office equipment for commitments under finance lease agreements.

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Notes to the Annual Financial Statements for the year ended 31 March 2018

20. Related parties

20.1 Transactions with entities under common control

As the NCT is a National Public Entity related to other entities and departments in the National Sphere of Government. It is considered to be related to Telkom, the South African Post Office (SAPO) and the South African Airways (SAA). Transactions with these entities are concluded in the normal course of business and are undertaken in terms of conditions that are normally applicable for such transactions. Other movement of funds between the NCT and a department or other entities under common control in the National Sphere of Government are disclosed below:

	31 March 2018	31 March 2017
	R	R
Department of Trade and Industry (the dti) – Grant received	48 459 000	46 151 000
National Consumer Commission (NCC) – Reimbursement of African Dialogue expenses	-	100 000
Companies and Intellectual Property Commission (CIPC) – Reimbursement of African Dialogue expenses	-	100 000
National Regulator for Compulsory Specifications (NRCS) – Reimbursement of African Dialogue expenses	-	100 000

20.2 Relationships and related party transactions

20.2.1 State Departments and Public Entities

Department of Trade and Industry (**the dti**) – Controlling state department

National Consumer Commission (NCC) – Sister entity within the dti group of entities and part of COTII which refers matters to the NCT for adjudication in terms of the Consumer Protection Act.

National Credit Regulator (NCR) – Sister entity within **the dti** group of entities and part of COTII which refers matters to the NCT for adjudication in terms of the National Credit Act.

Note: Amounts that were paid to or received from state departments and public entities are disclosed in Note 20.1 above.

The NCT is part of the Council of Trade and Industry Institutions (COTII) and, as such, contributes towards the achievement of the objectives of **the dti** and the overall Government strategies. The entities listed below are part of COTII and some of these entities use the facilities and other resources of the NCT from time to time for free.

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Notes to the Annual Financial Statements for the year ended 31 March 2018

20. Related parties (continued)

	31 March 2018	31 March 2017
	R	R
National Empowerment Fund (NEF)	-	-
Export Credit Insurance Corporation of South Africa Limited (ECIC)	-	-
Small Enterprise Development Agency (seda)	-	-
Companies and Intellectual Property Commission (CIPC)	-	-
National Gambling Board of South Africa (NGB)	-	-
National Lotteries Board (NLB)	-	-
National Metrology Institute of South Africa (NMISA)	-	-
South African Bureau of Standards (SABS)	-	-
South African National Accreditation System (SANAS)	-	-
National Regulator for Compulsory Specifications (NRCS)	-	-
Companies Tribunal (CT)	-	-

20.2.2 Accounting authority

DR Terblanche (Executive Chairperson until 9 November 2016)	Aggregate remuneration	214 361	1 605 050
JM Maseko (Executive Chairperson from 01 July 2017)	Aggregate remuneration	1 519 649	-
JM Maseko (Executive Chairperson from 01 July 2017)	Reimbursement of purchases	980	-

Note: Aggregate remuneration excludes expense allowances. Also refer to Note 15 for more detail.

BC Dumisa (Acting Executive Chairperson until 30 June 2017)	Aggregate remuneration	440 315	552 476
BC Dumisa (Acting Executive Chairperson until 30 June 2017)	Reimbursement of purchases	1 141	-

Note: Aggregate fee for services rendered includes travelling expense. Also refer to Note 14 for more detail.

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Notes to the Annual Financial Statements for the year ended 31 March 2018

20.2.3 Part-time Tribunal members

		31 March 2018	31 March 2017
		R	R
BC Dumisa (Deputy Chairperson until 9 November 2016)	Aggregate remuneration	615 204	768 450
PA Beck	Aggregate remuneration	981 701	1 058 778
X May	Aggregate remuneration	888 400	640 986
HFN Sephoti	Aggregate remuneration	53 574	37 218
T Woker	Aggregate remuneration	697 912	559 512
FK Manamela	Aggregate remuneration	662 554	727 653
YT Carrim (Resigned 15 August 2016)	Aggregate remuneration	-	47 231
L Best (Deputy Chairperson from 01 July 2017)	Aggregate remuneration	334 930	410 396
JM Maseko (Until 30 June 2017)	Aggregate remuneration	362 765	1 196 468
DR Terblanche (From 10 November 2016)	Aggregate remuneration	1 031 280	547 616
FK Sibanda	Aggregate remuneration	564 857	681 408
TA Bailey (From 01 July 2017)	Aggregate remuneration	419 878	-
MC Peenze (From 01 July 2017)	Aggregate remuneration	401 593	-
LL Rabotapi (From 01 July 2017 to 31 August 2017)	Aggregate remuneration	12 905	-
NMD Nkomo (From 01 July 2017)	Aggregate remuneration	296 057	-
NS Maseti (From 01 July 2017)	Aggregate remuneration	234 621	-
K Moodaliyar (From 01 July 2017)	Aggregate remuneration	330 076	-

Note: Aggregate fee for services rendered includes travelling expense. Also refer to Note 14 for more detail.

NATIONAL CONSUMER TRIBUNAL - ANNUAL FINANCIAL STATEMENTS

Notes to the Annual Financial Statements for the year ended 31 March 2018

20.2.4 Fulltime Tribunal members and key management

		31 March 2018	31 March 2017
		R	R
HV Devraj (Fulltime Tribunal Member)	Aggregate remuneration	1 939 881	1 743 064
HV Devraj (Fulltime Tribunal Member)	Reimbursement of purchases	1 495	9 201
JR Simpson (Fulltime Tribunal Member)	Aggregate remuneration	1 814 441	1 683 175
JR Simpson (Fulltime Tribunal Member)	Reimbursement of purchases	12 708	12 017
AL Potwana (Fulltime Tribunal Member)	Aggregate remuneration	1 167 312	-
AL Potwana (Fulltime Tribunal Member)	Reimbursement of purchases	4 614	-
M Bosch (Chief Operating Officer and Registrar)	Aggregate remuneration	1 806 445	1 722 748
M Bosch (Chief Operating Officer and Registrar)	Reimbursement of purchases	17 896	466
WP Strauss (Chief Financial Officer)	Aggregate remuneration	813 022	1 646 404
WP Strauss (Chief Financial Officer)	Reimbursement of purchases	25	1 408
B Keet (Interim Chief Financial Officer)	Aggregate remuneration	567 722	-
A Moolla (Chief Financial Officer)	Aggregate remuneration	340 500	-
BX Nomvete (Chief Information Officer)	Aggregate remuneration	1 363 591	1 249 651
BX Nomvete (Chief Information Officer)	Reimbursement of purchases	233	250
A Burger (Registrar)	Aggregate remuneration	-	466 623
P Moodley (Acting Registrar)	Aggregate remuneration	903 507	676 899
P Moodley (Acting Registrar)	Reimbursement of purchases	174	75
LL Rabotapi (Registrar)	Aggregate remuneration	765 159	-
LL Rabotapi (Registrar)	Reimbursement of purchases	769	-
M Nel (Acting Corporate Services Executive)	Aggregate remuneration	1 005 851	374 524
M Nel (Acting Corporate Services Executive)	Reimbursement of purchases	25 313	5 033
NKD Lolwane (Corporate Services Executive)	Aggregate remuneration	596 779	-
NKD Lolwane (Corporate Services Executive)	Reimbursement of purchases	9 000	-

Note: Aggregate remuneration excludes expense allowances. Also refer to Note 15 for more detail.

NATIONAL CONSUMER TRIBUNAL - ANNUAL FINANCIAL STATEMENTS

Notes to the Annual Financial Statements for the year ended 31 March 2018

20.3 Amounts included in trade receivables/(trade payables) regarding related parties

	31 March 2018	31 March 2017
	R	R
M Bosch (Chief Operating Officer and Registrar) (UIF refund and travelling expenses)	-	21 532
HV Devraj (Fulltime Tribunal Member) (Travelling expenses)	(1 875)	(1 225)
JR Simpson (Fulltime Tribunal Member) (Travelling expenses)	(1 598)	(1 670)
P Moodley (Acting Registrar) (Travelling expenses)	(6 164)	(2 194)
DR Terblanche (Executive Chairperson and part-time Tribunal Member) (Fees and travelling expenses)	(61 358)	(115 191)
PA Beck (Part-time Tribunal Member) (Fees and travelling expenses)	(49 156)	(23 169)
L Best (Part-time Tribunal Member) (Fees and travelling expenses)	(5 953)	-
YT Carrim (Part-time Tribunal Member) (Fees and travelling expenses) (Resigned 15 August 2016)	-	-
BC Dumisa (Part-time Tribunal Member and Acting Executive Chairperson) (Fees and travelling expenses)	(57 362)	(31 007)
FK Manamela (Part-time Tribunal Member) (Fees and travelling expenses)	(68 210)	(69 196)
JM Maseko (Part-time Tribunal Member) (Fees and travelling expenses)	-	(37 779)
X May (Part-time Tribunal Member) (Fees and travelling expenses)	(46 189)	(18 059)
HFN Sephoti (Part-time Tribunal Member) (Fees and travelling expenses)	(53 574)	-
FK Sibanda (Part-time Tribunal Member) (Fees and travelling expenses)	(116 635)	(114 978)
T Woker (Part-time Tribunal Member) (Fees and travelling expenses)	(38 073)	(17 343)
TA Bailey (Part-time Tribunal Member) (Fees and travelling expenses)	(36 623)	-
MC Peenze (Part-time Tribunal Member) (Fees and travelling expenses)	(67 887)	-
LL Rabotapi (Part-time Tribunal Member) (Fees and travelling expenses)	-	-
N Nkomo (Part-time Tribunal Member) (Fees and travelling expenses)	(23 759)	-
NS Maseti (Part-time Tribunal Member) (Fees and travelling expenses)	(48 321)	-
K Moodaliyar (Part-time Tribunal Member) (Fees and travelling expenses)	(127 647)	-

Notes to the Annual Financial Statements for the year ended 31 March 2018

21. Financial instruments

Exposure to currency, interest rate, credit and liquidity risks arise in the normal course of the NCT's business.

21.1 Financial risk management

The NCT is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk

This note presents information about the NCT's exposure to each of the above risks and its objectives, policies and processes for measuring and managing risks. Further quantitative disclosures are included throughout these financial statements.

The Accounting Authority and Key Management have overall responsibility for the establishment and oversight of the NCT's risk management framework. The NCT's risk management policies are established to identify and analyse the risks faced by the NCT, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the NCT's activities. The NCT, through its training and management standards and procedures, aims to develop a disciplined and constructive environment in which all employees understand their roles and obligations.

Financial assets

Loans and other receivables

Trade and other receivables (refer to Note 5)

Cash and cash equivalents (refer to Note 6)

Financial liabilities

Trade and other payables

Trade and other payables (refer to Note 8)

Accruals (refer to Note 8)

	31 March 2018	31 March 2017
	R	R
Financial assets		
Loans and other receivables	9 059 151	18 760 843
Trade and other receivables (refer to Note 5)	546 728	601 281
Cash and cash equivalents (refer to Note 6)	8 512 423	18 159 562
Financial liabilities		
Trade and other payables	5 500 052	5 023 338
Trade and other payables (refer to Note 8)	2 752 252	3 064 540
Accruals (refer to Note 8)	2 747 800	1 958 798

21.1.1 Liquidity risk

Liquidity risk is the risk that the NCT will encounter if it experiences difficulty in raising funds to meet its commitments. The NCT's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the NCT's reputation. The major portion of the surplus is carried as cash or cash equivalents.

The ageing of trade payables from exchange transactions at the reporting date is per the table below. The amounts disclosed are contractual cash flows.

NATIONAL CONSUMER TRIBUNAL - ANNUAL FINANCIAL STATEMENTS

Notes to the Annual Financial Statements for the year ended 31 March 2018

21. Financial instruments (continued)

At 31 March 2018

Finance leases (refer to Note 7)

Trade and other payables (refer to Note 8)

Total

Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
350 116	485 804	-
5 500 052	-	-
5 850 168	485 804	-

At 31 March 2017

Finance leases (refer to Note 7)

Trade and other payables (refer to Note 8)

Total

Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
122 628	95 569	-
5 023 338	-	-
5 145 966	95 569	-

21.1.2 Interest rate risk

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

Balances exposed to interest rate risk

Cash and cash equivalents (refer to Note 6)

Total

31 March 2018	31 March 2017
R	R
8 512 423	18 159 562
8 512 423	18 159 562

21.1.3 Credit risk

Credit risk is the risk of a counterparty to a financial instrument defaulting on its obligation to the NCT, thereby causing financial loss. It is therefore policy that all customers who wish to trade on credit terms are assessed for creditworthiness. In addition, receivable balances are monitored on an ongoing basis, resulting in exposure to bad debts being insignificant. Provision is made for doubtful debts when there is a significant risk that the debt might not be recovered. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position.

Financial assets exposed to credit risk at year-end were as follows:

Financial instrument

Trade and other receivables – Unrated

Cash and cash equivalents – B rating (Standard and Poor's)

31 March 2018	31 March 2017
R	R
546 728	601 281
8 512 423	18 159 562
9 059 151	18 760 843

The following analysis provides information about the NCT's exposure to credit risk:

Credit quality of financial assets

Trade and other receivables neither past due nor impaired

Cash and cash equivalents neither past due nor impaired

31 March 2018	31 March 2017
R	R
546 728	601 281
8 512 423	18 159 562
9 059 151	18 760 843

NATIONAL CONSUMER TRIBUNAL - ANNUAL FINANCIAL STATEMENTS

Notes to the Annual Financial Statements for the year ended 31 March 2018

21.2 Fair values

The National Consumer Tribunal's financial instruments consist mainly of cash and cash equivalents, accounts receivable and accounts payable. No financial instruments were carried at an amount in excess of its fair value. The following methods and assumptions are used to determine the fair value of each class of financial instrument:

21.2.1 Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets.

21.2.2 Accounts receivable

The carrying amount of accounts receivable, net of allowance for bad debt, approximates fair value due to the relatively short-term maturity of these financial assets.

21.2.3 Accounts payable

The carrying amount of trade payables approximates fair value due to the relatively short-term maturity of these financial liabilities.

22. Change in accounting estimates

Impact of changes in accounting estimates

(Increase) in net surplus

Increase in property, plant and equipment

Total

	31 March 2018	31 March 2017
	R	R
	-	(282 713)
	-	282 713
	-	-

In the current financial year, management re-assessed the useful lives of property, plant and equipment and intangible assets. No changes were made to the useful lives of Property, Plant and Equipment and Intangible assets.

In the previous financial year management re-assessed the remaining useful lives of Property, Plant and Equipment. The useful lives of intangible assets were also reviewed. This resulted in changes being made to the estimated remaining lives of leasehold improvements and internally generated software. The remaining useful life of leasehold improvements was extended by 12 months and the useful life of internally generated software was changed to be between 3 to 5 years.

NATIONAL CONSUMER TRIBUNAL - ANNUAL FINANCIAL STATEMENTS

Notes to the Annual Financial Statements for the year ended 31 March 2018

23. Fruitless and wasteful expenditure

Management did not identify any fruitless and wasteful expenditure in the year ended 31 March 2018 and 31 March 2017.

24. Irregular expenditure

	31 March 2018	31 March 2017
	R	R
Opening balance	136 857	-
Add Irregular expenditure identified	-	136 857
Less Irregular expenditure condoned	(136 857)	-
Closing balance	-	136 857

Details of irregular expenditure

Irregular expenditure to the amount of R136 857 was identified in the previous year. This was as a result of a bid being awarded based on the copy of the winning bidder's B-BBEE status level certificate without having a certified copy on file as required by the Preferential Procurement regulations. A certified copy of the original certificate was subsequently obtained and confirmation that value for money was received was performed. A request for the condonation of the irregular expenditure was submitted to National Treasury and the irregular expenditure was condoned.

25. Events after the reporting date

Management was not aware of any matters or circumstances as at the end of the financial year, not otherwise dealt with in the annual financial statements, that significantly affected the financial position of the National Consumer Tribunal or the results of its operations.

26. Going concern

Management carried out an assessment of the Tribunal's ability to continue operating as a going concern and concluded that the organisation would be able to continue as a going concern for the foreseeable future.

27. Statements of GRAP issued but not yet effective

At the date of authorisation of these annual financial statements, the following accounting standards of Generally Recognised Accounting Principles (GRAP) and interpretation standards of GRAP were in issue, but not yet effective:

NATIONAL CONSUMER TRIBUNAL - ANNUAL FINANCIAL STATEMENTS

Notes to the Annual Financial Statements for the year ended 31 March 2018

27. Statements of GRAP issued but not yet effective (continued)

	Number	Future Impact for the NCT	Effective Date
Related Party Disclosures	GRAP 20	Applicable to the NCT	No date determined
Service Concession Arrangements: Grantor	GRAP 32	Not applicable to the NCT	No date determined
Statutory Receivables	GRAP 108	Applicable to the NCT	No date determined
Accounting by Principals and Agents	GRAP 109	Not applicable to the NCT	No date determined
Service Concession Arrangements where the Grantor Controls a Significant Residual Interest in an Asset	IGRAP 17	Not applicable to the NCT	No date determined
Recognition and Derecognition of land	IGRAP 18	Not applicable to the NCT	01 April 2019
Liabilities to Pay Levies	IGRAP 19	Not applicable to the NCT	01 April 2019

28. Contingent liabilities

28.1 Accumulated surplus

The NCT as a Public Entity listed in schedule 3A of the Public Finance Management Act may not accumulate surpluses without the prior written approval of the National Treasury. A request to retain the accumulated surplus as at 31 March 2018 will be submitted to National Treasury. The accumulated surplus as at 31 March 2018 amounted to R96 552. A request for the retention of the previous year's accumulated surplus was approved by National Treasury.

28.2 Claim by service provider

A claim in the amount of R273 000 from a service provider was instituted against the NCT two years ago however there was no correspondence ever from the said service provider since. The NCT received no value from the services provided by this supplier and had to appoint another service provider to complete the services. Management does not believe that the NCT will incur any expenditure to this supplier as it has no legal basis for submitting a claim to the NCT.

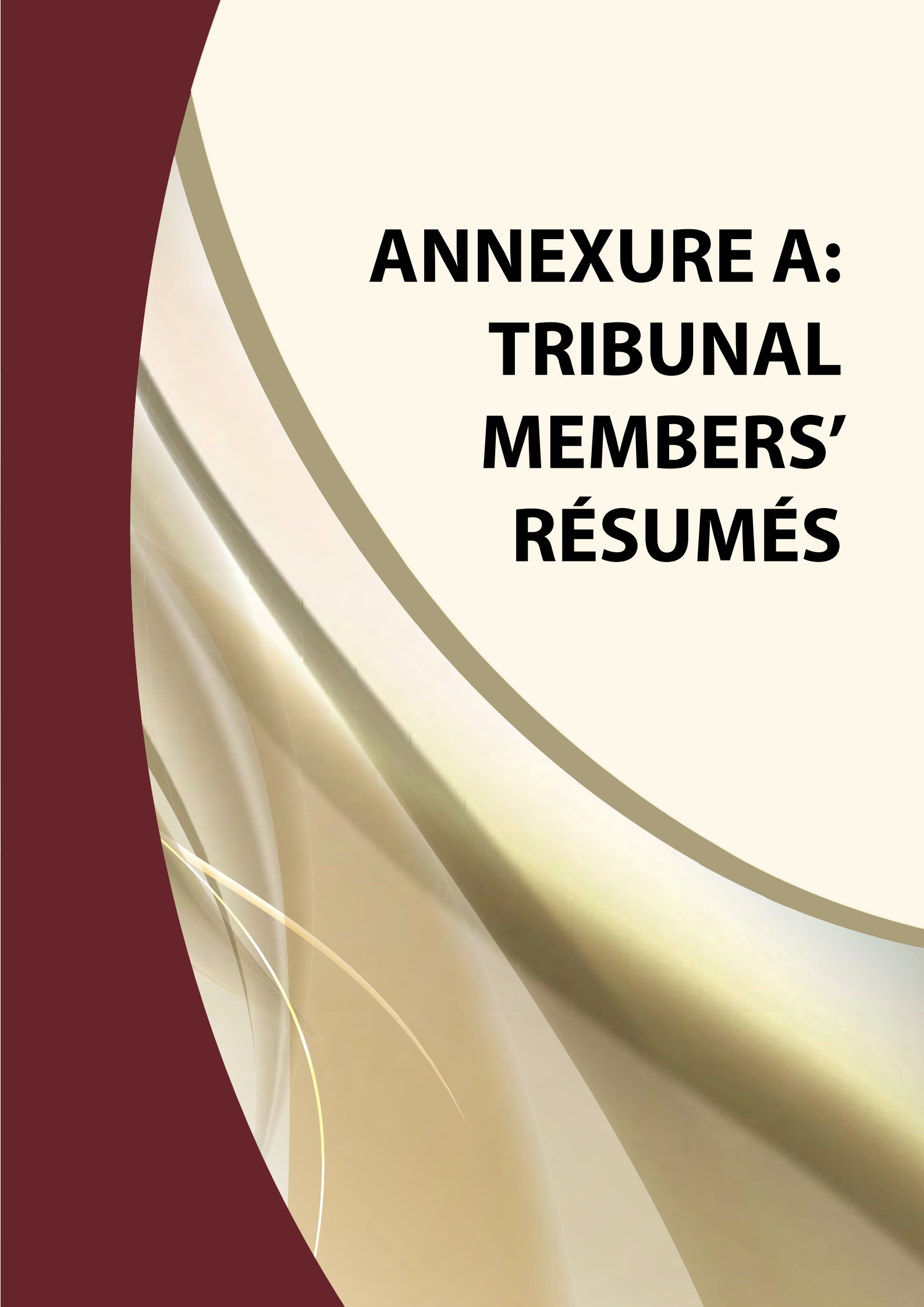
29. Capital commitments

There were no commitments of a capital nature made.

30. Taxation

The NCT is exempted from paying taxation in terms of Section 10 (1)(CA)(1) of the Income Tax Act, Act No. 58 of 1962.





ANNEXURE A: TRIBUNAL MEMBERS' RÉSUMÉS



Prof Joseph Mandla Maseko

Qualifications: PhD Management (UK); MPhil Labour Law (University of Johannesburg); LLB (UNISA); Advanced Diploma in Labour Law (Randse Afrikaanse Universiteit); Graduate Diploma in Company Direction (GIMT); Advanced Diploma in Management (SAIM); Diploma in Personnel Management (ICS); Certificate in O&M (RIPA – UK); Certificate in Psychometric Testing (Thomas International Europe Ltd); Certificate in Training of Trainers (IPM); Certificate in Debt Counselling (University of Pretoria); Certificate in Curriculum Design (Central Training Unit); Certificate in Management Development Programme (University of the Witwatersrand); Certificate in Law and Mediation (TPU); Certificate in Internal Auditing (UNISA). Prof Maseko was admitted as an Advocate of the High Court in South Africa in 2017.

Prof Maseko continuously sets out to improve his skills set, as is attested to by his wide range of qualifications. However, protecting the rights of consumers remains a major passion and one of his key focus areas. In 2014, he was appointed by the United Nations Industrial Development Organisation (UNIDO) to draft, compile and present consumer protection legislation and regulations for Swaziland, (later known as eSwatini). The drafted Act and regulations were then left with the Swaziland Ministry of Commerce, Industry and Trade for parliamentary submission.

In March 2015, as well as in March 2018, Prof. Maseko also conducted training of the management and staff and some stakeholders of the Fair Trading Commission (FTC) of the Republic of Seychelles. The Training for both engagements took place within a week (per session) in Victoria, on Mahe Island).

Prof Maseko was a Part-Time Tribunal Member of the National Consumer Tribunal (NCT) from November 2011. He also served as a member of the Mpumalanga Consumer Affairs Court from 2009. In 2014, he was appointed the Chairperson of that Court for a three-year term ending in 2018.

He is also the founder and 70% owner of Maseko Management Services CC, a consulting firm based in Mpumalanga and Gauteng. Prof Maseko has previously served as a National Senior Commissioner of the Commission for Conciliation; Mediation and Arbitration (CCMA) in 1999 as well as a Part-Time Senior Commissioner between 1997 and 1998. While serving Part-time as the CCMA Senior Commissioner, he also conducted conciliations and arbitrations for the Public Sector Bargaining Councils (PSCBC, SSSBC, GPSSBC, PHSDSBC) and a few Private Sector Bargaining Councils and one Statutory Council).

While serving as a Part-Time Member of the Tribunal, Prof Maseko served as a Chairperson of the Human Resources Governance Committee of the National Consumer Tribunal. He has served as Chairperson for disciplinary hearings of the NHBRC (National Home Builders Registration Council) which considers offences by Home Building Contractors under the applicable Act since November 2015. He also served on the panel of mediators in the Land Reform Programme of the Department of Rural Development and Land Reform (DRDLR).

Prof Maseko was appointed Executive Chairperson of the Tribunal from 1 July 2017 to date. With regard to Board appointments, Prof Maseko has previously sat on boards of The Mpumalanga Development Corporation, the Mpumalanga Tourism and Parks Authority; the Songizwe Trust; National Botanical Institute (NBI) as it then was, which later changed to the South African National Botanical Institute (SANBI); Royal Swaziland Insurance Company.

Prof Maseko has also held numerous executive management positions in academia, brewing; manufacturing, government, forestry, consulting with an Auditing firm, in South Africa, Swaziland and Botswana. He had a consulting stint on attachment in management consulting at the West Midlands County Council; in Birmingham UK, while studying at Royal Institute of Public Administration (RIPA) of London in the UK.

While Prof Maseko has since his full-time appointment to the NCT, resigned all his Board and Panel appointments; to avoid conflict of interests, he still volunteers during his leisure; as an unpaid Director of a Non-Profit Organisation called Children in Distress (CiD) based in White River, near Nelspruit. This NPO feeds and provides computer skills and financial and family support to orphans by pairing them with the destitute grannies that have lost their own children to crime and the HIV and AIDS pandemic around the Greater Mbombela. This region stretches from White River to Hazyview and surrounding townships and villages.



Dr Laura Best

Qualifications: DPhil: Commerce – Business Management (Nelson Mandela University)

Dr Best divides her time between the NCT and her position as Special Assistant to the Vice-Chancellor of the Nelson Mandela University. She is a member of the International Group of Experts on Consumer Protection and Competition at the United Nations Conference on Trade and Development (UNCTAD) in Geneva. She also actively participates and contributes to debates, webinars and discussions in the African Dialogue, which brings together consumer protection officials from a number of African Countries.

Dr Best is also an active researcher in the field of consumer protection with a particular focus on sustainability and the African consumer market. She has written articles and conference papers and most recently participated at the G20 Consumer Summit in Argentina on an expert panel on “*Consumer Education and Initiatives on Food Loss and Waste*”. She is a facilitator of gender main-streaming training in the public sector, and is pursuing her goal of learning to speak French.



Prof Bonke Dumisa

Qualifications: BCom (National University of Lesotho); BCom (Hons) (Unisa); MBA (Bentley University, USA); MSc (University of London, UK); Doctor of Business Administration (University of Durban-Westville); LLB (University of Zululand); LLM (University of KwaZulu-Natal)

With his valuable combination of business and legal qualifications, Prof Dumisa is now an ordinary Tribunal Member (on his third five-year term) having served as the NCT's Acting Executive Chairperson for eight months (November 2016 – June 2017), and served as the NCT's Deputy Chairperson for 10 years (two consecutive five-year terms) since its inception in 2006. Prof Dumisa is an Advocate of the High Court of South Africa and a former Professor of Management at the University of KwaZulu-Natal. Thanks to his sought-after leadership skills and business acumen, Prof Dumisa serves on a number of boards, including being the Chairperson of the KwaZulu-Natal Provincial Planning Commission, a Board Member of the KwaZulu-Natal Liquor Authority, and Chairperson of the committee for the Board Adjudication Committee. He is also an adjudicator with the Community Schemes Ombuds Services (CSOS). He is a Commissioner at the Broadcasting Complaints Commission of South Africa (BCCSA). Prof Dumisa is also one of the Presiding Officers at the Private Security Industry Regulatory Authority (PSIRA). He is an Economic Analyst for various media, including TV, radio and the print media.



Ms Diane Terblanche

Qualifications: BA and LLB degrees, University of the Western Cape, LLM, University of Pennsylvania (USA)

Passionate about the rights of South African consumers, Ms Terblanche has been the Executive Chairperson of the National Consumer Tribunal since its inception until November 2016. She has been an admitted attorney for 31 years. Her experience in consumer protection spans a period of approximately 26 years, within and outside South Africa. She engaged as a lobbyist for consumer protection, was on the forefront of drafting consumer protection policies, laws and strategies for their effective implementation and took the lead in many instances in implementing those policies, laws and plans. Through Ms Terblanche's strong and dynamic leadership skills, the NCT is and has become a trusted, independent adjudicative entity in South Africa. She currently practices under the name and style of Diane Terblanche Attorneys and is the founding member of ConsumerWeb, a company focusing on maximising consumers' access to their rights.



Mr Fungai Sibanda

Qualifications: BCom and BCom (Hons) (Unisa); MSc Economics (Hull University, UK); Certificate in Competition Law (University of the Witwatersrand)

Mr Sibanda specialises in regulatory economics and competition policy matters and has held a number of senior positions at the Competition Commission, Department of Trade and Industry and the Independent Communications Authority of South Africa (ICASA). Among others, he was involved in the drafting of the Consumer Protection Act and its regulations as well as the regulations under the National Credit Act. He is a part-time regulator member of the National Energy Regulator of South Africa (NERSA), and a co-founder of Hekima Advisory. The Wits Law School often invites Mr Sibanda as a guest lecturer on Competition Economics.



Ms Penelope Beck

Qualifications: BA Law and LLB (University of the Western Cape); Certificate in the Financing of Local Infrastructure Initiatives (University of Cape Town/Royal Institute of Technology, Sweden)

Ms Beck was admitted as an attorney in 1992 and honed her consumer protection knowledge in the NGO sector, where for many years she served the Legal Resources Centre, the Housing Consumer Protection Trust and the Black Sash, amongst others, respectively. She is currently Chairperson of the Social Assistance Appeals Tribunal, a Director at the Ombudsman for Banking Services (OBS), a member of the OBS audit and Finance Committee, an adjudicator at the Community Schemes Ombud Service (CSOS), associate member of INSITE, an organisation focusing on social and economic development of communities and a Director at One Climate Fund, an organisation focussing on making renewable energy accessible to marginalised communities. She is also a practising attorney at Beck-Paxton Attorneys.



Mr Xolela May

Qualifications: Diploma in Business Management; MBA (in progress); NDip Law (University of Johannesburg); Diploma in Legal Studies (South African School of Law)

With his in-depth knowledge of the Consumer Protection Act and regulations, Mr May is a valued Tribunal Member who makes an active contribution to the enforcement of consumer rights. He is Vice- Chairperson of the Southern Cape Correctional Service Parole Board and is involved in a number of NGOs and CBOs.



Adv. Frans Kgolela Manamela

Qualifications: BJuris and LLB (University of the North)

Adv. Manamela has been involved in consumer affairs since 1992 and was admitted as an advocate of the High Court in 1995. He played a key role in setting up the first Consumer Affairs Court in South Africa and was appointed as the first Consumer Protector for Gauteng in 1998. Adv. Manamela currently serves as the Chief Director of Consumer Affairs and Business Compliance in the Gauteng Department of Economic Development. He is also a visiting Lecturer at the University of the Witwatersrand's School of Law, offering Consumer Protection studies to Law students for free. He has presented papers on consumer protection at many conferences in South Africa and beyond, and also serves as a member of the National Consumer Protection Forum's Policy and Legislation Committee.



Adv. Neo Sephoti

Qualifications: BJuris and LLB (University of Bophuthatswana); Diploma in Alternative Dispute Resolution (Arbitration Foundation of Southern Africa)

Adv. Sephoti loves working with people and making a difference in their lives. She is an advocate of the High Court of South Africa and is currently employed as the Head of Department at North West Tourism which is part of the North West Provincial Government. Adv. Sephoti is also a member of the Independent Commission for the Remuneration of Public Office Bearers and is Chairperson of the Audit and Risk Committee of the Performing Arts Council of the Free State.



Prof Tanya Woker

Qualifications: BA, LLB and LLM (University of Natal; PhD (Rhodes University))

A professor of law and advocate of the High Court of South Africa, Prof Woker takes a particular interest in consumer law. She served as the Vice-Chairperson and Chairperson of the Department of Trade and Industry's Consumer Affairs Committee as the Chairperson of the Financial Services Ombuds Council and is a member of the Financial Services Enforcement Committee. Prof Woker is the author of a number of consumer law related articles and academic works.



Ms Hazel Devraj

Qualifications: B Soc Science Psychology and Industrial Psychology; B Soc Science (Hons) and currently completing an LLB.

In her position as CEO, Ms Devraj played a key role in the founding of the NCT with her hands-on work ethic. Prior to joining the founding team of the NCT, Ms Devraj spent four years as the Head of Human Resources at the Competition Commission, after which she joined the Department of Trade and Industry as Director of Operational Management in the Corporate Regulation Division. Ms Devraj is now a full-time Tribunal Member, and her insight into the inner workings of the Tribunal is well regarded. Ms Devraj also served as an Appeals Tribunal Member at the Film and Publication Board and currently serves as a REMCO Member for SAMSA.



Adv. John Simpson

Qualifications: B.Juris and LLB (Unisa)

Adv. Simpson's career has seen him rise through the ranks of the legal system over a period of 10 years, from State Prosecutor in the Department of Justice to Magistrate and then as an admitted advocate in private practice. His quest for renewed challenges led him to take on the positions of Manager and then General Manager for the Ombudsman for Banking Services where he served for a period of 11 years. This extensive experience positioned Adv. Simpson as a skilled legal consultant, in which position he has provided advice and guidance to companies on the Consumer Protection Act and assisted the NCT in the setting up of its case management systems. He has been with the National Consumer Tribunal since June 2013 as a full-time tribunal member, adjudicating cases in terms of the National Credit Act and the Consumer Protection Act.



Mr Andisa Potwana

Qualifications: B.Juris & LLB (University of Transkei)

Mr. Potwana was admitted as an attorney in 2000. Initially practicing law in a private law firm, his passion for civil and commercial litigation resulted in him being appointed as Project Manager: Small, Medium and Micro Business Enterprises Project of the University of Natal Campus Law Clinic where he also lectured on forms of business enterprises to final year LLB students and led an outreach project. His litigation skills were enhanced during his tenure as head of the Civil Litigation Unit at the Pietermaritzburg Legal Aid Board's High Court Unit. His deep-seated interest for consumer related law led him to join the Competition Commission of South Africa as legal counsel but was soon promoted to the position of senior legal counsel. Later, he spent almost eight years as Director: Consumer Law and Policy at the Department of Trade and Industry where, amongst others, he managed the drafting of the Consumer Protection Act (68 of 2008) regulations and was responsible for recommending the prescription of industry codes and the accreditation of ombuds schemes. During this time he also served on the board of the National Home Builders Registration Council for 5 years.



Ms Nomfundo Maseti

Qualifications: BA (Honours) (Economics); Post-graduate Diploma in Economics for Competition Law

Ms. Maseti is currently a Full Time Regulator Member responsible for the economic regulation of the Gas Industry and has recently been appointed by the Minister of Energy to act as the Full-Time Regulator Member responsible for Electricity Regulation until the position is filled. She also serves in the Petroleum Subcommittee that takes regulatory decisions on matters relating to Petroleum Pipelines Regulation at NERSA. She also serves a member at the National Consumer Tribunal which adjudicates on consumer protection matters.

Collectively Ms. Maseti has 20 year experience in Competition Law Enforcement and Economic Regulation She has held various positions at the Department of Trade and Industry, responsible for policy formulation and developing regulation and legislation around areas of: Competition and consumer policy; corporate law' liquor gambling policies/legislation. She served seven years at the Competition Commission SA. She also serves at the economic regulator for telecommunication, ICASA, and she is currently working at the National Energy Regulator of South Africa since 2010 to date.



Ms Maleho Nkomo

Qualifications: BCom and Hon BCom (Economics) (University of South Africa), MCom (University of KwaZulu Natal), International Training Program on Utility Regulation and Strategy (University of Florida, USA)

Ms Nkomo has many years' experience of working in complex and highly regulated environments with special focus on consumer and public interest matters. She is currently the Deputy Chairman at the National Energy Regulator of South Africa, member of the Water Tribunal and the Regulating Committee on Meteorological Services, and a Dispute Panel Member of the National Intellectual Property Management Office. Previously, Ms Nkomo was a member of the Gauteng Rental Housing Tribunal, board member at the National Credit Regulator, and has acted as Deputy Commissioner and Chief Financial Officer at the Competition Commission. Ms Nkomo also serves as a non-executive and independent Director of various Boards and audit committees in the private and public sectors.



Prof Kasturi Moodaliyar

Qualifications: B. Proc, LLB, LLM (Natal) MPHIL (Cambridge UK) Prog. Economics and the Public Finance (UNISA) Prog. Legislative Drafting (UP), Conflict Dynamics Accredited Mediator, CEDR (UK)

Prof Moodaliyar is an Associate Professor of Competition Law at the University of the Witwatersrand's School of Law and was appointed as a part-time tribunal member to the National Consumer Tribunal in 2017. Prior to her joining the Law School in February 2005, she worked at the Competition Commission in Pretoria. Prof Moodaliyar graduated from the University of Natal with B.Proc, LLB and LLM degrees. She was admitted as an Attorney of the High Court of South Africa in 2000. Prof Moodaliyar was awarded the Nelson Mandela Magdalene scholarship to read for her M Phil degree in criminological research at Cambridge University in 2001. In 2004 she completed the Programme in Economics and Public Finance at Unisa. In 2015 she completed the Programme in Legislative Drafting at the University of Pretoria.

She has published both nationally and internationally in the field of competition law. Her fields of interests include competition law, criminology, criminal law and telecommunications regulation. Prof Moodaliyar has been recognized as one of the Best of the Best: Up and Coming Top Female Antitrust and Law Professors (2010) and made the list of the Mail & Guardian 200 Top Young South Africans (2012). She co-edited the book "Development of Competition Law and Economics in South Africa" (2012).

Prof Moodaliyar served a term at the Film and Publication Board as an Appeal Tribunal Member from 2011 until 2016. She is also an adjudicating member of ICASA's Complaints and Compliance Commission where she deals with a number of matters in the ICT sector including matters on licensing and broadcasting and telecommunications regulation. Prof Moodaliyar is also a member of the Companies Tribunal and is an accredited mediator.



Dr. Adv. Maria Peenze

Qualifications: B.luris (cum laude), LLB (cum laude), LLM: Human Rights (cum laude) (University of the Free State); Doctor Technology: Business Administration (Central University of Technology); Executive Directors Programme (University of Stellenbosch Business School).

Dr. Adv. Maria Peenze is a practising Advocate of the Supreme Court of South Africa since 1994. She started her career at the Bloemfontein Bar of Associates and specialised in human rights ever since. She occupied various executive positions over her career, including Executive Director: Organisational Administration at the Central University of Technology, Head of Legal Services at the Social Security Agency of South Africa, Deputy Director-General at the National Department of Transport for a period of eight years and the Chief Executive Officer of the Public Protector of South Africa until May 2016.

Dr. Adv. Peenze is presently practising as a risk and governance specialist, holding various board and governance appointments in both the private and public sector, also serving as the Ombudsman of UNISA and member of the International Advisory Board of the Association of Certified Fraud Examiners.



Mr Trevor Bailey

Qualifications: BA, LLB (University of KwaZulu-Natal); LLM (University of Notre Dame - USA [cum laude]); Accredited mediator (Centre for Effective Dispute Resolution - UK); Programme in Legislative Drafting (University of Pretoria [with distinction])

Mr Bailey is a Fulbright scholar and has practised as an attorney, mediator and arbitrator for many years.

He is currently a part-time CCMA commissioner, and a court-annexed, community, land rights and environmental mediator. Mr Bailey is also a conciliator and adjudicator for the Community Schemes Ombud Service. Trevor currently chairs the Council for Medical Schemes appeals committee.

Mr Bailey has served as an acting judge in the Labour Court and an additional member of the Industrial Court. He has also served as a mediator and arbitrator for a range of bargaining councils in the local government, public service, road freight and Transnet spheres. He has further chaired the disciplinary committees of the National Home Builders Registration Council and the Council for the Built Environment.

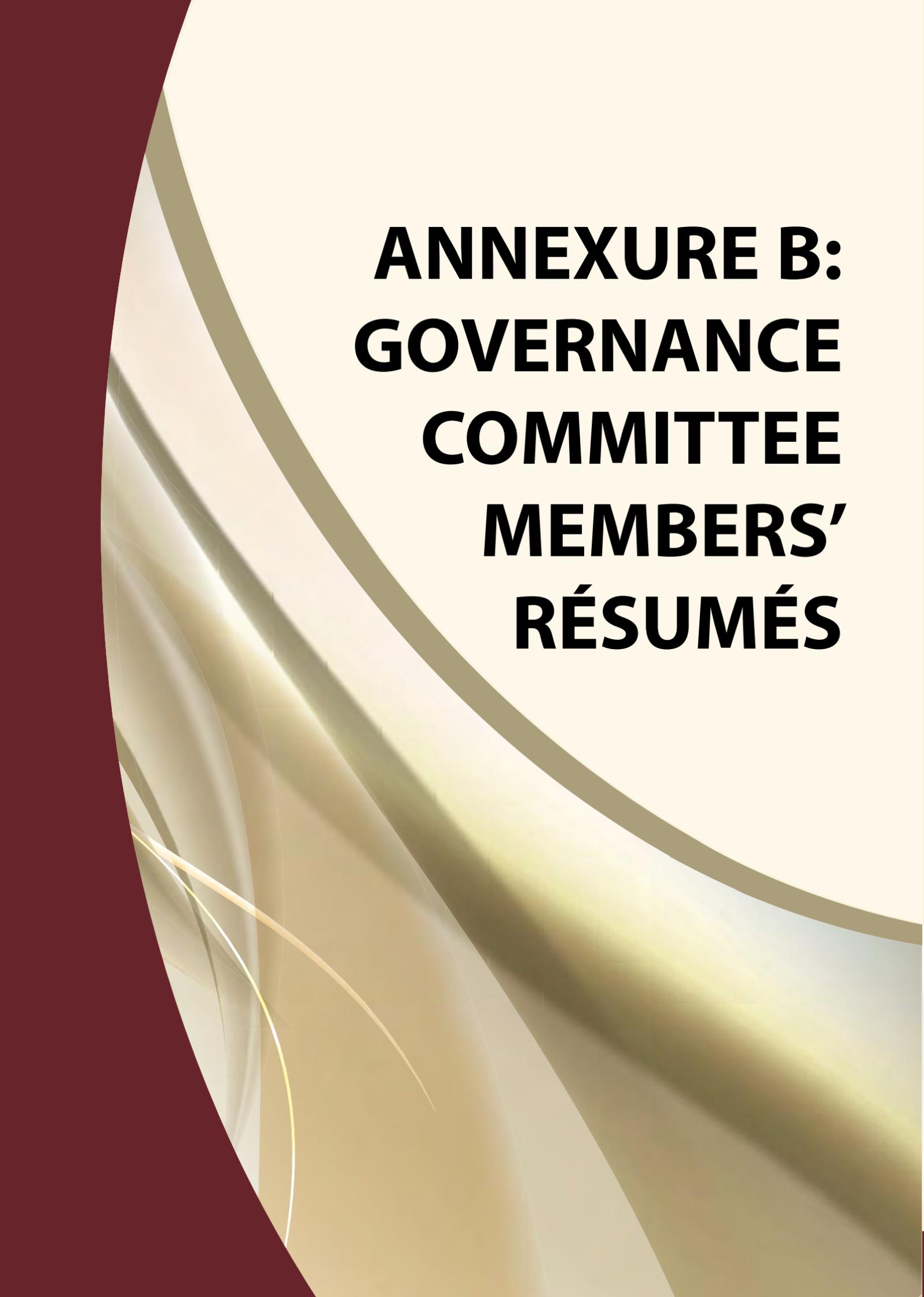
Mr Bailey has chaired the Gauteng Consumer Affairs Court, Gauteng Rental Housing Tribunal, and Gauteng Heritage Resources Appeal Tribunal. In addition, Mr Bailey has also been a member of the Independent Electoral Commission Tribunal and Gauteng Landlord Tenant Dispute Resolution Board.

Mr Bailey's regulatory law practice has resulted in him having been the chairperson of the board of the National Credit Regulator, deputy chairperson of the Council for Medical Schemes and a member of the Boards of the Community Schemes Ombud Service and Cross- Border Road Transport Agency.

He is an accredited trainer and has trained in the employment, consumer, housing and medico-legal sectors. Mr Bailey delivers occasional lectures to postgraduate students, government officials and local government councillors at the University of the Witwatersrand. Mr Bailey has appeared on national radio and television.



Chairpersons of the Governance Committees



**ANNEXURE B:
GOVERNANCE
COMMITTEE
MEMBERS'
RÉSUMÉS**

Audit and Risk Committee



Mr Thomas Kgokolo

Qualifications: CA (SA), MBA

Mr Thomas Kgokolo CA (SA) is the founder of FinEquity Advisory, a company that specialises in business valuations, investment management and business strategy. Mr Kgokolo is a Chartered Accountant and holds an MBA from the Gordon Institute of Business Sciences where he currently lectures corporate finance.

At age 34, Mr Kgokolo is the Chairperson of the Audit and Risk Committee at the Mineworkers Provident Fund (MWPf), a position that requires him to look after R28 billion assets under management. He is also a Deputy Chairperson of MWPf's Board.

Moreover, he serves as the Chairperson of the Audit and Risk Committee at the BankSeta and the National Consumer Tribunal. Through various positions as a board and audit committee member, he has oversight of private and public entities with a combined net asset value of +-R30 billion.

During the year under review, he joined Air Traffic Navigation Systems (ATNS) SOC Limited as a Board Member. He also serves as a Member of the Audit and Risk Committee at ATNS and Local Government Seta.

In the past, Mr Kgokolo was nominated for various awards such as, Top Chartered Accountant under 35, Top 40 Outstanding Young Leader under 40 by Destiny Man Magazine.



Mr Mohammed (Mo) Kajee

Qualifications: BCompt (Hons), CA (SA), ACMA

Mr Kajee is a Chartered Accountant and a member of the Institute of Chartered Management Accountants (UK). He has more than 30 years' commercial experience, having worked for 17 years in the oil industry, for Mobil Oil SA and British Petroleum SA, in various management positions where he gained experience in computer auditing, financial management, corporate finance, treasury, internal audit and business consulting. He has held a number of executive and non-executive directorships, including at PetroSA, OPC, Gannett Insurance and Gannett Holdings Ltd (Isle of Man), and Sekunjalo Investments Ltd. He is currently a member of the NCT's Audit and Risk Governance Committee.



Mr Tshepo Mofokeng

Qualifications: BCom BAcc (University of the Witwatersrand), CIA, CA (SA)

Mr Mofokeng is a member of the Audit Committee of the National Consumer Tribunal (NCT) and is a director at PKNT Risk and Governance, a company that specialises in risk management and governance consulting. He was a partner for internal audit, governance and risk management and director at SekelaXabiso, and Rakoma & Associates.

He has over 16 years' experience in the auditing, risk management, financial management, financial reporting and corporate governance. Mr Mofokeng led and managed audits for private companies, NGOs, government departments, state owned entities and municipalities. He was involved with the task team that drafted the Internal Audit Framework in the Public Service. The document has been published by the National Treasury.

Mr Mofokeng was director and audit committee chairperson of Litsamaiso (A Rea Vaya transport company in Johannesburg). He was further deputy chairperson on the Board of the National Nuclear Regulator (NNR), served as chairperson of the audit and risk committee (ARMCOM), and also served on the audit committees of the Railway Safety Regulator (RSR), Department of Energy (DoE) and Department of Communications (DoC).

Mr Mofokeng currently serves as a member of the audit committees of the Department of Planning, Monitoring and Evaluation, Department of Home Affairs, and the office of the Chief Justice.



Mr Willem Strauss

Member of the Audit- and Risk Committee

Qualifications: B Proc (University of the Free State) B Compt (University of the Free State) CTA (University of the Free State) B Compt Honours (University of the Free State), LLM (Tax) (University of Cape Town) MBA (Bond University Australia - SA Campus (Cum Laude))

Mr Strauss not only completed his studies in law, but also qualified as a Chartered Accountant. He was also a part-time lecturer at the University of the Free State while he had his own accounting practice. He had a lengthy tenure at the Auditor-General of South Africa, first as Audit Manager and then as Senior Manager. He joined the NCT in September 2011 as Chief Financial Officer until July 2017 when he joined the National Energy Regulator of South Africa as their Chief Financial Officer.

ICT Governance Committee



Dr Prittish Dala

Qualifications: PhD (Information Technology), Masters (Information Technology) and BSc Hons (Computer Science), Bachelor of Information Technology, Certified Information Systems Auditor (CISA), Certified Information Security Manager (CISM), Certified Information Systems Security Professional (CISSP), Lead Auditor ISO 27001 (LA ISO 27001), Certified in the Governance of Enterprise Information Technology (CGEIT), Certified in Risk and Information Systems Control (CRISC), Certified Ethical Hacker (CEH) and Computer Hacking Forensic Investigator (CHFI).

Dr. Dala is an experienced and skilled independent Non-Executive Director who serves on several Boards, Audit, Risk and ICT Committees providing audit, risk, governance, information security, privacy and ICT expertise. He has over 14 years' experience across several industry verticals, which includes an array of local and international client engagements within a Big 4 professional services environment, regulatory firm and a number of public and private sector organisations.

Dr. Dala currently serves as the Chairperson of the IT Governance Committee of the National Consumer Tribunal.



Ms Vuyokazi Menye

Qualifications: BSc (Computer Science)(University of the Western Cape), Diploma in IT Project Management (Executive Education) CobIT (Forster Mellier) ITIL (Forster Mellier) International investment program (Fordham University (New York))

Ms Menye is a member of the Film and Publication Board (FPB) and serve as a member of the FPB's ICT Steering Committee. She is also a member of the South African Heritage Resources Agency, where she also serves as Chairperson of the Audit and Risk Committee. Ms Menye obtained invaluable experience from the following entities and held respective executive positions including amongst others the Public Investment Corporation where she held the position of Executive Head: IT, the Road Accident Fund where she served as Chief Information Officer; Mpact Limited serving as Group Chief Information Officer and Armscor where she similarly held the position of Chief Information Officer.

HR Governance Committee



Thlotse E Motswaledi

Qualifications: MBL; M.Sc (Psych); M.Dip (HRM); B.Sc (Hons)(Psych)

Professional Memberships: PMSA; IBASA; IoDSA; SACNA

Mr Motswaledi has completed an intense short learning programme in Project Management & Leadership (PML) at the University of Massachusetts, Amherst (USA) and is trained in Architectural Draughtsmanship & Construction Management, a programme completed through the Engineering College of South Africa in 1986. He uses the exposure, knowledge, skill and experience in all Programme and Project Management classes he facilitates at Associate Universities, as well as in Boards where such becomes an advantage. Coupled to this experience, Mr Motswaledi has a keen interest in Neuropsychology, Neuroscience and Psychophysiology having studied Psychology to M.Sc level.

As an integrative generalist, he has facilitated Management training across many disciplines including but not limited to Strategic & Operations Management; Programme & Project Management; Leadership & Organizational Development; Policy Management; Strategic HR Management; Health Management, Research Methodologies & Statistics. The latter was given impetus by various positions he held in the past i.e. Executive Director (Human Resources) in a Tertiary Education/Hospital Complex; Head of Corporate Services in a Skills Development Enterprise, Senior Management Consultant as well as being an Academic & Business Development Manager in Private Higher Education Institutions.

Mr Motswaledi has over 20 years of Academic teaching / facilitation at different levels having lectured at the Wits School of Governance (WSG); Wits Business School (WBS); UNISA School of Business Leadership (SBL); UNISA Centre for Business Management (CBM); Tshwane University of Technology (TUT) as well as at the Medical University of Southern Africa (now Sefako Makgatho Health Sciences University). In addition, he has also served as an Associate Academic in non-facilitation roles at different institutions of higher learning. His planned PhD is on hold while he explores an interface of Public-Private Partnerships and related information and technology projects, within a health referral system with the view to proposing an alternative model(s) for efficiencies and effectiveness.

Mr Motswaledi is functionally acquainted and/or literate with King Reports, the Finance Management Acts in the Public sector, the Companies Act and other relevant legislation that drive a number of sectors in the South African environment. To complement years of experience, he has concluded six of seven IoDSA (Institute of Directors) training parts with the view to preparing for a Certified or Chartered director designation.

HR Governance Committee



Ms Nomkhita Mona

Qualifications: MBA (Rhodes), Masters in Labour Relations & Human Resources (UPE), Honours, Industrial Relations (UPE), BA Psychology & Sociology (UPE)

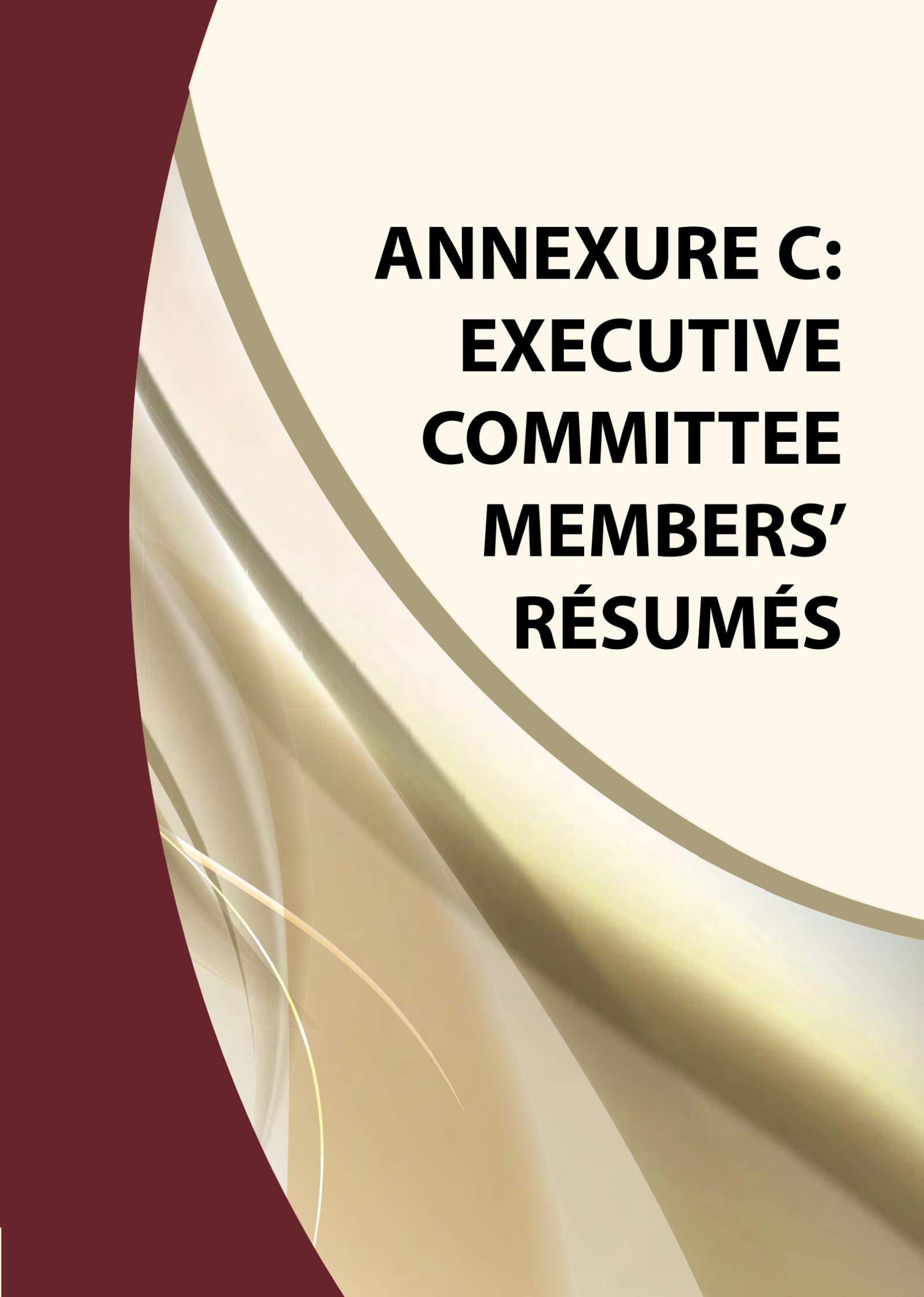
Ms Nomkhita Mona is the Chief Executive Officer of the Nelson Mandela Bay Business Chamber. Previously, she was Group CEO of South African Forestry Company Ltd (SAFCOL). Other top positions she has held include CEO of the UDDI, Associate Consultant for an International Consulting company, CEO of Inkezo Land Company and CEO of the Eastern Cape Tourism Board. Prior to this, she was the Registrar of the Commission for Conciliation, Mediation and Arbitration (CCMA) in Mpumalanga. She was a Commissioner of the Eastern Cape Planning Commission (ECPC).

Ms Mona was the first Black woman to be appointed to the board of Goodyear Tyre and Rubber Holdings (SA). She was a Member of Council at the St Andrews College in Grahamstown.

She currently serves on the boards of the Wilderness Foundation (SA), where she is also a trustee, is a Member of ICASA Remco, National Consumer Tribunal (HR Governance Committee), NMU Business School Advisory Board and eNtsa Board.



NCT Exco Members



**ANNEXURE C:
EXECUTIVE
COMMITTEE
MEMBERS'
RÉSUMÉS**



Ms Marelize Bosch

Chief Operations Officer

Qualifications: LLB (University of Pretoria) Project Management Diploma (Independent Institute of Education)

Ms Bosch is a seasoned and eminent attorney and conveyancer with considerable amount of experience in commercial law. She left private practice during 2009 to join the corporate environment. She specialised in providing legal advisory services until she joined the National Consumer Tribunal (NCT) during June 2011 as the Head: Legal Services. She became the Registrar of the Tribunal during 2012 and was subsequently appointed as COO of the NCT in May 2014. Ms Bosch is passionate about people and consumer rights and is very grateful that she can fulfil her passion on a daily basis. She is a qualified ORSC ("Organisation Relationship Systems Coaching") coach, member of the International Coaching Federation and a member of the Institute of Directors of Southern Africa. Ms Bosch attends all governance committee meetings, as well as operational meetings in her official capacity. In addition, she is the Chairperson of EXCO, MANCO and the ICT Steering Committee.



Mr Ahmed Moolla

Chief Financial Officer

Qualifications: B.Com (Rau) B.Com (Hons)(Unisa) RGA

Mr Moolla is registered with the South African Institute of Government Auditors as a Registered Government Auditor. He has an extensive background in regularity audit in government. He was a Senior Manager for a period of six years at the Auditor General of SA. Mr Moolla attends the Audit and Risk Committee in his official capacity. He is an EXCO member and also serves on the ICT Steering Committee.



Mr Bax Nomvete

Chief Information Officer

Qualifications: Higher National Diploma in Computer Science (University of Hertfordshire (UK) Investment Management Diploma (Rand Afrikaans University)

Mr Nomvete has obtained qualifications both locally and abroad. He was employed as a Business and IT Director at Saicom Phones, Transnet Limited, Sanlam and the NCR before joining the NCT in 2013 as ICT Manager. He is a member of EXCO as well as the ICT Governance and ICT Steering Committee.



Mr Lucky Rabotapi

Registrar

Qualifications: BA (Majoring in Law, International Relations and Sociology) and LLB (University of the Witwatersrand); Diploma in Alternative Dispute Resolution (Arbitration Foundation of South Africa (AFSA) with the University of Pretoria)

Mr Rabotapi is an admitted attorney of the High Court with vast experience in Consumer Protection. After completing his articles, he practised as a Professional Assistant in a medium size law firm before joining the Office of Consumer Protection (OCP) in the Consumer and Corporate Regulations Division (CCRD) within the Department of Trade and Industry as an Assistant Director in May 2005. He was promoted to the position of a Deputy Director responsible for Alternative Dispute Resolution in January 2006. In 2009, he joined the KwaZulu-Natal Consumer Protection Services as a Consumer Protector. In 2015, he joined the Community Schemes Ombud Services as an Ombudsman responsible for Kwazulu Natal, Free State and Mpumalanga Provinces. He was appointed as a part-time Tribunal Member in July 2017 and joined the Tribunal full time in September 2017 as the Registrar. Mr Rabotapi is member of EXCO and also serves in the ICT steering committee.



Adv. Nelson Lolwane

Corporate Services Executive

Qualifications: BA,(Majoring in Law and Political Science) LLB; (H. Dip. Company Law) (University of the Witwatersrand).

Adv. Lolwane was the legal advisor at Transnet Limited, General Manager at Magalies Water, Chief Legal Counsel at the Competition Commission and Associate Director at Ernst & Young (SA) among others, before embarking on regulatory and compliance consulting business. He joined the NCT in October 2017 as the Corporate Services Executive. In addition, he is a member of EXCO and a member of the HR Governance Committee.

Glossary of Terms

Complete Filing

A 'Complete' filing refers to a filed application where all the filing requirements were met as set out in Table 2 of the Rules for the Conduct of Matters before the National Consumer Tribunal published under GN789 in GG30225 of 28 August 2007 as amended by GenN428 in GG34405 of 29 June 2011.

Debt re-arrangement application

An application in terms of section 138 of the NCA is an application for an order confirming a settlement reached as a consent order of the Tribunal after a matter has been resolved through an ombud with jurisdiction, a consumer court or an alternative dispute resolution agent, or after an investigation by the NCR or/and if the NCR and the Respondent agree to the terms of the proposed order. In accordance with the provisions of section 86 of the NCA, debt counsellors use the provisions of Section 138 to apply for confirmation of a DRA as a consent order of the Tribunal. In considering whether to make the DRA an (consent) order of the Tribunal, the Tribunal considers all aspects relating to the legality of the agreement. Amongst others, interest rates agreed upon and other factors such as affordability.

Directive

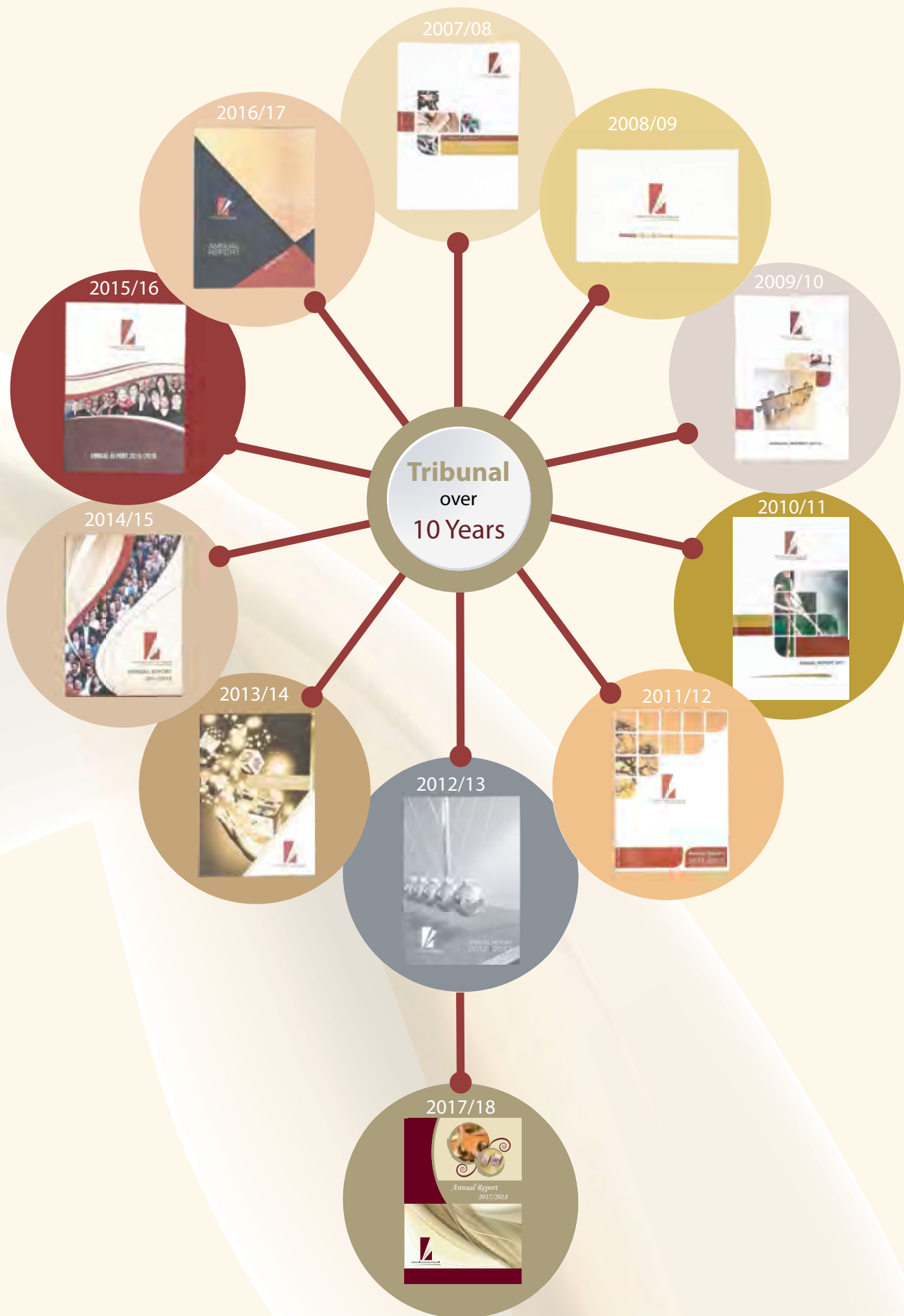
A directive is an instruction from a Tribunal member to the parties requesting that further documents be filed in support of an application or to clarify an issue with regards to an application filed.

Non-debt re-arrangement

A non-debt re-arrangement matter is an application or referral filed with the Tribunal, other than a debt re-arrangement matter. All other filings permitted to be made to the NCT are accordingly grouped under this classification.

Notes

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national consumer tribunal

Contact Details

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