NATIONAL CONSUMER COMMISSION

NATIONAL CONSUMER COMMISSION

QUARTER TWO REPORT 2024-2025

Endorsement by the Company Secretary	**Endorsement Support by the Audit Committee**
I hereby recommend the report for endorsement. Signature: ____________ Name: Joseph Selolo Rank: Company Secretary Date: 31/10/2024	I hereby support the endorsement of the report. Signature: ____________ Name: Mr Faizal Docrat Rank: ARC Chairperson Date: 31/10/2024
Approval by the Accounting Authority	
I hereby approve the report. Signature: ____________ Name: Mr Hardin Ratshisusu Rank: Acting Commissioner Date: 31/10/2024	

ACRONYMS	
ADR	Alternative Dispute Resolution
ADRA	Alternate Dispute Resolution Agent
AOPO	Audit of Predetermined Objectives
ARC	Audit and Risk Committee
CGSO	Consumer Goods and Services Ombud
CompCom	Competition Commission
CPA	Consumer Protection Act
CTFL	Clothing, Textile, Footwear and Leather goods
DRP	Disaster Recovery Plan
ERM	Enterprise Risk Management
HRM	Human Resource Management
ICT	Information Communication Technology
MIOSA	Motor Industry Ombud of South Africa
NCC	National Consumer Commission
NCT	National Consumer Tribunal
NRCS	National Regulator for Compulsory Standards
SCM	Supply Chain Management
the dtic / Executive Authority	Department of Trade, Industry, and Competition

Contents

NATIONAL CONSUMER COMMISSION

EXECUTIVE SUMMARY AND KEY HIGHLIGHTS

QUARTER 2
2024-25

1. INTRODUCTION

1.1 The NCC has a total of 11 performance targets in the 2024/25 Annual Performance Plan (APP), all these targets were applicable in Q2. The NCC met 10 targets, exceeded 7 of these, and did not meet 1. Therefore, the NCC achieved a performance score of 91% against the Q2 APP targets, compared to 81% in Q1.

2. KEY HIGHLIGHTS

2.1 Market Inspections

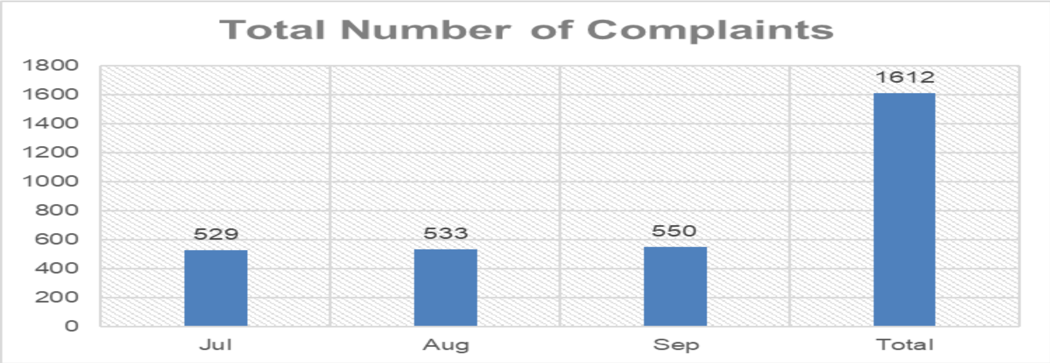
In this quarter, the NCC conducted market monitoring inspections in the Northern Cape, Gauteng and the Western Cape provinces in order to eliminate foodstuff that is potentially unsafe and not of good quality. Following these inspections, the NCC has now initiated investigations against a number of suppliers in these provinces, which investigations are at an advanced stage. These inspections revealed the following practices that warranted these investigations:

- Sale or marketing of goods that have passed their sell-by or use-by/expiry date and goods that are visibly rotten;
- Sale or marketing of goods labelled in foreign language;
- Repackaging of goods like meat products, juices, spices without adhering to prescribed labelling requirements;
- Prices deliberately not being affixed or displayed on goods or in their proximity;
- Product description (species) and date markings on repackaged foods like fresh meat, cold meat including polonies, sausages and snacks; and
- Suppliers not issuing sales invoices or issuing sales records that are not compliant with the CPA and suppliers not offering refunds and returns.

2.2 Complaints Handling

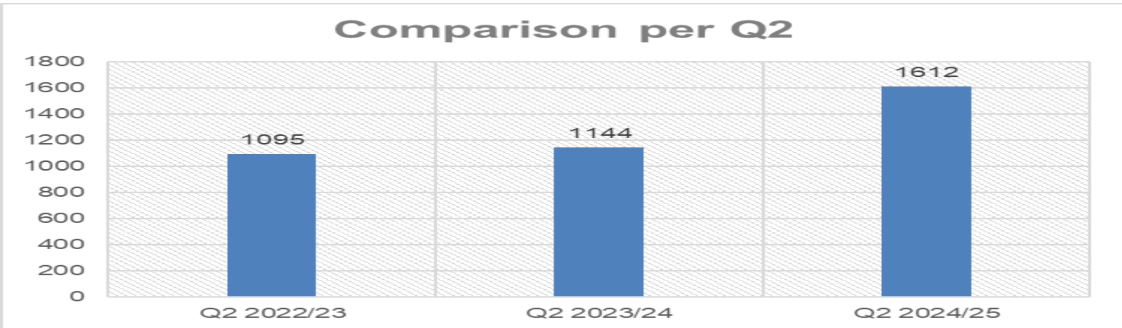
2.2.1 During the period under review 1 612 consumer complaints were received. Figure 1 is a breakdown of the complaints per month in Q2:

Figure 1: Total number of complaints in Q2



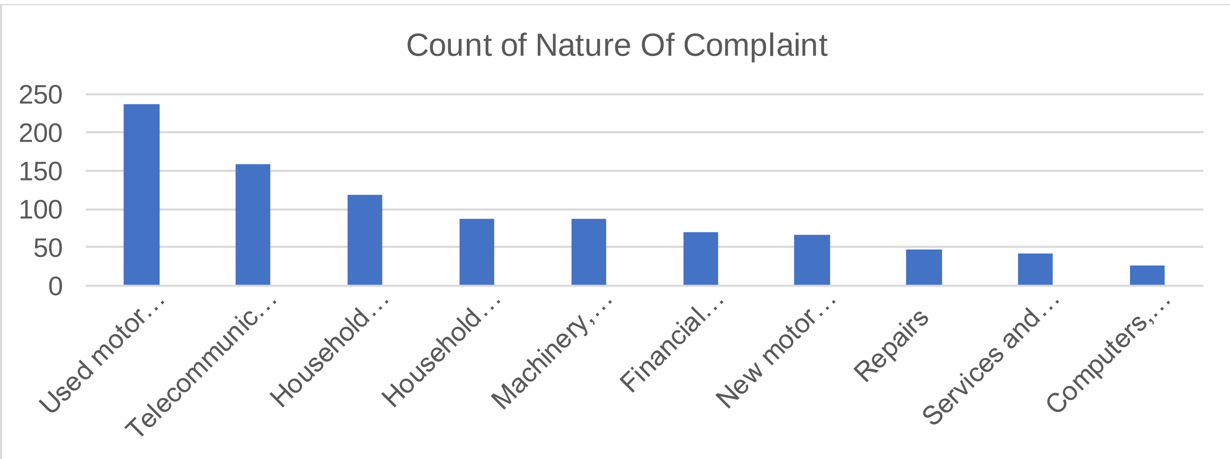
2.2.2 A three-year comparison demonstrates that there is an increase in complaints during Q2 of 2024/2025 as demonstrated by figure2 below:

Figure 2: three-year comparison of Q2



2.2.3 Figure3 shows the top 10 complaint categories:

Figure 3: Nature of complaint



2.2.4 In this quarter, the NCC finalized a total of 971 complaints.

2.3 The NCC has administered 13 product recalls in this quarter. These are administered to ensure that consumers receive goods that are of good standards, free of defects and safe for public consumption.

2.4 Documented cases of consumers impacted by the NCC activities.

2.4.1 In this quarter, the NCC prevented non-compliant imported Clothing, Textile, Footwear and Leather goods to value of **R944 622.33 (Nine Hundred and Forty-Four thousand, Six Hundred and Twenty-two Rands and Thirty-Three cents)** from entering the South African market.

2.4.2 The NCC through its investigation and enforcement activities, has obtained redress to consumers to the amount of **R1 039 321.81 (One million and Thirty Nine thousand, three hundred and 21 and eighty-one cents).**

2.4.3 In this Quarter, administrative fines to the value of **R305 000.00 (Three Hundred and Five Thousand Rands)** were levied by the National Consumer Tribunal (the Tribunal), following prosecutions by the NCC.

2.5 The Contribution to the Action Plan on South Africa's Greylisting

2.5.1 In this quarter, the NCC obtained two preservation orders to the tune of **R 5 326 869 (Five million, three hundred twenty-six thousand, eight hundred sixty-nine Rands)** against one Ponzi scheme.

2.5.2 As at the end of quarter 2, there are 6 cases of scams that are being investigated.

NATIONAL CONSUMER COMMISSION

SECTION B

PERFORMANCE AGAINST APP

QUARTER 2
2024-25

3. PERFORMANCE BY FUNCTION

3.1 Introduction

The NCC has a total of 11 performance targets in the 2024/25 Annual Performance Plan (APP), all these targets were applicable in Q2. The NCC met 10 targets, exceeded 7 of these, and did not meet 1. Therefore, the NCC achieved a performance score of 91% against the Q2 APP targets.

3.2 INVESTIGATION AND ENFORCEMENT FUNCTION

3.2.1 These functions are performed by the Investigations Division and the Legal Services. Between them, they are accountable for 7 indicators namely, 5,6,7,8,9,10 and 11. Of these 7 indicators, 6 were met.

3.2.2 In this quarter the NCC completed 136 investigations and 27 of these were settled during the investigations earning redress for consumers in the amount of **R 115 359,31** (One Hundred and Fifteen Thousand, Three Hundred and Fifty-None Rands and Thirty-One Cents). Table 1 below illustrates these matters.

Table 1: Consumer Redress

No.	NCC REF	SUPPLIER	SUMMARY	AMOUNT (R, c)
1.	12/1/3/08-22/1673	AfriGay Travel	The consumer cancelled 4 4-night cruise with MCS Cruise due to Covid-19 restrictions. The supplier did not refund the consumer. Through the intervention of the NCC Investigation, the supplier undertook to refund the consumer.	R15 927-20

No.	NCC REF	SUPPLIER	SUMMARY	AMOUNT (R, c)
2.	12/1/5/03-22/03226	Equilibrium Pilates	The supplier delivered half of the ordered goods ordered by the consumer. The delivered goods were also defective. The supplier refunded the consumer after the intervention of the NCC.	R18 447.92
3.	12/1/11/08-23/01700	Carpet Dry Clean CC	The supplier delivered incorrect goods to the consumer and refused to exchange for correct ones. During the intervention of the NCC the supplier refunded the consumer.	R3 459.37
4.	CC2024/02/22459	Reliable Store	The supplier failed to deliver the goods ordered by the consumer. During the investigation, the supplier refunded the consumer.	R640-00
5.	CC2024/06/3893020	VHI	The supplier failed to pay has promised the cash back fee to the consumer. Through the intervention of the NCC, the consumer received his redress.	R16 250-00
6.	12/1/5/08-23/01475	Elite Mobile	The supplier deducted 3 monthly subscriptions of R179-00, for undelivered laptop and router. During the investigation, the supplier refunded the consumer.	R537-00
7.	12/1/1/03-22/00025	Citton Cars	The supplier refused to be accountable for a defective car. After the Commission's intervention the supplier undertook to refund the consumer.	R25 577.12
8.	CC2024/02/19886	MyTravelution	The consumer cancelled a subscription that he made and was promised to be refunded by the supplier without success.	R25 000-00
9.	CC2024/05/3534027	Vodacom	Supplier billed consumer for a router that was delivered to consumer.	R5 759.79

No.	NCC REF	SUPPLIER	SUMMARY	AMOUNT (R, c)
10.	CC2024/05/3554098	MTN	Supplier failed to refund the consumer. Upon intervention by NCC, supplier, made the refund.	R2 560.91
11.	CC2023/11/0787	Telkom	Supplier billed consumer despite cancellation.	R1 000.00
12.	CC2024/05/35025	Vodacom	Purchased a voucher and upon using it, it was discovered that the voucher has already been used	R200.00
Total				**R115 359.31**

3.2.3 In this quarter, enforcement action was taken in a total of 61 cases. The breakdown is as follows:

i) Compliances notices to the value of **R944 622,333 (Nine Hundred and Forty-Four thousand, Six Hundred and Twenty-two Rands and Thirty-Three cents)** were issued to effect that non-compliant imported goods be destroyed or returned to country of origin. Table 2 below depicts these cases:

Table 2: Q2 compliance notices

NO.	SUPPLIER	NATURE OF THE MATTER	NATURE OF ENFORCEMENT	CUSTOMS VALUE
1.	AAMinar Asmil	CTFL	Re- exportation of goods	R11 161.00
2.	Dacksons Wholesaler	CTFL	Re- exportation of goods	R6 217.00
3.	Matus A Division of Brandcorp	CTFL	Destruction	R173 279.00

NO.	SUPPLIER	NATURE OF THE MATTER	NATURE OF ENFORCEMENT	CUSTOMS VALUE
4.	Trajia Investments	CTFL	Re-exportation	R 15 149.97
5.	Baiye (pty) Ltd	CTFL	Destruction	R 28 531.96
6.	Marmic Trading 95	CTFL	Destruction	R 24 877
7.	Seax Logistics (pty) ltd	CTFL	Destruction	R 20 462
8.	Pa Cargo.Co. Za	CTFL	Destruction	R664 944.40
TOTAL				**R944 622.33**

ii) Tribunal referral papers were drafted in 10 cases. Some of the cases were settled after the papers were served but before they were filed, others were settled after filing and three are proceeding to trial. There were two judgements where suppliers were ordered to refund consumers. Consumer redress amounted to **R923 962.50** (**Nine Hundred and twenty-three thousand, Nine Hundred and sixty-two and fifty-one cents)**, see Table 3 below:

Table 3: Q2 redress to consumers

No	SUPPLIER	NATURE OF THE MATTER	NATURE OF ENFORCEMENT	REDRESS
1.	Inspectacar Gezina	Defective Motor-Vehicle	Settlement agreement	R160 983,76
2.	Hayes Motors	Defective Motor-Vehicle	Settlement agreement	R10 000.00
3.	Buskes Motors	Defective Motor-Vehicle	Settlement agreement	R259 286.70
4.	Mazvaal Trading (pty) ltd t/a Mazda Vaal	Defective Motor-Vehicle	Referral/Settlement Agreement	R 301 767.36
5.	Cederquist Trade Transmissions (pty) ltd t/a Trade	Defective Motor-Vehicle	Referral/Settlement Agreement	R 35 024.69
6.	NCC V Cape SUV NCC	Defective Motor-Vehicle	High Court Judgement	R151 900.00
7.	NCC V Spares for Africa CC	Defective repairs	Tribunal Judgement	R5000.00
8.	Avura Executive Auto	Defective Motor Vehicle- Further enforcement	NCT Referral	
9.	Braai Block	Unfair Pricing	NCT Referral	
10.	Trade Transmissions	Motor Vehicle- Further enforcement	NCT Referral	
		TOTAL		**R923 962.50**

3.2.4 Judgements in favour of the NCC were received from the Tribunal and the High Court. From these judgements, **R305 000.00 (Three Hundred and Five Thousand Rands)** in administrative fines were levied. These judgements include the following:

i) NCC V Wynberg used Cars (PTY) Ltd, Bryanston Executive Cars CC

The investigation by the NCC, which revealed that the consumer's 2013 Audi Q7, purchased from Bryanston Executive Cars CC, broke down within two months of purchase. The supplier ignored the consumer's request for redress. The Tribunal ruled that the supplier distributed a defective vehicle, thus contravening sections 56(2) read with 55(2)(c) of the CPA. The supplier ordered to pay an administrative penalty of R 100 000.00 (One hundred thousand rand).

ii) NCC V Farhad Omar Ismail, trading as Squad Cars

The consumer purchased a 2014 BMW 316i for R200,000.00 and the engine ceased within two months of purchase. Squad Cars relied on a condition of sale that indicated that “the vehicle could have been in an accident and reconditioned, and that Squad Cars does not issue any warranty/warranties whatsoever to the purchaser” in refusing to repair the consumer’s car. The NCC referred the matter to the Tribunal, which ruled that the consumer was exploited by the sale of a vehicle under terms that deprived her of the right to approach the supplier to request for a repair of the vehicle or a refund. Squad Cars’ conduct was found to be in contravention of sections 48(1)(a)(ii) and 48(1)(c) in that Squad Cars made the consumer sign terms and conditions that waived the consumer’s right to fair, reasonable and just terms. The Tribunal said that this conduct brought the consumer industry into disrepute and was declared as prohibited. Squad Cars was fined R100,000.00 (One hundred thousand rand).

iii) NCC V Cape SUV

This matter was heard by the National Consumer Tribunal (Tribunal) earlier this year, where the Tribunal ruled in favour of the NCC. The Tribunal then ruled that Cape SUV conducted prohibited conduct and was ordered to refund the consumer, within 30 business days, the purchase price of R151 900.00 (One Hundred and Fifty-one Thousand, Nine Hundred) for a Daihatsu Terios vehicle. The supplier was also ordered to collect the vehicle from the consumer within five business days. Cape SUV appealed this matter at the High Court. The High Court ruled that Cape SUV's argument that the gearbox malfunctioning was due to the consumer's driving style was without merit. The court further ruled that the failure of the gearbox was a clear indication that the vehicle was defective from the start. The supplier was reminded that "the purpose of the CPA is to promote a fair, accessible and sustainable marketplace for consumers products and services and for that purpose to establish national norms and standards relating to consumer protection to provide for improved standards of consumer information, to prohibit unfair practices." The supplier has been ordered to refund the consumer the purchase price of the vehicle and collect the vehicle within 5 business days.

iv) NCC V Supertech Motor Holdings (PTY) LTD, trading as BMW

The NCC's investigation revealed that Supertech Motor Holdings has contravened section 54(1)(b) of the CPA. This was after the consumer took their vehicle to Supertech for repairs and paid R19 974.47 (nineteen thousand, nine hundred and seventy-four Rand forty-seven cents). While Supertech repaired the vehicle, the consumer was not satisfied with the repairs. The Tribunal found that by failing to repair the vehicle to the expected standard, Supertech contravened section 54(1)(b). Their conduct was declared prohibited. The supplier was ordered to ensure that all repairs paid for by the consumer were properly conducted. The Tribunal further imposed an administrative fine of R20 000.00 (twenty thousand Rand).

v) NCC V Spares for Africa CC

The Tribunal imposed an administrative fine of R75 000.00 (seventy-five thousand Rand) against the supplier. This was after the supplier was found to have contravened sections 47(2)(a) and 54(1)(a) of the CPA. Spare for Africa's conduct was declared prohibited and was ordered to also refund the consumer R5 000 (five thousand Rand).

vi) NCC VS LFA Auto (Pty) Ltd t/a LFA Deals

The Tribunal imposed an administrative fine of R10 000.00 (Ten thousand Rand) against the supplier. This was after the supplier was found to have contravened sections 55(2)(a) to (c) read with 56(2)(a) and section 48(1)(a)(ii) and 51(1) of the CPA.

3.2.5 The Contribution to IO7 of the Action Plan on South Africa's Greylisting

The NCC contributes to Immediate Outcome (IO) number 07 (IO7) of the Action Plan on South Africa's Greylisting. IO7 requires South Africa to demonstrate *"a sustained increase in investigations and prosecutions of serious and complex money laundering, in particular involving professional money laundering networks/enablers and third-party ML in line with its risk profile."* In this regard, the notable cases that NCC investigated are:

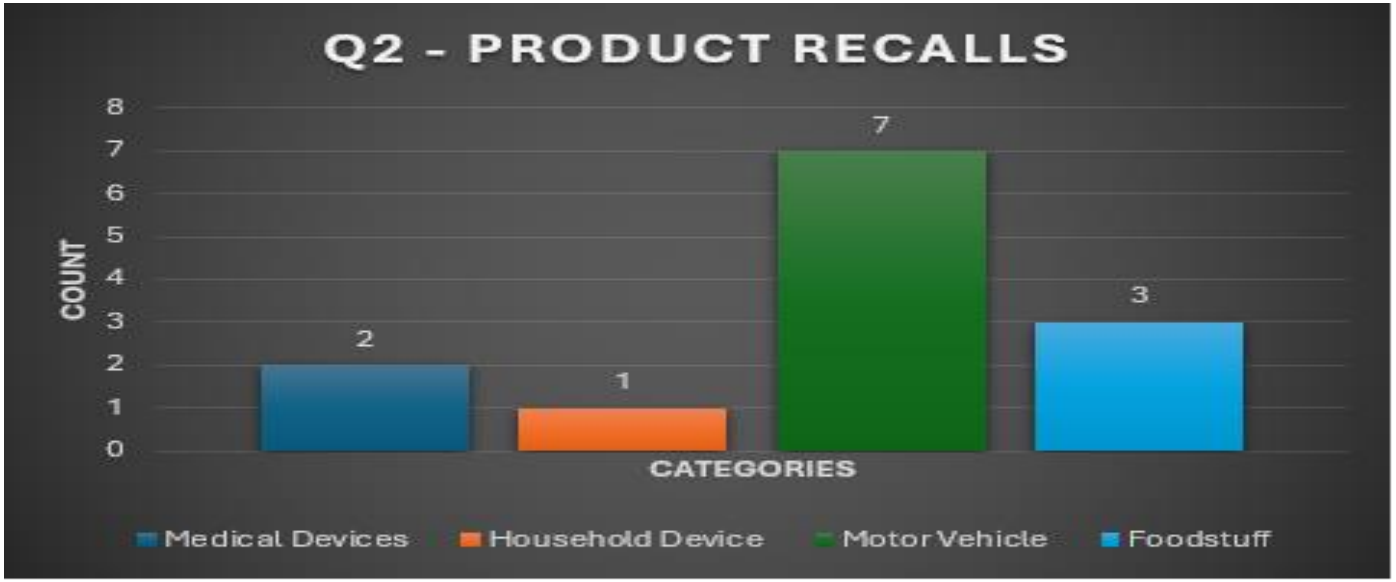
NCC V Women Against Poverty and Hunger (WAPH Women

In this Quarter, the NCC investigated the WAPH scheme involved in predicate offences. The scheme was a pyramid and multiplication scheme disguised as a grocery stokvel. The scheme invites members of the public to make a once-off payment of R300 (Three hundred Rand), promising them monthly grocery parcels for 12 months thereby offering, promising or guaranteeing an effective interest of above 1770%. The NCC obtained, through the NPA's Asset Forfeiture Unit, a preservation order in the amount of R5 326 869.00 (**Five million, three hundred twenty-six thousand, eight hundred sixty-nine Rands**.) pending the finalisation of the investigation.

3.2.6 Product recalls

i) The NCC administered 13 product recalls in this quarter. Figure 4 below shows the distribution of different categories: Motor Vehicles, Electronic Devices, Foodstuff, Household Goods, Cosmetics, and Medical Devices.

Figure 4: product recall



ii) Table 4 below contains details of the product recalls:

Table 4 Product recall

No.	NAME OF SUPPLIER	PRODUCT	DEFECT	HAZARDS
1.	Boston Scientific	Capio™ SLIM Suture Capturing Device	Certain tooling used to manufacture Capio SLIM devices may have inadvertently affected component dimensions in specific lots, impacting the functionality of the device.	The health consequence that may occur is haemorrhage. In cases of haemorrhage that requires additional medical intervention.
2.	Unilever South Africa (Pty) Ltd	Knorr Onion Gravy	A limited batch of consumer units of the Knorr "Professional Brown Sauce Base" product was improperly packed into the Knorr "Brown Onion Gravy" packaging such that cow's milk and soy allergens are present by composition but not declared in the ingredient list. The product label does carry precautionary/ "may contain" statements for cow's milk and soya.	If the Knorr "Brown Onion Gravy" is used it would result in milk and soy protein portions that would be harmful to individuals who have cow's milk and soy allergies.
3.	Condere	Condere Switched Socket – Outlet (CN – K034)	Noncompliant to compulsory specifications, i.e., VC 8008. Supplier instructed to recall by the NRCS post inspection/verification following a complaint lodged via the dtic.	Failure Clause SANS 60-884-2-3 :2007, Clause SANS 164-1 :2021, Clause SANS 164-0 :2023, Clause 4-1-1. Referred to VC 8008.
4.	Boston Scientific	WallFlex™ Esophageal Stent System and Agile™ Esophageal Over the Wire (OTW) Stent System	Potential for delivery catheter tip detachment.	Additional medical attention.

No.	NAME OF SUPPLIER	PRODUCT	DEFECT	HAZARDS
5.	Mercedes-Benz South Africa Limited (5497603)	Mercedes-Benz Model C-Class 206	The supplier has found that the screw connection of an electric line to the prefuse box in the front passenger footwell may have been tightened with insufficient torque in certain C-Class (model series 206) model series vehicles.	A sudden loss of propulsion cannot be ruled out. Increased risk of a thermal event.
6.	Stellantis South Africa	Peugeot Turbo Charger Banjo Bolt	The turbocharger lubrication union banjo bolt may not conform and could cause an oil leak.	The oil could leak onto the adjacent hot engine parts.
7.	Stellantis South Africa	36B Jeep (Steering column control module)	Affected motor vehicles may have built with a steering column control module with an insufficient weld between an internal flexible flat cable and busbar.	The steering column control module may not allow a deployment signal from the airbag controller to reach the driver airbag module, preventing airbag deployment. An airbag that does not deploy when intended may result in increased risk of injury to the driver in crash.
8.	Stellantis South Africa	34B Jeep (Steering column control module)	Affected motor vehicles may have built with a steering column control module with an insufficient weld between an internal flexible flat cable and busbar.	The steering column control module may not allow a deployment signal from the airbag controller to reach the driver airbag module, preventing airbag deployment. An airbag that does not deploy when intended may result in

No.	NAME OF SUPPLIER	PRODUCT	DEFECT	HAZARDS
				increased risk of injury to the driver in crash.
9.	Mercedes-Benz South Africa Limited (5491114)	Mercedes-Benz Model W206	The supplier has determined that on certain C-Class (206 platform) vehicles the bolts of certain 12V- and 48V-ground connections might be fastened with an insufficient torque. In this case, the wiring harness might not be fixed correctly. Subsequently, the electric resistance of the connection might increase.	The temperature in this area might increase and a risk of a thermal event cannot be ruled out completely. Furthermore, for plug-in-hybrid-variants the electrical drive train might be deactivated which could influence the exhaust emissions and the electrical range.
10.	Volvo Car South Africa	Volvo EX30 Vehicles (R10273)	The supplier's investigations have identified a software issue related to the display, i.e. motor vehicle's instrument cluster.	This may in rare cases lead to the screen entering a test mode during start-up of the vehicle, which prevent key information, including information such as the vehicle's speed, from being displayed.
11.	Volvo Car South Africa	Volvo XC40 Seat belt tightening (R10284)	The supplier's investigations have identified that one of the bolts holding the front left seat may not be mounted properly.	In an event of a crash may increase the risk of injury.
12.	McCain Foods South Africa (Pty) Ltd	India Appetizers (Various): • Potato cheese shotz • Vege nuggets • Veggie burger patty	Detected low level presence of residual amounts of ethylene oxide (ETO) which is used to preserve product seasonings in the affected products. As these products were manufactured in India, they	Food products containing ETO may potentially cause illness/injury if consumed. Based on discussions with the Department of Health, a risk analysis

No.	NAME OF SUPPLIER	PRODUCT	DEFECT	HAZARDS
		• Potato cheese shotz • Aloo tikki • Veggie finger • Veggie finger • Chilli garlic potatobites • Saf veggie burger patty • Chilli cheesy nuggets	comply with Indian market regulations. However, there are no maximum residue levels specified for ETO in foodstuffs in the South Africa Regulations Governing the Maximum Limits for Pesticide Residues that may be Present in Foodstuffs (Regulation 4388 under the Foodstuffs, Cosmetics, and Disinfectants Act (54) of 1972) (Regulations). There is also no maximum residue level specified for ETO in the Codex Alimentarius Standards. As per the Regulations, in the absence of maximum ETO residue levels in South Africa, the default maximum residue level of 0.01kg/mg applies as specified in the Directives of the European Community.	determined that it is not necessary to retrieve product from consumers. A trade level recall is appropriate given low safety risk to human health. Also, as part of our supply chain traceability, we identified that since July 2023 a significant amount of product (approx.. 75% of the affected stock) has been held at the first distribution point and remains within our control (i.e. not yet sold through to end consumers). If product is already within the hands of consumers, that product has in all likelihood been consumed already. Department of Health has no objection.
13.	Shoprite Checkers (Pty) Ltd (Manufacturer: BM Foods)	Deli Hummus Range: Traditional (125g & 300g); Reduced Fat (125g & 300g) ; Zataar (125g & 300g) ; Red pepper (125g & 300g) ; Caramelised Onion (125g)	Microbial Contamination: Listeria monocytogenes detected in ready-to-consumer Deli Hummus Variants, more specifically the Caramelized Onion, Red Pepper and Zataar Hummus.	Risk of possible Listeria infection (Listeriosis).

3.3 EDUCATION AND AWARENESS

The Education and Advocacy Division is accountable for two indicators which were achieved and exceeded. In this quarter, 12 targeted workshops were held with SMMES owned by women at Northern Cape, Gauteng, and Western Cape the workshops were to raise business compliance on Section 55 (The Consumer's right to Safe, Good Quality Goods) and 56(2) (Consumer's right to redress) of the Consumer Protect Act No. 68 of 2008.

One hundred and twenty-three (123) consumer education initiatives were conducted in eight (8) Provinces through physical contact sessions, (31) broadcast and online media (74), Facebook (05), X (13). Table 5 below serves to summarise physical contact activities conducted during the month.

Table 5: Consumer Education

No.	TYPE OF OUTREACH	PROVINCE	DISTRICT	TOPIC SHARED
1.	Consumer Education Exhibition	KwaZulu-Natal	Ugu	Contracts and the Consumer Protection Act
2.	Consumer Education Exhibition	KwaZulu-Natal	Ugu	Contracts and the Consumer Protection Act
3.	Consumer Education Exhibition	KwaZulu-Natal	Ugu	Contracts and the Consumer Protection Act
4.	Consumer Education Exhibition	Gauteng	Tshwane	"Non-Complaint Goods and Services"
5.	Consumer Education Workshop	Eastern Cape	Buffalo City Metro	Food Safety and Compliance Enforcement
6.	Consumer Education Workshop	Eastern Cape	Buffalo City Metro	"Non-Complaint Goods and Services"
7.	Consumer Education Workshop	Gauteng	Tshwane	Contracts and the Consumer Protection Act
8.	Consumer Education Workshop	Mpumalanga	Ehlanzeni District Municipality	Contracts and the Consumer Protection Act
9.	Consumer Education Exhibition	Free State	Mangaung Metro	"Defective goods, rights and recourse"

No.	TYPE OF OUTREACH	PROVINCE	DISTRICT	TOPIC SHARED
10.	Consumer Education Workshop	Mpumalanga	Ehlanzeni District Municipality	Contracts and the Consumer Protection Act
11.	Consumer Education Exhibition	Free State	Mangaung Metro	“Defective goods, rights and recourse”
12.	Consumer Education Workshop	Mpumalanga	Ehlanzeni District Municipality	Contracts and the Consumer Protection Act
13.	Consumer Education Workshop	Free State	Mangaung Metro	“Defective goods, rights and recourse”
14.	Consumer Education Exhibition	Gauteng Province.	City of Tshwane Metropolitan Municipality	“Defective goods, rights and recourse”
15.	Consumer Education Exhibition	Eastern Cape	OR Tambo District Municipality/ King Sabata Dalindyebo Municipality	“Non-compliant goods and services.”
16.	Consumer Education Exhibition	Eastern Cape	OR Tambo District Municipality/ Mhlontlo Local Municipality	“Non-compliant goods and services.”
17.	Consumer Education Exhibition	Eastern Cape	OR Tambo District Municipality/ Nyandeni Local Municipality	Contracts and the Consumer Protection Act
18.	Consumer Education Workshop	Eastern Cape	OR Tambo District Municipality/ Nyandeni Local Municipality	“Non-Complaint Goods and Services”
19.	Consumer Education Exhibition	Northern Cape	ZF Mgcawu District Municipality- Dawid Kruiper Local Municipality	“Defective goods, rights and recourse”
20.	Consumer Education Exhibition	Northen Cape	Namakwa District Municipality- Khâi-Ma Local Municipality	“Defective goods, rights and recourse”
21.	Consumer Education Workshop	Eastern Cape	OR Tambo District Municipality/ Nyandeni Local Municipality	“Non-Complaint Goods and Services”

No.	TYPE OF OUTREACH	PROVINCE	DISTRICT	TOPIC SHARED
22.	Consumer Education Exhibition	Northern Cape	Namakwa District Municipality- Khâi-Ma Local Municipality	“Defective goods, rights and recourse”
23.	Consumer Education Workshop	KwaZulu-Natal	Ethekwini Metro	“Contracts and the Consumer Protection Act”
24.	Consumer Education Workshop	KwaZulu-Natal	Ethekwini Metro	“Contracts and the Consumer Protection Act”
25.	Consumer Education Workshop	KwaZulu-Natal	Ilembe District/ KwaDukuza Municipality	Contracts and the Consumer Protection Act
26.	Consumer Education Workshop	Northwest Province.	Bojanala Platinum District/ Rustenburg Local Municipality.	“Non-compliant goods and services”
27.	Consumer Education Exhibition	North West Province	Bojanala Platinum District/ Rustenburg Local Municipality.	“Contracts and the Consumer Protection Act”
28.	Consumer Education Exhibition	Northern Cape	Namaqua District Municipality/Karoo Hoogland Municipality	“The mandate of the National Consumer Commission.”
29.	Consumer Education Workshop	Northern Cape	Namaqua District Municipality/Karoo Hoogland Municipality	“The mandate of the National Consumer Commission.”
30.	Consumer Education Workshop	Western Cape	Cape Town Metropolitan	“Contracts and the Consumer Protection Act”
31.	Consumer Education Workshop	Western Cape	Cape Town Metropolitan	“Non-Complaint Goods and Services”

4. Progress Made Against Current Quarterly Milestones

Table 6 below show the progress made against current quarterly milestones.

Table 6: Performance Table

Output Indicator		Target for 2024/25 as per APP	Quarter Two Target as per APP	Quarter Two Actual Output	Reasons for Deviation	Corrective Action	Comments For Quarter One
1.	Available complaints handling e-Service System and Website	eServices system for filing consumer complaints piloted and implemented Website	95% availability for complaints handling e-Service System and Website	**Achieved** An average of 99.48% availability for complaints handling e-Service System and Website	Target exceeded due to minimal downtime of the system.		Complaints e-Service average availability for Q2 was 99.258. The website average availability for Q2 was 99.712
2	Documented cases of NCC's impact	60 documented cases of impact by the NCC activities	15 documented cases of impact by the NCC activities	**Achieved** 20 documented cases of impact by the NCC activities were documented.	Target due to an increase in high impact interventions.		
3	Number of Consumer education and awareness programmes conducted	384 consumer education and awareness programmes conducted	100 consumer education and awareness programmes conducted	**Achieved** 123 Consumer Education initiatives were conducted through various media platforms	The target was exceeded due to more opportunities to	N/A	None

Output Indicator		Target for 2024/25 as per APP	Quarter Two Target as per APP	Quarter Two Actual Output	Reasons for Deviation	Corrective Action	Comments For Quarter One
					engage with media outlets.		
4	Number of business education programmes conducted	30 business education programmes conducted.	10 business education programmes conducted.	**Achieved** 12 business education programmes conducted.	There were additional opportunities to conduct business education programme.	N/A	None
5	Reports on all product recalls administered produced	Produce 4 product recall reports on the administration of the product recalls	Produce 1 product recall reports on the administration of the product recalls	**Achieved** Produced **One (1)** product recall report on the administration of the product recalls			
6	100% of CTFL investigations, approved from the 1st of March 2024 to the 28th of February 2025, were conducted and completed by the 31st of March 2025	100% of CTFL investigations completed by the end of the 31st of March 2025.	100% of CTFL investigations, approved from the 1st of March 2024 to the 31st of May 2024, were conducted and completed by 30th of June 2024	**Achieved** **100% (46 of 46)** CTFL investigations approved from the 1st of March 2024 to the 31st of May 2024, were conducted and completed by 30th of June 2024			

Output Indicator		Target for 2024/25 as per APP	Quarter Two Target as per APP	Quarter Two Actual Output	Reasons for Deviation	Corrective Action	Comments For Quarter One
7	Enforcement action taken against non-compliant CTFL importers on matters approved from 1st of March 2024 to the 28th of February 2025 by the 31st of March 2025	Enforcement action taken against 100% of non-compliant CTFL importers by the end of the 31st of March 2025	Enforcement action taken against 100% of non- compliant CTFL importers on matters approved from the 1st of March 2024 to the 31st of May 2024 by 30th of June 2024	**Achieved** 100% (5 out of 5) of enforcement papers on assessment report **(CTFL**) approved for enforcement during the 1st day March 2024 and last day of June 2024 were drafted, approved, and filed with the Tribunal or issued			
8	Number of investigations conducted and completed into unfair, unreasonable, or unjust prices of goods or services by the 31st of March 2025	10 investigations conducted and completed into unfair, unreasonable or unjust prices of goods or services by the 31st of March 2025	2 investigations conducted and completed into unfair, unreasonable, or unjust prices of goods or services by the 30 June 2024.	**Achieved** **18** investigations conducted and completed into unfair, unreasonable, or unjust prices of goods	Target exceeded because of more instances of the conduct uncovered during market monitoring and inspections.	•	
9	Number of enforcement actions taken against suppliers who supply	10 enforcement actions taken against suppliers who supply goods or services at	2 enforcement action taken against suppliers who supply goods or services at a	**Achieved** **100% (18 out of 18)** enforcement actions were taken on	Target exceeded because of more instances of the conduct		

Output Indicator		Target for 2024/25 as per APP	Quarter Two Target as per APP	Quarter Two Actual Output	Reasons for Deviation	Corrective Action	Comments For Quarter One
	goods or services at a price that is unfair, unreasonable, or unjust by the 31st of March 2025	a price that is unfair, unreasonable, or unjust by the 31st of March 2025	price that is unfair, unreasonable, or unjust by the 30 June 2024	assessment reports approved for enforcement, against suppliers offering essential goods at unfair price by the end of quarter two for 2024/2025 financial year.	uncovered during market monitoring and inspections.		
10	% of investigations, approved from the 1st of January 2024 to the 31st of December 2024, were conducted and completed by the 31st of March 2025.	Conduct and complete, 90% of complaints approved for investigation from the 1st of January 2024 to the 31st of December 2024	90% of investigations, approved from the 1st of January 2024 to the 31st of March 2024, were conducted and completed by 30th or before June 2024	**Not Achieved** **78.38% (87 of 111)** of Investigations approved from the 1st of July 2024 to the 30th of Sept 2024, were conducted and finalised	24 Investigations are ongoing and carried over to Q3 for finalisation, subject to tracing	Tracing of non-responsive suppliers and prioritisation of Reports referred back to Inspectors will be prioritized for finalization in Q3.	
11	Enforcement action taken in 95% of assessment reports approved for	Enforcement action taken in 95% of assessment reports approved for	Enforcement action taken against 95% of non-compliant suppliers on matters	**Achieved** 100% (18 out of 18) referral/ enforcement papers on assessment	Target exceeded because of more instances of the conduct		

Output Indicator		Target for 2024/25 as per APP	Quarter Two Target as per APP	Quarter Two Actual Output	Reasons for Deviation	Corrective Action	Comments For Quarter One
	enforcement from the 1st of January 2024 to the 31st of December 2024, by the 31st of March 2025	enforcement from the 1st of January 2024 to the 31st of December 2024, by 31st of March 2025	approved 1st of January 2024 to the 31st of March 2024, by or before 30th of June 2024	reports (conventional) approved for enforcement between the 1st and the last day of quarter two (2) of 2024/2025 financial year were drafted, approved and filed or issued.	uncovered during market monitoring and inspections.		

NATIONAL CONSUMER COMMISSION

SECTION C

RISK MANAGEMENT

QUARTER 2
2024-25

5. Audit and Risk Management

5.1 Progress on actions in the Risk Register

Table 7 below show the progress made on risk register.

Table 7: Risk Register actions

N0	Risk Description	Risk Treatment Plan Required	Responsible Person	Progress on Risk Treatment Plan	Residual Rating on Q2
STR 1	Cyber attacks	1. Regular monitoring and review of cybersecurity controls. 2. Regular cybersecurity awareness training. 3. Regular review of systems and infrastructure licenses. 4. Establishment of ICT Change Control Board (CAB).	CIO	Monthly review of cybersecurity controls reviewed and summarized into the Cybersecurity posture reports. July, August and September consolidated Q2 cybersecurity reports produced by the Systems Administrator: Cybersecurity. Planning for the brown bag session about the dangers of using free AI tools commenced. The brown bag session will be held in October 2024. Backend infrastructure license status was included in the Manco and ICT Governance Steering Committee report.	**Medium**

N0	Risk Description	Risk Treatment Plan Required	Responsible Person	Progress on Risk Treatment Plan	Residual Rating on Q2
		5. Generate and present system generated evidence for business systems access reviews.		ICT Change Advisory Board (CAB) terms of reference were approved on 18-09-2024. The Appointment letters of the ICT CAB were signed on 20-09-2024. Access reviews on the Finance and HR systems were conducte	
STR 2	Inadequate National footprint to educate consumers and business.	1. Self-initiated workshop 2. Use of media (social, print, electronic, webinars) platforms. 3. Customised presentation to relevant target audience. 4. Collaboration with internal and external stakeholders. 5. Evaluation forms to measure impact. 6. Parentship with institutions of higher learning.	Divisional Head: Education and Advocacy	15 self-initiated workshops were held in Q2. Various media (social, print, electronic, webinars) platforms were used to disseminate messages to consumers and businesses alike. Customised presentations on various topics in line with the CPA were made to relevant targeted audience. Collaborations with various internal and external stakeholders were held. Evaluation forms to measure impact has been developed. Partnership with University of Fort Hare on capacity.	**Medium**

N0	Risk Description	Risk Treatment Plan Required	Responsible Person	Progress on Risk Treatment Plan	Residual Rating on Q2
STR 3	Delayed recalls of unsafe product by suppliers	1. Investigate and Prosecute the Suppliers who delays notification	DH: CID	No delayed product recall notification recorded.	**High**
STR 4	Improper conduct by employee and importers to unduly Influence processes to reach Improper decisions	1. Declaration of interest for all involved in the value chain.	DH: CID	Declaration of Interest signed by inspectors responsible for a particular inspection	**Medium**
STR 5	Unable to identify impactful investigation.	1. Develop market monitoring tool. 2. Develop unfair pricing regulation.	DH: CID	Market monitoring tool has been developed. Unfair pricing Regulation has not yet been developed.	**Medium**
STR 6	Limitation of referring complaints to the National Consumer Tribunal (NCT) Non-compliance with NCT decisions by suppliers	1. Review of complaints SOP's. 2. Develop and implement backlog plans.	DH: CID	Complaint SOP draft in progress. Backlog Plan Implemented and Developed.	**Medium**

5.2 **Progress against Internal Audit Findings Matrix**

Table 8 below show the progress made internal audit matrix.

Table 8: IA Matrix

No.	Audit Findings	Audit Finding Description	Auditors' Recommendation	Implementation period		Management Action	Responsible Manager	Progress Made	Status (Open/ closed
				Due Date	Completed Date				
1.	Delayed Resolution and Documentation Deficiency Of Standard Operating Procedure (Sop)	During the presentation of the 4th quarter report to the Audit and Risk Committee on April 22, 2024, management stated that the issue described below had been resolved. However, upon further review and our request for documentation to confirm the revision of the SOP, management was unable to furnish the requested materials at the outset of our audit in early May 2024. Despite management's assertion	Management is urged to ensure timely updating of the Standard Operating Procedure (SOP) as previously highlighted in the Q1 Internal Audit Report, incorporating and obtaining approval for the addressed issues outlined above. Given the critical importance of these recommendations for improving NCC's operational effectiveness and accountability, Internal Audit recommends that NCC prioritize their integration into the revised SOPs without further delay. This will not only address the findings			There is a change of processes happening at NCC as various SOPs, TOR's and Committees are being reviewed. All SOPs will be updated in due course.	Company Secretary	There is a change of processes happening at NCC as various SOPs, TOR's and Committees are being reviewed. All SOPs will be updated in due course.	Open

No.	Audit Findings	Audit Finding Description	Auditors' Recommendation	Implementation period		Management Action	Responsible Manager	Progress Made	Status (Open/ closed
				Due Date	Completed Date				
		that the gaps were closed as of March 28, 2024, and their clear indication that the SOP had been reviewed and approved in March 2024, the final SOP was sent to internal auditors only on June 19, 2024, after completion of the audit work. Regrettably, it did not address the concerns raised in the Q1 internal audit report.	highlighted in the Q1 audit report, but also strengthen NCC's resilience and responsiveness.						
2.	Errors (Over and Under) Reporting of Outputs In The Q4 Quarterly Performanc	During our audit review we noted that the following targeted KPI's for Q4 2023/24 achievement was incorrectly recorded after our recomputation:	• Enhance training and awareness programs for staff involved in data collection and reporting to ensure adherence to reporting guidelines. • Implement robust internal controls and review mechanisms to detect and rectify			The reported information will be revised to read 23 CTFL investigations, were approved during the period between the 1st of	DH:CI	The error was corrected, and internal controls reviewed.	Closed

No.	Audit Findings	Audit Finding Description	Auditors' Recommendation	Implementation period		Management Action	Responsible Manager	Progress Made	Status (Open/ closed
				Due Date	Completed Date				
	e Report 2023/24		discrepancies in reported data promptly. • Foster a culture of transparency and accountability within the organization to encourage accurate reporting and compliance with performance targets.			December 2023 and the 29th of February 2024, conducted and completed by the end of Q4. The remaining 9 were approved in March of 2024 and finalized in Quarter 4. The reported information will be revised to read 105 of all investigations approved during quarter three of 2023/2024 and 5 were approved in January 2024 and			

No.	Audit Findings	Audit Finding Description	Auditors' Recommendation	Implementation period		Management Action	Responsible Manager	Progress Made	Status (Open/ closed
				Due Date	Completed Date				
						finalized in Quarter 4.			
3.	UNDER) REPORTING OF OUTPUTS IN THE Q1 QUARTERLY REPORT 2024/25	During our audit review we noted that the following targeted KPI's for Q1 2024/25 achievement was incorrectly recorded, after our recompilation:	Enhance training and awareness programs for staff involved in data collection and reporting to ensure adherence to reporting guidelines. Implement robust internal controls and review mechanisms to detect and rectify discrepancies in reported data promptly. Foster a culture of transparency and accountability within the organization to encourage accurate reporting and compliance with performance targets.			The SOP will be amended, and a new heading will be included to deal with assessment of different investigation reports that will be consolidated into one referral notice that will be filed at the Tribunal, so that the referral notice should clearly show that it is one referral notice emanating from assessment	Divisional Head-Enforcement and Legal Services	SOP has been amended as per the management action plan and POE is attached.	Closed

No.	Audit Findings	Audit Finding Description	Auditors' Recommendation	Implementation period		Management Action	Responsible Manager	Progress Made	Status (Open/ closed
				Due Date	Completed Date				
						reports of more than one investigation report.			

5.3 **Progress against External Audit Findings Matrix**

Table 9 below show the progress made on the audit matrix.

Table 9: Progress made on external audit findings

No.	Audit Findings	Audit Finding Description	Auditors Recommendation	Implementation period		Management Actions	Responsible Manager	Progress Made	Finding open or closed
				Start Date	End Date				
1.	Deviation registers incomplete	During the Supply Chain Management Testing, it was noted that two deviations were not included in the deviation register which resulted in the deviation register being incomplete.	Management is required to correct this error and implement further review procedures to ensure the registrations are complete.			The deviations register for 2023/24 will be updated. Management will ensure that the draft register containing the transaction for which approval is sought will be attached to the submission that request approval for the incurrence of expenditure through procurement by	CFO	The deviations register is completed is completed when the deviation is approved. This ensures the completeness of the register. Only one deviation has been recorded for the 2024/25 financial year.	Closed

						other means or expansions of contracts. This will ensure that the register is updated immediately upon approval of such procurement.			
2.	Procurements not advertised for 7 days	During the SCM testing of quotations, it was noted that the following procurements were not advertised for the 7 days as required by the National Consumer Commission's SCM Policy:	Management is advised to comply with the SCM Policy of the National Consumer Commission.			Management will advertise procurement for a minimum period of 7 days in compliance with the policy. In cases where the shorter advertising period is unavoidable, management will ensure that permission to deviate from the 7 days is obtained as required by the policy.	CFO	Procurement transactions have been advertised within the period of 7 days. There was only 1 transaction where the advertisement timeframe was shortened.	Closed

3.	Deviations are not communicated to treasury.	During the SCM testing of deviations, it was noted that the following deviations were not communicated to the National Treasury in the 14 days after finalisation of the procurement:	We recommend that management instate an internal control to ensure that deviations are communicated to comply with the PFMA requirements.			Management will ensure that the Report to the National Treasury and AGSA as well as the submission authorizing the deviation are approved concurrently. This will ensure that the necessary compliance reporting takes place within 14 days.	CFO	Only one deviation has been recorded for the 2024/25 financial year. The reporting has taken place within the timelines required by the National Treasury.	Closed
4.	No investigations register for assessments returned	During our detailed testing of enforcement actions taken by the NCC (Program 4) we noted several assessments have been completed by the legal division.	Recommendation is that management revisit the definition of when an investigation is considered complete to specifically address matters referred to investigations division by the legal division.			The NCC is implementing a new process where the steering committee will approve the finalisation of the investigations and approve further enforcement action.	DH: L&E DH: C&I	Screening Committee has been implemented and it seats bi-weekly to assess and approve Investigation Reports for further enforcement and approval referral papers to be filed at the tribunal.	Closed

		However, after the assessments have been completed, some of the matters were referred to the investigations division for further action. We furthermore noted that a register is kept by the investigations division to track the movement of the physical file. However, the register does not form a complete list of all matters that were returned to the investigations division as only physical files are documented on this register.	Furthermore, we recommend a complete register be kept by a person independent from both divisions to track matters returned to investigation and the progress in addressing these matters.			Approval for investigation and further enforcement started in Q1.			

5.	No turnaround time on legal assessments	During our detailed discussion with the relevant persons at the National Consumer Commission, we noted that the National Consumer Commission reports only on enforcement actions taken by the legal division. However, this performance is measured from the date of approval of the assessment report up to the date the enforcement is actioned.	Recommended that the relevant policies be amended to include specific turnaround times for legal assessments to be performed. Furthermore, we recommend that this turnaround time be monitored by tracking the date the assessment is assigned to a legal advisor, the date the assessment in complete and the number of days taken to complete the assessment on a dedicated register.			The SOP will be revised to include timeframes for the different categories of matters received for further enforcement.	DH: L&E	The division now returns and receives investigation reports through the screening committee. Matters are assessed and approved at the Screening Committee. Should an investigation report be sent back to CI, it has to be table before the screening committee. The decisions are recorded in the screening committee minutes.	Closed
6.	Error in reported performance	During our detailed testing of Programme 4:	Recommendation is that management correct the reported			Management will amend the report to reflect 53 matters.	Company Secretary	Performance in the annual performance report was corrected and an updated	Closed

		Improved compliance through Enforcement of the Act (Indicator 8) we noted an error in the amount of enforcement actions reported. On the Annual performance report, the NCC reported that 100% of approved assessment, approved for enforcement between the first day of quarter four of 2022/2023 and the last day of quarter three of 2023/2024, have been actioned (55 of 55).	performance in the annual performance report and submit an updated version to the auditors. furthermore, recommend that management reassess the wording of the annual performance target in the 2024/25 financial year. Recommended that the 2024/25 target be adjusted to cover assessment reports approved for enforcement between the first day of quarter one of 2024/25 and the last day of quarter four of 2024/25.					version submitted. The wording of the annual performance target has been amended.	

7.	Enforcement action register	During our detailed testing of Programme 4: Improved compliance through Enforcement of the Act (Indicator 8) we noted that, and indicator specific register is not maintained by the Legal division. All enforcement actions are grouped together on one Enforcement action register.	Recommendation is that an indicator specific register for each performance target is maintained by the NCC to streamline the audit process.			Management will develop and maintain separate registers for each deliverable.	DH: L&E	A separate register for CTFL and Conventional Matters is being prepared. Starting from Q3, each performance target will have its own register.	Open

NATIONAL CONSUMER COMMISSION

SECTION D

FINANCIAL REPORT

QUARTER 2
2024-25

6. FINANCIAL PERFORMANCE

6.1 Revenue for the Period

6.1.1 The NCC has an allocated budget for the financial year of R69 120 000. The total amount of R41 742 000 was received in April 2024. A request for the remainder of the grant of R 27 378 000 was sent to the dtic in September and it is anticipated to be received in October 2024.

6.1.2 Funds that are not immediately required were invested in an interest-bearing account with the South African Reserve Bank (Corporation for public deposits) and interest to the value of R1 577 873 was earned as at the end of September 2024. Interest is slightly lower than expected because only 60% of the grants were received from **dtic**.

6.1.3 Furthermore, the under collection in interest is also attributable to budget reductions which also adversely affect the operations of the NCC. The NCC has intensified its presence across the country as compared to the prior years, however this has not been met with an increase in financial resources.

6.1.4 The summary of revenue for the current years and the next two financial years is indicated in Table 10 below:

Table 10: Revenue Expectations for the current and future years

2024/25 MTEF	2024/25	2025/26	2026/27
Indicative Baselines	R76 800 000	R80 120 000	R83 853 000
Reductions	(R 7 680 000)	(R8 820 000)	(R10 062 000)
Revised Baselines	**R69 120 000**	**R71 360 000**	**R73 791 000**

6.1.5 The under-collection in interest is also contributing to the anticipated budget deficit as the interest is used to supplement the grant.

6.1.6 Table 11 below provides a summary of movements in revenue for the financial year against the budget.

Table 11: Summary of movements in revenue for year

Description of item	Annual Budget	Year to date budget	Year to date actual	Variance
Government grants	69,120,000	37,595,000	41,472,000	-3,877,000
Interest income	4,950,000	2,475,000	1,577,873	897,127
Other Income	-	-	8,802	-8,802
Total	**74,070,000**	**40,070,000**	**43,058,675**	**-2,988,675**

6.1.7 Although the NCC received R41 472 000 excluding interest, only an amount of R37 595 000 was planned for expenditure as at the end of September 2024. The excess is planned for expenditure for the remainder of the financial year (timing issue).

6.2 Expenditure against the budget per economic classification

Table 12 below provides a summary of expenditure against the budget per economic classification.

Table 12: Summary of expenditure against the budget per economic classification.

Description of item	Annual Budget	Year to date budget	YTD Actual expenditure	Commitments/ Prepayments	Total (Actual & Commitment)	YTD Variance	Remaining Budget for the 2025 Financial Year
Compensation of employees	50,854,306	25,427,153	25,700,495	24,107,513	49,808,008	-273,341	1,046,298
Goods & services	23,215,694	12,167,847	14,002,862	10,041,420	24,044,281	-1,835,015	-828,588
Total	**74,070,000**	**37,595,000**	**39,703,356**	**34,148,933**	**73,852,289**	**-2,108,356**	**217,711**

6.2.1 Compensation of employees currently indicates an overspending R273,341 YTD. It is however anticipated that that an underspending of R1,046,298 will occur by the end of the financial year, assuming that the current staff complement as at the end of September 2024 is maintained.

6.2.2 Goods and services expenditure is overspending by an amount of R1,835,015. The overspending is currently projected at R828 588 for the twelve months considering the orders and contracts to be fulfilled in the next six months. Therefore, without the increase in the budget, the deficit will remain for the rest of the year.

6.2.3 Contributing to the budget deficit are core expenditure such as travel costs which have already exceeded the budget by 220% whilst catering and consumables expenditure have exceeded the budget by 339%, this is mainly attributed to increased market monitoring, inspections, investigations and related travel to various provinces. An upward trend in legal costs has also been observed due to a number of litigation cases for or against the NCC. Legal costs by nature are difficult to estimate and reliance is placed on the invoices as and when they are received from service providers based on time spent and disbursements.

6.2.4 As indicated, the projection is based on available information and the adverse financial situation is expected to continue with Travel and legal costs being the main drivers.

6.2.5 Based on the above, the following recommendations needs to be considered:

a) It is imperative that all new procurement be halted, and filling of only critical vacancies be considered within the constraints. The situation to be revised once National Treasury approves the request to retain surplus funds.
b) The remaining cash available in the bank is mainly to meet current obligations including salaries.

6.2.6 Table 13 below shows overall expenditure variances.

Table 13: Expenditure Variances.

Description	Approved Annual Budget	YTD Budget	YTD Actual	Commitments/ Prepayments	Total (Actual & Commitment)	Variance	YTD Variance (%)	Remaining Budget for the 2025 Financial Year	Note (Variance explanation)
Compensation of employees									
Salary & Wages	44,518,228	22,259,114	22,930,077	21,743,544	44,673,621	-670,963	-3%	-155,393	
Social contributions	6,336,078	3,168,039	2,400,860	2,363,969	4,764,830	767,179	24%	1,571,248	
Leave provision expense	0		369,557		369,557	-369,557		-369,557	
Total COE	**50,854,306**	**25,427,153**	**25,700,495**	**24,107,513**	**49,808,008**	**-273,341**	0%	**1,046,298**	
Goods and services									
Audit Committee fees	415,000	207,500	212,041	0	212,041	-4,541	-2%	202,959	**5.3.1**

Description	Approved Annual Budget	YTD Budget	YTD Actual	Commitments/ Prepayments	Total (Actual & Commitment)	Variance	YTD Variance (%)	Remaining Budget for the 2025 Financial Year	Note (Variance explanation)
Advertising	200,000	100,000	45,351	0	45,351	54,649	55%	154,649	**5.3.1**
Assets <R5000	20,000	20,000	10,185	0	10,185	9,815	-100%	9,815	**5.3.1**
External audit fees	1,100,000	1,100,000	1,118,392	0	1,118,392	-18,392	-2%	-18,392	
Bad debts	0	0		0	0	0	0%	0	**5.3.1**
Bank charges	43,000	21,500	18,815	0	18,815	2,685	12%	24,185	**5.3.2**
Catering & consumables	169,000	84,500	370,687	0	370,687	-286,187	-339%	-201,687	
Communication costs	1,415,829	707,915	315,835	1,023,029	1,338,864	392,079	55%	76,965	
Computer services	2,680,815	1,340,408	771,968	1,379,946	2,151,914	568,439	42%	528,901	
Consultants	702,615	351,308	438,844	263,771	702,615	-87,536	-25%	0	**5.3.3**
Insurance	160,000	80,000	76,315	-75,799	516	3,685	5%	159,484	**5.3.4**
Internal Audit fees	657,510	328,755	240,522	655,895	896,417	88,233	27%	-238,907	**5.3.5**
Lease payments	356,112	178,056	128,447	63,270	191,717	49,609	28%	164,395	**5.3.6**
Legal fees	870,000	435,000	1,055,929	594,566	1,650,495	-620,929	-143%	-780,495	**5.3.1**
Printing & publication	200,000	100,000	61,047	0	61,047	38,953	39%	138,953	**5.3.1**
Postage & courier	54,000	27,000	4,346	0	4,346	22,654	84%	49,654	**5.3.1**
Stationery	150,000	75,000	113,000	0	113,000	-38,000	-51%	37,000	**5.3.7**
Subscriptions & membership	27,000	13,500	70,371	0	70,371	-56,871	-421%	-43,371	**5.3.8**
Software Licenses	4,989,361	2,494,680	2,244,098	1,694,364	3,938,462	250,582	10%	1,050,899	**5.3.1**
Repairs & maintenance	156,000	78,000	12,883	543,111	555,994	65,117	83%	-399,994	**5.3.9**

Description	Approved Annual Budget	YTD Budget	YTD Actual	Commitments/ Prepayments	Total (Actual & Commitment)	Variance	YTD Variance (%)	Remaining Budget for the 2025 Financial Year	Note (Variance explanation)
Research & development	0	0	0	0	0	0	0%	0	**5.3.10**
Training & staff development	200,000	100,000	26,600	0	26,600	73,400	73%	173,400	**5.3.11**
Travel & subsistence	1,284,430	642,215	2,054,861	0	2,054,861	-1,412,646	-220%	-770,431	
Depreciation & Amortisation	0	0	837,071	0	837,071	-837,071	-100%	-837,071	
Water & Electricity	1,413,298	706,649	284,441	1,128,857	1,413,298	422,208	60%	0	
Property costs	38,674	19,337	19,337	19,337	38,674	0	0%	0	
Cleaning	71,616	35,808	35,808	35,808	71,616	0	0%	0	
Security	163,666	81,833	81,833	81,833	163,666	0	0%	0	
Property rental	5,677,767	2,838,884	3,353,834	2,633,431	5,987,264	-514,950	-18%	-309,497	
Total goods and services	**23,215,694**	**12,167,847**	**14,002,862**	**10,041,420**	**24,044,281**	**-1,835,015**	**-15%**	**-828,588**	
Total budget/expenditure	**74,070,000**	**37,595,000**	**39,703,356**	**34,148,933**	**73,852,289**	**-2,108,356**	**-5%**	**217,711**	

The total spending for the year-to-date excluding future commitments comprises 53.57% of the annual operational budget. However, considering current commitments/contracts where expenditure will be incurred in the next 6 months, the spending is 99.7% of the annual budget. It for this reason that new commitments are discouraged.

6.3 Explanations for material variances and remedial actions

6.3.1 Line items indicating a positive budget variance projected to the end of the financial year

Even though some line items as referenced are indicating positive budget variances, the funds are based on the nature anticipated to be utilised and when required, and maybe exhausted by the end of the year. There are no current commitments, however expenditure arises due to certain events taking place such as Audit committee meetings, advertising of vacancies, replenishment of stores, etc.

6.3.2 **Consumables and catering – Overspending**

The unfavourable variance is mainly due to the increasing costs for catering for the Advocacy and Awareness, catering for multidisciplinary teams on market monitoring activities and promotional items.

6.3.3 **Insurance- Underspending**

The insurance cost was paid in full for the financial year, expenditure is recognised monthly as time passes. The amount of R 75,799 is the amortisation of prepaid expenditure recognised for the year, to indicate available cash.

6.3.4 **Internal audit fees- Overspending**

This can be attributed to underbudgeting at the beginning of the financial year in relation to the internal audit plan.

6.3.5 **Lease payments- Underspending**

The reason for the underspending is that the NCC planned to lease shredders for every printing machine to safeguard confidential information. Procurement has not taken place due to overall budget constraints.

6.3.6 **Legal fees – Overspending**

Due to capacity challenges in the legal department, most of the cases are handled by the external lawyers. More invoices are anticipated for the remainder of the financial year. It is difficult to estimate the costs that will be incurred in the coming months and reliance is placed on invoices as they are received.

6.3.7 **Software licenses – Underspending**

Most of the software licenses was paid in the previous financial year, expenditure is recognized monthly as time passes. The adjustment of R1694 million reflects a portion of the expenditure for which payments were done in the prior year and expenditure recognised in the current year. The available budget will be utilised towards the end of the financial year for required licenses.

6.3.8 **Repairs and maintenance – Overspending**

This is due to the recognition of the commitment for which payment will take place during the next 6 months because of the upgrades being undertaken on the contact centre system.

6.3.9 **Travel and subsistence – Overspending**

The main reason for the overspending on travel and subsistence is because the expenditure was not adequately funded from the beginning of the financial year. Only R1.3 million was available in comparison to expenditure of almost R3 million in the prior year.

Over and above the under-budgeting, the Investigation and Enforcement unit has also intensified its presence across the country in comparison with the prior year. Invoices are also expected for activities taking place during October.

6.3.10 Depreciation and amortisation

This is a non-cash item, and the variance has no adverse impact to the cash flow.

6.3.11 Water & Electricity, Cleaning, Security, Rental, Property costs

The funds are anticipated to be utilized in full by the end of the financial year. There are contracted services which SABS bills the NCC.

7. PROGRESS ON THE IMPLEMENTATION OF THE PROCUREMENT PLAN

Table 14 below shows progress on the implementation of the procurement plan.

Table 14 progress on the implementation of the procurement plan

No.	Project Description	Estimated Value (incl. taxes)	Date Service Required	Comments
1	External Audit Services for 36 months	R 3 300 000.00	01 June 2025	Approved submissions not yet received.
2	Internal Audit Services for 36 months	R1 971 000.00	23 March 2025	Approved submissions not yet received.
3	Back-end Infrastructure Support for a period of 36 months	R4 301 393.76	01 November 2024	**July 2024** The project manager has submitted the draft Terms of Reference and the BSC will convene during the month of August 2024. However, there is a need to review the budget

No.	Project Description	Estimated Value (incl. taxes)	Date Service Required	Comments
				as the project was significant underfunded, halt or discontinue certain other projects to relieve financial pressures. There is also a need to clear some uncertainties relating to potential office moves before this project can be commenced. **August 2024** Due to a communication received from SABS to move the NCC infrastructure from their premises by January 2025, ICT department will request an extension of the current contractual services for a period of six months. **September 2024** ICT is in the process of preparing an extension of current services for a period of three months. In addition, SCM is awaiting the approval and draft TOR for the move of the infrastructure. A tentative BSC has been scheduled for 21 October 2024.
4	Microsoft Licenses	R 900 000.00	01 April 2025	Service due by the end of the financial year 2024/25. Terms of reference not yet received.
5	FortiGate Firewall License for 12 months	R 1 400 000.00	12 May 2024	The purchase order was raised on 17 May 2024. Transaction has therefore been concluded.
6	Web Application Firewall	R 700 000.00	Immediate	**May 2024**

No.	Project Description	Estimated Value (incl. taxes)	Date Service Required	Comments
				The terms of reference have been reviewed by the BSC. The sourcing strategy has not been determined pending discussions between the SCM and IT departments. **June 2024** There are some additional changes identified which are required to be incorporated into the terms of reference previously reviewed by the BSC. The document will thereafter be shared with BSC for review. **July 2024** The project manager has submitted the draft Terms of Reference and the BSC will convene during the month of August 2024. The project is most likely to be affected by the financial constraints facing the NCC. **August 2024** The revised draft Terms of Reference was submitted on 26 August 2024 and a BSC meeting took place on the 3rd of September 2024 to finalise the TORs which will be routed for approval and advertisement. **September 2024** The bid was advertised on the 20th of September 2024, with a closing date of 11 October 2024. A compulsory briefing session was held on 27 September 2024.
7	Panel of Attorneys	Not applicable	Immediate	**April 2024**

No.	Project Description	Estimated Value (incl. taxes)	Date Service Required	Comments
				Draft terms of reference have been received from the end user. **May 2024** The project managers were appointed on 28 May 2024. **June 2024** Due to the unavailability of BSC members and project managers for various reasons, the meeting has been rescheduled to the 9th of July 2024. **July 2024** BSC took place. Consultation from National Treasury was required on an issue of fairness on one of the mandatory requirements of the bid. National Treasury has responded, and feedback has been shared with end-users to update the terms of reference so that the bid can be advertised. **August 2024** The Terms of Reference were approved for advertisement on 30 August 2024 and advertised on the same date. A compulsory briefing session is arranged for the 6th of September 2024 and the closing date is the 23rd of September 2024. **September 2024** At the closing date and time, a total of 90 bids were

No.	Project Description	Estimated Value (incl. taxes)	Date Service Required	Comments
				deposited in the tender box. The BEC has been scheduled to convene between 15 to 18 October 2024.
8	Veeam Subscription	R 500 000.00	01 March 2025	Not yet due
9	HP Subscription	R 600 000.00	01 March 2025	Not yet due.

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