



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA



NATIONAL CONSUMER COMMISSION

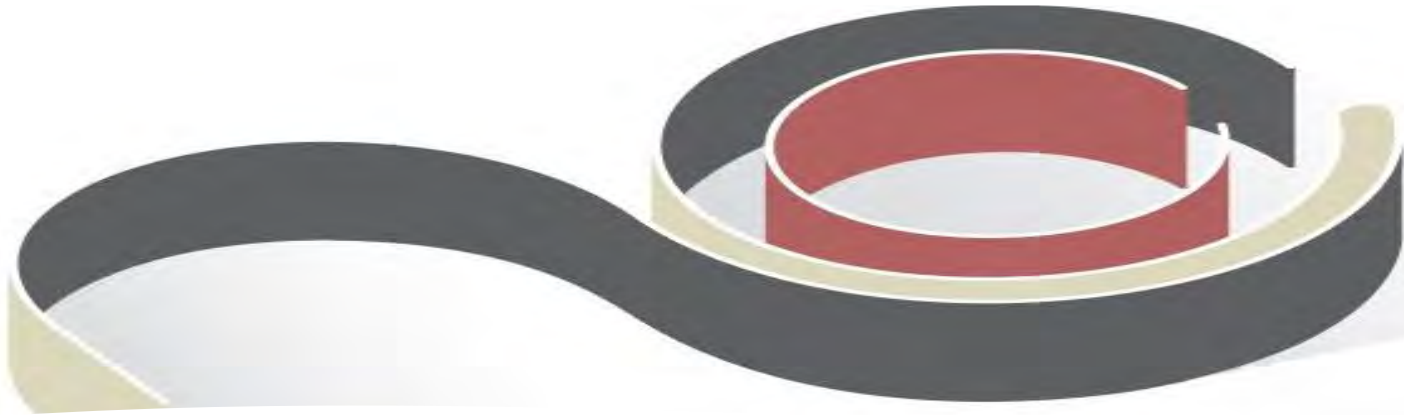
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BRIEFING TO THE PARLIAMENTARY PORTFOLIO COMMITTEE ON TRADE, INDUSTRY AND COMPETITION

NATIONAL CONSUMER COMMISSION

2024/25 ANNUAL PERFORMANCE PLAN AND BUDGET

11 SEPTEMBER 2024



DELEGATION

Mr. Hardin Ratshisusu – Acting Commissioner

Ms. Thezi Mabuza – Deputy Commissioner

Mr. Joseph Selolo – Company Secretary

Mr. Lefu Nhlapo – Acting Chief Financial Officer

Ms. Poppy Kweyama – HOD Education & Awareness

Ms. Prudence Moilwa – HOD Complaints & Investigations

Mandate



Legislative Mandate

- ❖ The National Consumer Commission (NCC) is established by the Consumer Protection Act (CPA), 2008 (Act No. 68 of 2008).

- ❖ The purpose of the CPA is, amongst others:
 - to promote and advance the social and economic welfare of consumers in South Africa;

 - to protect consumers from unconscionable, unfair, unreasonable, unjust or otherwise improper trade practices; and

 - to promote a fair, accessible, and sustainable marketplace for consumer products and services and to establish national norms and standards relating to consumer protection.



Vision, Mission and Values

❖ **Vision:** “To promote a fair and sustainable marketplace for consumer goods and services.”

❖ **Mission:** "To deliver services that exceed expectations in tackling unfair practices, promote compliance, and ensure redress to consumers.”

❖ **Values:** Fairness, Integrity, and Good Governance.



Organisational Structure



Mr Hardin Ratshisusu
Acting Commissioner



Ms Thezi Mabuza
Deputy Commissioner



Mr Joseph Selolo
Company Secretary



Mr Lefu Nhlapo
Acting Divisional Head
Corporate Services and
CFO



Ms Poppy Kweyama
Divisional Head:
Education and Advocacy



Ms Prudence Moolwa
Divisional Head:
Complaints
and Investigations



Mr Jabulani Mbeje
Divisional Head: Legal
Services and Enforcement

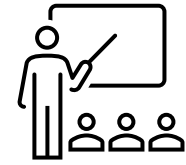


Organisation Profile

- ❖ The NCC was established in 2011 and has a total of 72 funded and filled positions, whilst the approved organisational structure provides for a total of 151 positions to fulfil its mandate. Therefore 79 positions are unfunded.
- ❖ The NCC is a primary regulator responsible for consumer protection in the Republic and has concurrent jurisdiction with Provincial Consumer Office.
- ❖ The mandate of the NCC is supported by mediation services by Sector Ombuds (CGSO and MIOSA).
- ❖ The NCC receives approximately 500 complaints per month (± 6000 per year).



Organisation Profile



Approved: 151

Funded: 72

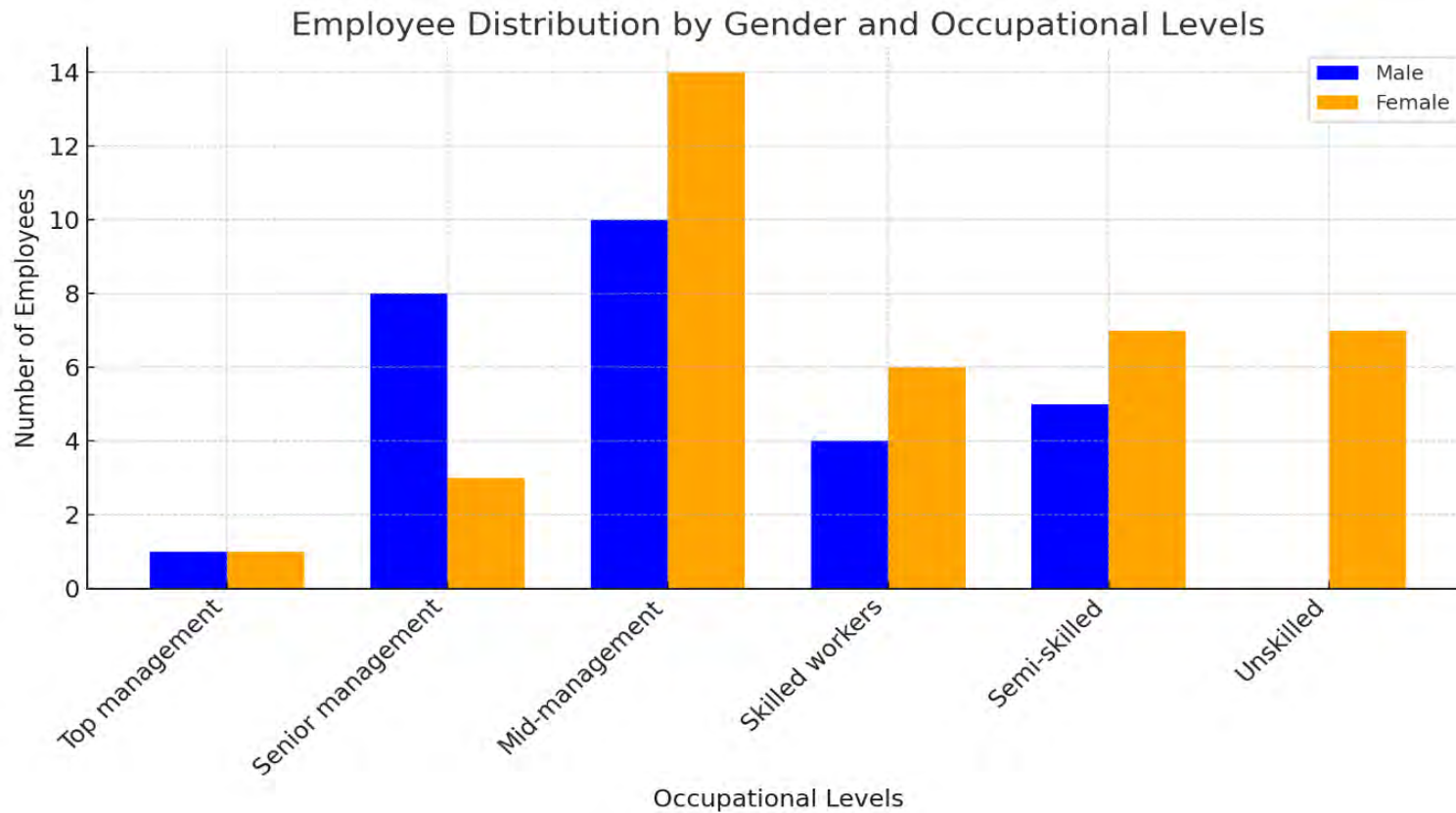
Unfunded:79

Interns: 14

Salary Band	Employment at the beginning of Q1	Appointments	Terminations	Employment at the end of Q1
Top Management	2	0	0	2
Senior Management	12	0	1	11
Professional qualified	23	2	0	25
Skilled	11	0	1	10
Semi-skilled	21	0	2	19
TOTAL	69	2	4	67



Employment Equity



Skills and Capacity Building

- ❖ The NCC conducts an annual training needs assessment through Personal Development Plans (PDPs) for each employee. This process ensures that the training and development needs of staff are systematically identified and addressed.
- ❖ Furthermore, the NCC uses a staff rotation and utilisation policy as a strategic tool to develop a versatile and adaptable workforce. By rotating employees through different roles or Divisions, the organization not only broadens their skill sets but also prepares them to take on new challenges and responsibilities.
- ❖ This approach creates a pool of employees who are ready and capable of stepping into new roles as opportunities arise, ensuring the NCC remains resilient and responsive to changing demands.



Governance of the NCC

Governance

❖ External Oversight:

- Audit and Risk Committee
- Executive Authority (the dtic Minister)
- Portfolio Committee on Trade, Industry, and Competition

❖ Internal Committees:

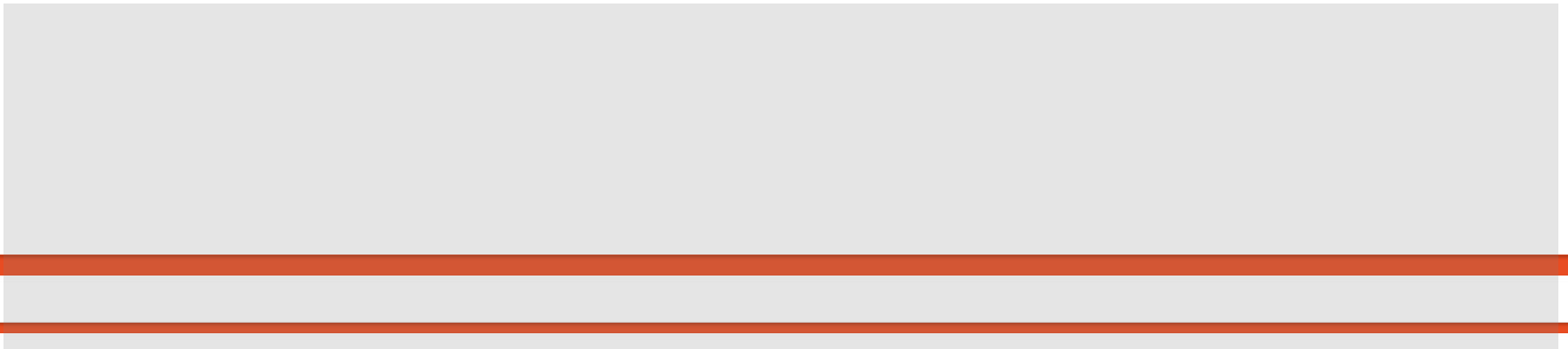
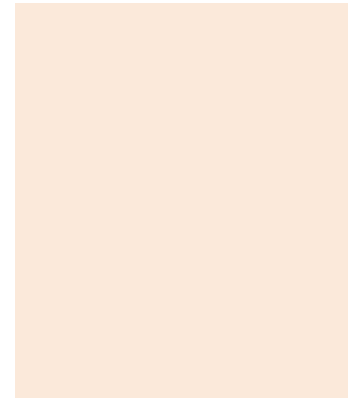
- ICT Steering Committee
- Skills Development Committee
- Risk Management Committee
- Management Committee
- Executive Committee

Internal Committees are responsible for strategic planning and execution, performance monitoring and corporate governance.

External Oversight provide overall strategic guidance, oversight and combined assurance to the NCC.



2024/2025 Strategic Objectives



Strategic Objectives

- ❖ The following are the strategic objectives of the NCC:
 - Contribution to industrialization and transformation of the economy;
 - Effective regulation of prohibited conduct;
 - Education and Awareness; and
 - Improving efficiencies in investigations.



Targeted Outcomes

- ❖ The NCC aims to achieve the following outcomes:
 - Improved turn-around times in the administration of complaints;
 - Services rendered by NCC positively impact the socio-economic welfare of consumers;
 - Public awareness of the provisions of the CPA ;
 - Curb importation of non-compliant clothing, textile, footwear, and leather (CTFL);
 - Goods or services supplied at prices that are fair, reasonable, and just; and
 - Curb prohibited conduct.



2024/2025 Annual APP Targets

No	Annual Target
1	95% availability for complaints handling e-Service System and Website
2	60 documented cases of impact by the NCC activities
3	384 consumer education and awareness programmes conducted
4	30 business education programmes conducted.
5	Produce 4 product recall reports on the administration of the product recalls
6	100% of CTFL investigations completed
7	Enforcement action taken against 100% of non-compliant CTFL importers
8	10 investigations completed into unfair prices
9	10 enforcement actions taken against suppliers for unfair pricing
10	Complete investigations on 90% of complaints approved for investigation
11	Enforcement action taken in 95% of approved reports



Seven Priorities to Achieve Targets

- ❖ In this financial year, the NCC has prioritized the following areas:
 - Secondhand automotive industry.
 - Unsafe and expired foods in all provinces.
 - Unfair and unreasonable pricing of goods and services.
 - Combating importation of non-compliant clothing, textile, footwear and leather goods (CTFL).
 - Market monitoring of low-quality imported goods – focus on imported frozen chicken, metal roof sheeting, gardening tools and wheelbarrows.
 - Scams and Ponzi Schemes.
 - Product recalls (including the finalisation of the peanut butter matter).

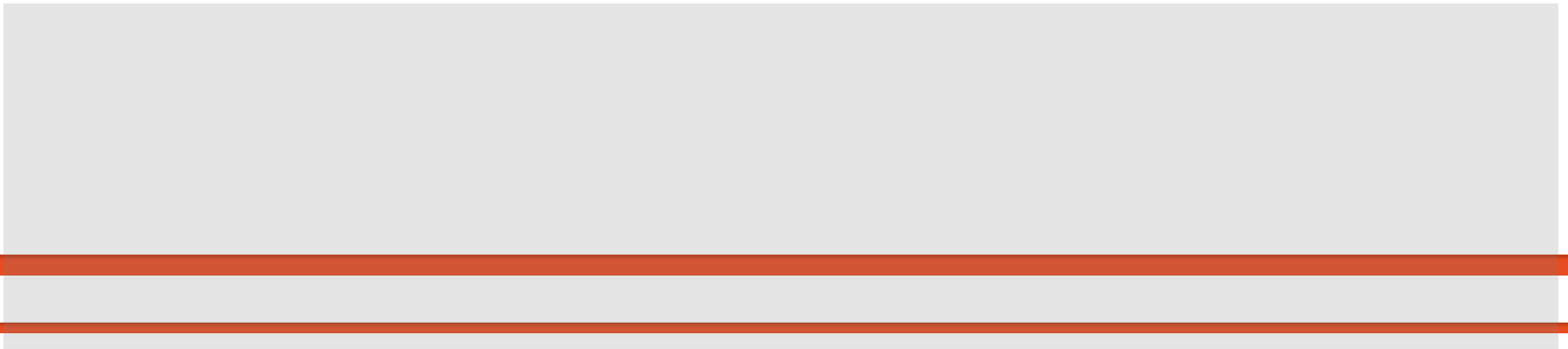
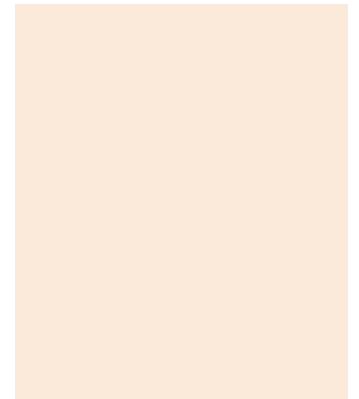


Priority Targets Contributing to Industrialisation

- ❖ In this financial year, the NCC has prioritized the following areas targeted at industrialisation:
 - Combating importation of non-compliant clothing, textile, footwear and leather goods (CTFL).
 - Market monitoring of low-quality imported goods.



Progress on 2024/25 Q1 APP Targets



Progress By Function

Investigation and Enforcement Functions

- A total of 136 investigations were completed in Quarter 1. 27 of these were settled during the investigations earning redress for consumers in the amount of **R1 200 467, 68** (one million two hundred thousand, four Hundred and sixty-seven rand and sixty-eight cents), Table 1 below illustrates these matters.
- 13 new matters were referred to the NCT and 12 matters were argued at NCT in Quarter 1. 5 judgements in favour of the NCC were issued and there were 2 settlement agreements.
- From the 5 judgements received in favour of the NCC, a total of **R262 500.00** (two hundred and sixty-two thousand and five hundred rand) in administrative fines were levied and redress to consumers amounted to **R1 196 435.52** (one million and one hundred and ninety-six thousand and four hundred and thirty-five and fifty-two cents).



Progress By Function

Investigation and Enforcement Functions

➤ The NCC supports South Africa's efforts to increase investigations and prosecutions of complex money laundering cases (Immediate Outcome 7) and to improve the identification, seizure, and confiscation of criminal proceeds (Immediate Outcome 8), both being from the Action Plan on South Africa's Greylisting. In this regard, the NCC investigated the following two schemes involved in predicate offences, being:

❖ Piggy Farm Trading

In this scheme, consumers invested R2 750 in a virtual pig and were guaranteed a return on investment of R6 600. The investigation revealed that this scheme is a Ponzi scheme which the CPA outlaws. The NCC obtained, through the NPA's Asset Forfeiture Unit, a preservation order in the amount of **R4 300 000** (four million three hundred rands) pending the finalisation of the investigation.

❖ Grosavestokvel

Then ongoing investigations into Piggy Farm Trading revealed that the operators of Piggy Farm Trading, upon being served with the preservation order, devised a stokvel called Grosavestokvel to carry-on the unlawful activities and to conceal or disguise the nature, location, source of ownership or control of the proceeds of Piggy Farm Trading. This constitutes a fraudulent financial transaction in the CPA. The NCC requested the NPA to seek a preservation order and this was granted by the North Gauteng High court in the amount of **R1000 000** (one million rand).



Investigation and Enforcement Functions

Investigation and Enforcement Functions

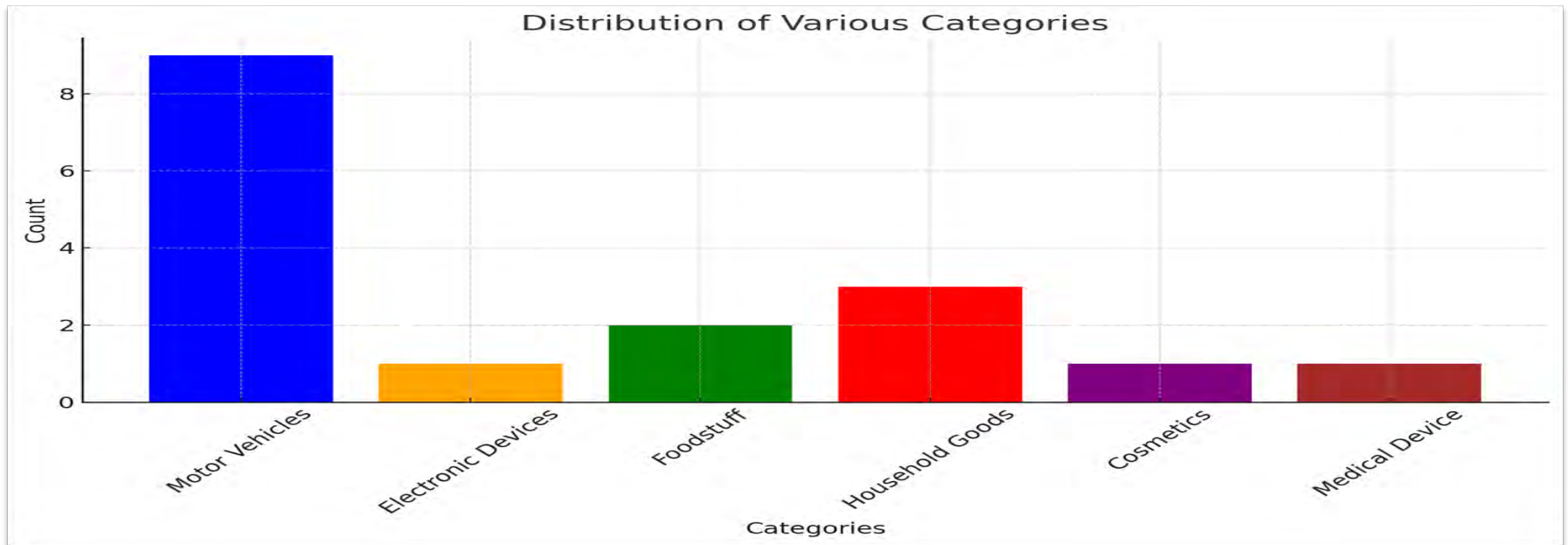
- The NCC embarked on compliance inspections in collaboration with other enforcement agencies to ensure that unsafe and expired goods are removed from the shelves in Seshego, Mankweng, Turfloop, Lebowakgomo and Polokwane in Limpopo.
- The non-compliant goods were duly removed from the shelves and confiscated. These included baby food, sweets, cool drinks, noodles, snacks, tinned foodstuff, juices, and other consumables. These items had the potential of causing harm and compromising the health of consumers.
- The NCC will be continuing with these inspections in other provinces.



Progress By Functions

Investigation and Enforcement Functions

The NCC administered 17 Product Recalls quarter 1. The Figure below represents the distribution of different categories: Motor Vehicles, Electronic Devices, Foodstuff, Household Goods, Cosmetics, and Medical Devices.



Progress By Function

Education and Awareness Function

- Youth empowerment targeted workshops were held for youth from various schools at Mothibistat in Kuruman, and at Mossel Bay in the Western Cape. The special focus was on *Right to fair, just and reasonable terms and conditions*.
- Workshops were held for various communities in Johannesburg Metro, eThekweni Metro, Baartman District Municipality, Tshwane Metro, Thabo Mofutsanyana District, John Taolo Gaetsewe District, Frances Baard District, Dr Ruth Segomotsi Mompati District and Ngaka Modiri Molema District.





Opportunities

OPPORTUNITIES

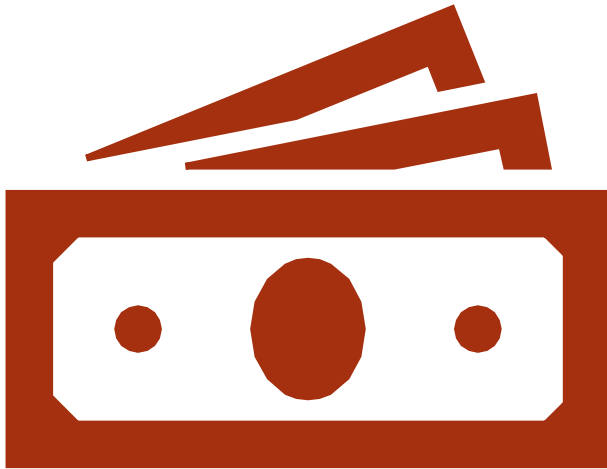
- ❖ In terms of section 11 of the CPA, the NCC has developed an “Opt Out Register” whereby consumers can preemptively block direct marketing.
- ❖ Direct marketers are required to consult the register, at a fee, to determine which consumers have opted out so as not to contact them. To contact a consumer that has opted out is a contravention of the CPA punishable by a fine of up one million rand.
- ❖ The enforcement of section 11 of the CPA will address the concern of unsolicited direct marketing to citizens and present an opportunity for the NCC to generate revenue.



OPPORTUNITIES FOR COLLABORATION

- ❖ Collaboration with National Department of Health, Department of Agriculture, Forestry, Fisheries and Environment on labelling of food Items
- ❖ Strengthening coordination with provincial consumer protection authorities.
- ❖ Prioritisation of sectors that complement Government's industrial policy priorities.
- ❖ Collaboration with entities within **the dtic** with standard setting bodies and regulators including SABS, NRCS, ITAC as well as various Government departments and related entities.
- ❖ Collaboration with the Competition Commission on pricing issues.





BUDGET FOR 2024- 25 FINANCIAL YEAR



FINANCIAL POSITION OF THE NCC

	2020/21 Final Budget	2021/22 Final Budget	2022/23 Final Budget	2023/24 Final Budget	2024/25 Initial Budget	2024/25 Final Budget	2025/26 Initial Budget	2025/26 Final Budget
Baseline	54 346	58 505	59 388	62 973	65 666	76 800	68 473	83 583
Reductions	(2 816)	-	-	-		(7 680)		(10 062)
Rental	9 709	10 195	10 684	10 593	11 134	-	11 707	
	61 239	68 700	70 072	73 566	76 800	69 120	80 180	73 521



FINANCIAL POSITION OF THE NCC

- ❖ For 2023-24 Financial year; the R62,9 (R73,5) million baseline included Compensation of Employees, Goods & services at R10,6 million, and office accommodation at R10,5 million.
- ❖ A 10% erosion of the baseline is observed in 2024/25 reducing the budget to R69,1 from R73,5 million.
- ❖ A further 12% reduction is also observed in 2025/26 financial year from R80,1 million to R73, 5.
- ❖ Only in 2025-2026 will the budget equal the 2023-2024 Allocation which is detrimental to the business of the NCC.



FINANCIAL POSITION OF THE NCC

- ❖ The NCC currently has an allocation of R69 million for the 2024/25 financial year with projected interest of R5 million.
- ❖ The bulk of the expenditure of R50,8 million consists of compensation of employees as the work of the Commission is labour intensive.
- ❖ R20,5 million is allocated to fixed costs (overhead) with only R2,7 million covering expenditure relating to the core mandate.



QUARTER 1 FINANCIAL INFORMATION

Q1- REVENUE

Description of item	Annual Budget	Year to date budget	Year to date Actual Revenue	Variance
	'000	R'000	R'000	R'000
Government grants	69 120	41 472	41 472	-
Interest income	4 950	1 238	924	313
Other Income	-	-	9	9
Total	74 070	42 710	42 405	322



Q1- REVENUE

- ❖ The NCC has an allocated budget for the financial year of R69,1 million with interest of R4,9 million initially projected.
- ❖ The total amount of R41,7 million was received in April 2024.
- ❖ The funds not immediately required were invested in an interest-bearing account with the South African Reserve Bank (Corporation for Public Deposits).
- ❖ Interest to the value of R1,2 million was earned as at the end of June 2024. Interest is slightly lower than expected because only 60% of the grants were received from **the dtic**.



Q1- YTD BUDGET AGAINST EXPENDITURE

Description of item	Annual Budget R'000	Year to date budget R'000	YTD Actual expenditure R'000	YTD Variance R'000
Compensation of employees	50 854	12 714	12 110	604
Goods and services	23 216	6 261	5 629	633
Total	74 070	18 975	17 739	1 236



Q1- YTD BUDGET AGAINST EXPENDITURE

- ❖ Compensation of employees indicates an underspending of R604 thousands. This is attributable to vacant posts between April and June 2024.
- ❖ Goods and services expenditure is underspending by an amount of R633 thousands due to some services that have not been invoiced and some projects currently underway.
- ❖ The variance on goods and services does not translate to availability of excess funds.



RISK



RISK

No	Outcomes	Key Risks	Risk Mitigation
1.	Available public-facing ICT systems	1. Failure to maintain the confidentiality, integrity, and availability of NCC systems and data.	<ol style="list-style-type: none"> 1. Implement and monitor progress against the ICT Strategic Plan and compliance thereto. 2. Align the NCC Business continuity and ICT continuity plans. 3. Develop, implement, and monitor the Information Security posture improvement plan implementation. 4. Monitor compliance with the change control policy.
2.	All Outcomes	<ol style="list-style-type: none"> 1. Insufficient funding to meet strategic objectives. 2. High turnover of employees at critical positions. 	<ol style="list-style-type: none"> 1. Improve the revenue generation capacity of the NCC through full implementation of the Opt-Out Registry. 2. Include revenue generated in the implementation of the Opt-Out Registry in the budget adjustment of the NCC for 2024/25 financial year. 3. Implement staff retention and business continuity plans.



Conclusion

- ❖ The NCC is making significant strides in its priority areas, addressing key consumer protection challenges across the country.
- ❖ Our focused efforts in sectors such as the second-hand automotive industry, unsafe and expired foods, unfair pricing practices, and the importation of non-compliant goods have yielded notable outcomes leading to substantial redress for consumers.
- ❖ Our contributions to South Africa's Greylisting Action Plan, particularly through investigations into complex schemes like Piggy Farm Trading and Grosavestokvel, demonstrate our commitment to combating serious financial crimes.
- ❖ Additionally, the NCC is effectively raising awareness of consumer rights, particularly among youth, ensuring that communities across the nation are informed and empowered.
- ❖ As we move forward, the NCC remains steadfast in its mission to safeguard consumers and promote fair market practices in South Africa.





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Thank you!

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South Africa
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