

VISION & MISSION

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 2006 to include matters arising from the Consumer Protection Act (CPA), Act No. 68 of 2008.

VISION

"To be recognised as an independent and fair adjudicator in promoting and advancing the socio-economic welfare of South Africans"

MISSION

"The provision of accessible adjudication and redress on matters referred to the NCT in terms of the National Credit Act and the Consumer Protection Act."

OUR TEAM



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PART A: GENERAL INFORMATION

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LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor-General of South Africa
ADR	Alternative Dispute Resolution
BASA	Banking Association South Africa
APP	Annual Performance Plan
BIG	Business Innovation Group
CCRD	Consumer and Corporate Regulation Division
CFO	Chief Financial Officer
CIPC	Companies and Intellectual Property Commission
CMS	Case Management System
COBIT	Control Objectives for Information and Related Technology
coo	Chief Operational Officer
СРА	Consumer Protection Act, Act No. 68 of 2008
DRA	Debt Re-arrangement Application
EAF	Enterprise Architecture Framework
ENE	Estimates of National Expenditure
EXCO	Executive Committee
GRAP	Generally Recognised Accounting Practice
HR	Human Resources
ICT	Information and Communication Technology
IYM	In-Year Management
King III	King Code of Governance Principles and King Report on Governance
KPA	Key Performance Area
KPI	Key Performance Indicator
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
OHS	Occupational Health and Safety
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
SAN	Storage Array Network
SLA	Service Level Agreement
Alexandra!	
the dti	Department of Trade and Industry

FOREWORD BY THE MINISTER

The National Consumer Tribunal (NCT) continued to be efficient and effective in executing its legislative mandate in the area of adjudicating on credit and consumer matters during the 2016/17 financial year.

The increase in caseload by 22.83% from 18 459 in the previous financial year to 22 673 in 2016/17 is a clear indication of the confidence that our citizens have in the capability of the NCT.

I commend the NCT for not compromising service delivery despite an unpredictable year-on-year influx in its caseload; particularly by adjudicating a large number of debt-arrangement applications.

Notwithstanding the increased caseload, the NCT has again achieved 100% of its targets set for the year. This is a laudable achievement.

I am glad to note that the NCT has ensured that the Strategy, Annual Performance Plan and Business Plan are aligned to government priorities, strategies and vision, particularly the National Development Plan. Providing opportunities for youth employment through its internship and contingency resource pool and programmes was also a priority for the NCT during the reporting period and six youths were appointed.

Finally, for the fifth consecutive year, the NCT has achieved a clean audit, another demonstration of good leadership, sound governance, an effective control culture and fiscal prudence.

"I am glad to note that the NCT has ensured that the Strategy, Annual Performance Plan and Business Plan are aligned to government priorities, strategies and vision,particularly the National

Development Plan."

Dr R Davies (MP)
Minister of Trade and Industry
13 June 2017



EXECUTIVE CHAIRPERSON'S OVERVIEW

I am honoured to present the Annual Report of the National Consumer Tribunal (NCT) for the 2016/17 financial year. The purpose of this report is to give an account of the Tribunal's performance in line with its legislative mandate, and highlight some of the key milestones and challenges experienced during the period under review.

INTRODUCTION

I was tasked by the Minister to oversee the Tribunal in an acting capacity for the period after the expiry of the erstwhile Executive Chairperson's term of office until the finalisation of the recruitment process and appointment of the new Executive Chairperson.

I, therefore, present this Annual Report with great pride to be leading this organisation, confirming that the NCT continues to make a discernible impact in the socio-economic lives of consumers in South Africa. I am very appreciative of the fact that the Minister entrusted me with this important role as well as the support I received from the organisation to ensure a smooth transition into new territory.

PERFORMANCE HIGHLIGHTS AND CHALLENGES – A STRATEGIC OVERVIEW

The main performance highlights for the Tribunal during the reporting period extended from the highlights reported on during 2015/2016. The persistent growth of cases filed with the Tribunal is not only reflective of confidence expressed in the Tribunal, but is also reflective of the successes of strategic interactions and engagement. We received 22,673 cases during this period, to the exclusion of withdrawals, which will be clearly identifiable within this report. This was a 22.83% increase from the 18,459 cases received during the 2015/16 financial year, and a 136.45% increase on the 9,589 cases received during 2014/15. The majority of the cases filed with the Tribunal remained Debt Re-arrangement Applications (DRAs) representing approximately 99% of our total filings.

While we view this increase of filings with the Tribunal in a positive light as evidence of the increased confidence in the Tribunal, it has concomitantly put a significant strain on the Tribunal to ensure that it consistently meets its quarterly targets. We had to continuously re-strategise and re-design our case management process, increase our engagements with our key stakeholders and revise our adjudication processes and locations.

In order to manage the upsurge and unpredictability of the caseload, the Tribunal engaged several strategies. Firstly, the Tribunal utilised its contingent pool of legal and administrative professionals as and when required. This arrangement has come with its own challenges as it has increased the supervisory responsibilities of permanent staff to do quality control and ameliorate the risk of poor case management and incorrect data capturing. It has further pointed to the need for more office space. With the increase in the caseload comes the need for an increase in adjudicative capacity, i.e. additional Tribunal members.

Secondly, the Tribunal engaged with various stakeholders, including universities, consumer affairs offices, courts, professional associations, alternative dispute resolution agents (ADRs) and regulators to ensure that only the cases that should come to the Tribunal are received. This has resulted in better coordination and improved access to and cohesion in consumer protection activities among stakeholders.

Thirdly, the continuation of the motion court process for DRA matters during the review period has gone a long way in managing the case load and turnaround times.

Fourthly, the Case Management System (CMS) has been enhanced and made available through an e-filing interface to external filers and credit providers for the purposes of being able to submit applications in a more efficient manner. It is envisaged that over the next 12 to 18 months through a comprehensive change management process, the majority of applications filed will be done through this interface, which will enable the Tribunal to handle the anticipated volumes.

Despite the challenges of increased caseload faced by the Tribunal from 2015/16 to date, we have managed to retain the vigour and high quality of our decisions issued to parties. In this regard, out of 16 instances in which the Tribunal was taken on appeal since inception, only three decisions of the Tribunal were overturned. The two recent ones (of which one is currently under appeal) related to whether or not the Tribunal is empowered to issue cost orders, as well as a matter where the Tribunal made a procedural error.

"The main performance highlights for the Tribunal during the reporting period extended from the highlights reported on during 2015/2016. The persistent growth of cases filed with the Tribunal is not only reflective of confidence expressed in the Tribunal, but is also reflective of the successes of strategic interactions and engagement."

Our employee representative forum was completely established during this reporting period and the outcome of an independent human resources (HR) review confirmed that as at the end of the financial year, our HR policies are in line with legislation and best practice. It further confirmed that the working environment is conducive and positively impacts our staff.

FISCAL PRUDENCE AND GOOD GOVERNANCE

Due to the motion court process implemented, the increase in our filing fee, the anticipated ICT interventions as well as savings on other line items, the Tribunal was able to see 2016/17 through within its allocated budget and will continue to do so for the next few years. However, as indicated, if the caseload increases at the same rate as experienced in the past years, we might have difficulties in achieving our mandate within our allocated budget.

The Tribunal ascribes to the principles of a clean administration and to that effect maintains rigorous governance bodies, systems and processes.

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 placed on an implementation plan.

- The Tribunal received its fifth consecutive clean audit.
- No instances of fraud were reported during the period under review.

In relation to supply chain management, service level agreements were signed with service providers and 1995 out of 2001 invoices, constituting 99.70% of undisputed invoices received from suppliers of goods and services were paid within 30 days. All Invoices received were paid within 16.56 days on average from date of receipt. No instances of fruitless or wasteful expenditure were identified during the reporting period. A single instance of irregular expenditure was identified. This relates to a procurement instance where the administrative process failed and a copy of a BEE certificate was not properly commissioned at the time of procurement. A properly commissioned copy was obtained subsequently.

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 of our staff, strict performance management for both staff and Tribunal members, proactively identifying risks and addressing these with timeous implementation of appropriate action plans and corrective measures.

FUTURE PLANS

In the year ahead, the Tribunal will continue developing progressive ICT enhancements to meet the Tribunal's increased need for automation of repetitive, reporting and verifications actions in line with the NCT Strategy devolved into the dedicated ICT Strategy and Business Plan. The NCT will also initiate change management processes associated with changes brought about by ICT and process enhancements.

With the new CMS e-filing system having been deployed at the end of the fourth quarter of the period under review, the major ICT intervention will be to implement a proper awareness and change management process to all the NCT's external stakeholders so that over the next 12 to 18 months the filers use the system for submitting applications, obtaining reports and getting their day-to-day operational queries resolved. This will entail the fine tuning of the system where necessary to ensure optimal delivery is achieved to the users.

EVENTS AFTER THE REPORTING DATE

I am not aware of any matter or circumstance arising since the end of the financial year, which has an impact on the information in this report.

ACKNOWLEDGEMENTS

In conclusion, I wish to express my sincere gratitude to all the Tribunal members, members of governance committees, the management team, the permanent staff, interns and contractors for their commitment and diligence in ensuring that we execute our mandate successfully. These achievements would not have been possible without the contribution of every person selflessly giving of themselves and at times burning the midnight oil.

I would also like to thank the Minister of Trade and Industry, the Consumer and Corporate Regulation Division (CCRD) and Public Entity Oversight (PEO) of **the dti** for their unwavering support during the year.



Prof Bonke Dumisa
Acting Executive Chairperson
National Consumer Tribunal
31 May 2017

STRATEGIC OVERVIEW

VISION

"To be recognised as an independent and fair adjudicator in promoting and advancing the socio-economic welfare of South Africans."

MISSION

"The provision of accessible adjudication and redress on matters referred to the NCT in terms of the National Credit Act and the Consumer Protection Act."

GUIDING PRINCIPLES

The NCT's guiding principles define its approach to adjudication and are aligned with its legislative principles, which require that it conducts its hearings in a manner that is:

- · Inquisitorial
- Expeditious
- Informal
- 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 and integrity: Being truthful, uncompromising and acting impartially, without fear or favour, in our relationships with all stakeholders.
- Accessibility: Being aware of and valuing diversity as well as being available to serve our purpose and mandate.
- Transparency: Being open with stakeholders and communicating the basis upon which decisions are made and actions taken.
- Accountability: Accepting responsibility for our own commitments and actions.
- **Respect:** Considering and valuing the views of others, their values and constitutional rights.

- **Recognition:** Acknowledging all stakeholders, their role and the institution.
- **Responsiveness:** Responding appropriately and in a timely manner.
- Approachability: 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.
- Ethical behaviour: Making decisions in ways that ensure fair, equitable outcomes for our stakeholders.

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 2016/17 financial year:

- 1. Ability of the NCT to contribute to the efficiency and effectiveness of the overall consumer regulatory system.
- 2. Effective and efficient case adjudication that is:
 - · Inquisitorial
 - Informal
 - Expeditious
 - In accordance with the principles of natural justice
- 3. Effective management of cases.
- 4. Sound organisational management.

STRATEGIC OUTCOME-ORIENTATED GOALS

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

- 1. Effectively and efficiently adjudicate cases
- 2. Contribute to an efficient and effective consumer regulatory system
- 3. Sound 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).

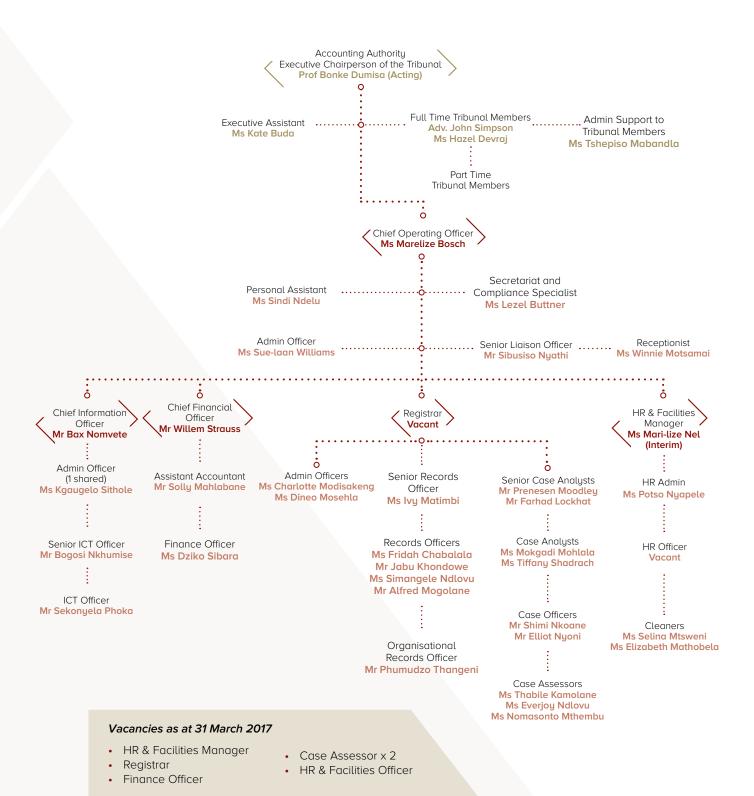
The NCT, through its adjudicative mandate and its consideration of matters of prohibited conduct and fair business practice, plays a significant role in upholding and preserving the principles enshrined in the Bill of Rights. Specifically, the NCT has a direct impact on the following areas within the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

- Sub-section 9: Equality The NCT is accessible to all consumers and businesses, thereby playing a significant role in ensuring that parties have the right to equal protection and benefit of the law. The NCT, through its value system, also strives to respect human diversity and ensure that no form of discrimination is tolerated.
- Sub-section 10: Human dignity Through the adjudication process, the NCT ensures that prohibited conduct on the part of providers of goods and services, as well as the relevant action thereto does not impair human dignity.
- Sub-section 14: Privacy Whilst adhering to its founding legislation, and as part of its adjudicative role, the NCT ensures that people's privacy is protected
- Sub-section 33: Just administrative action The NCT ensures that it hears both sides to a dispute and that it issues reasons for its decisions.



ORGANISATIONAL STRUCTURE

The organisational structure of the NCT as at 31 March 2017 was as follows



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 68 to 69 of the Auditor-General's Report, published under Part E: Financial Information.

SITUATIONAL ANALYSIS

SERVICE DELIVERY ENVIRONMENT

The 2016/17 economic performance outlook for South Africa is for the period April 2016 to March 2017, where we saw the quarterly economic growth rate trajectory significantly changing from quarter to quarter. It is important that we give the actual quarterly economic growth rates for the past four years in order to fully comprehend the economic environment within which the National Consumer Tribunal operated over the past four years.

The year 2013 was the very last calendar year in which South Africa had four consecutive quarters with all of them having a positive economic growth rate in one calendar year; these figures were 1.8 percent in the first quarter, 4.3 percent in the second quarter, 1.8 percent in the third quarter, and 5.1 percent in the fourth quarter. We had a positive economic growth rate for that year. In that year, 2013, the NCT received a total of 5 386 cases, which comprised of 71 non-DRA cases and 5 315 debt-rearrangement applications. The following year 2014 marked a new negative shift where we started the calendar year with a negative economic growth rate of -1.6 percent in the first quarter; this was followed by a low positive economic growth rate of 0.7 percent in the second quarter, followed by a better economic growth rate of 2.2 percent in the third quarter, and followed by an even better improvement to 4.1 percent in the fourth quarter. We had a positive economic growth rate for that year. In that year, 2014, the NCT received a total of 9589 cases, which comprised of 177 non-DRA cases and 9 412 debt-rearrangement applications.

The following year of 2015 started the period of "political uncertainties" with their resultant economic challenges. The first quarter had a positive economic growth rate of 1.9, followed by a negative economic growth rate of -1.8 percent in the second quarter, followed by a worrying low positive economic growth rate of 0.4 percent in the third quarter, and ending with yet another worrying low positive economic growth rate of 0.5 percent in the fourth quarter. In that year, we had a low positive economic growth rate. In that year, 2015, the NCT received a total of 18459 cases, which comprised 193 non-DRA cases and 18266 debtarrangement applications.

Last calendar year of 2016 was predicted to be a difficult year with both the South African National Treasury and the World Bank predicting the economic growth rate for the year to be lower than one percent. The calendar year started with a negative -1.5 percent economic growth rate, followed by a healthy positive economic growth rate of 3.1 in the second quarter and that proved to be the very last healthy economic growth rate for the next few quarters to come. The third quarter of 2016 had a low positive economic growth rate at 0.4 percent, and the last quarter of 2016 went back to negative economic growth of 0.3 percent. This signalled a serious problem as we now had two quarters in one calendar year with a negative economic growth rate, but we still managed to have a small positive annual economic growth rate of less than one percent, as correctly predicted by the World Bank.

This calendar year 2017 has started on a very negative note, with the economic growth rate figure for the first quarter at a negative -0.7 percent. This latest negative quarterly economic growth figure follows yet another negative quarterly economic growth rate at the end of 2016; this unfortunately leads us to what economists normally refer to as a 'technical recession' as at the end of our financial year in March 2017.

It is important that we go through the vital statistics that led to a negative economic growth rate in the last quarter of our financial year, which is the first quarter of this calendar year 2017: Trade and Retail had the highest fall at -4.9 percent, Electricity -4.8 percent, Manufacturing -3.7 percent, Transport -1.6 percent, Construction -1.3 percent, Finance -1.2 percent, Government Services -0.6 percent, and Personal Services at -0.1 percent. It is important to note that the only two major sectors to record positive growth in this quarter were Mining at 12.8 percent and Agriculture at 22.2 percent. These are the very same sectors which had been struggling over a number of earlier years.

Coming to the worst performing sector, Trade, which had a negative growth rate of -4.9 percent, we note that household consumption expenditure fell by -2.3 percent compared to the previous quarter, with the expenditure on food and non-alcoholic beverages falling by -3.4 percent, alcoholic beverages and tobacco falling by -7.4 percent, clothing falling by -12.1 percent, recreation falling by -8.5 percent, and hotels and restaurants falling by -8.6 percent. These figures are quite worrying when one considers that South Africa has a consumption-led economy; hence, if people

consume less that hits harder on our economic growth rates. The picture which emanates from the different figures we have considered is worrying.

We note that as the South African economic landscape has been getting worse over the past four calendar years, the caseload at the NCT has been increasing exponentially over those years. One major reason for that has been that as the NCT has been getting more and more efficient in its operations, more and more registrants have been turning to it for dispute resolution and redress.

But, the other reason why the debt rearrangement figures have skyrocketed to 35,553 has been because many consumers can no longer cope with their debt commitments, and thus resort to debt rearrangement applications in order to save themselves from insolvency or other measures like house or car repossessions. The technical recession that South Africa has now found itself in is thus a manifestation of all these economic challenges, including the involuntary lower consumption levels.

These statistics pose a fundamental question to the government of South Africa and the South African Reserve Bank: The country's inflation targeting policy, of 3-6 percent, is helping in keeping the country's inflation rate under control which helps consumers to afford the basic necessities of life.

Our advice to the consumers to live within their means, partly by cutting down on credit purchases has paradoxically led to lower consumption levels, which in turn has led to a negative economic growth rate trajectory. Our well-intentioned policy to come hard on credit providers who engage on reckless lending has helped to curb the levels of over-indebtedness in the country, but it has at the same time also contributed towards our negative economic growth rate.

Although some opportunists are now saying the government and the Reserve Bank must now relax their stance on austerity measures and credit control measures in order to stimulate both public and government consumption "for the sake of economic growth", it would be more beneficial if fiscal discipline and a strong monetary policy framework is maintained.

ORGANISATIONAL ENVIRONMENT

Since the 2012/13 financial year to the period under review, the case load of the Tribunal increased approximately eight times. During the 2016/17, the Tribunal received 35,553 cases (inclusive of 131 duplicate filings + 12749 withdrawals), which are indicative of a 270.76 % increase on the filings

received in 2014/15 and an 86.17% increase on matters filed in 2015/16. This increase, which has not been met by a commensurate increase in the Tribunal's financial and human resources, compelled the Tribunal to introduce new efficiencies in the system which it has by end 2016/17.

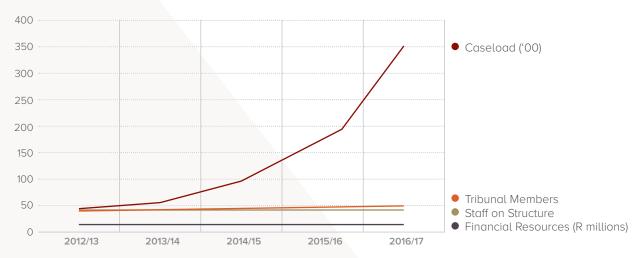


Fig. 1 Caseload increase from 2012/13 to 2016/17 compared with financial and human resources in the same period

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-rearrangement, as well as ICT interventions.

The organisational structure largely remained the same as in the previous financial year. 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.

The Governance Committees of the NCT 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.
- 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 TRIBUNAL¹

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 allowing for a process whereby parties can file electronically. The electronic filing has been rolled out to filing parties to be utilised in the next financial year. The streamlined case management process further assisted the Tribunal to effectively and efficiently deal with its caseload despite an increase in 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:

- To effectively and efficiently manage and adjudicate on matters brought to the NCT.
- 2. To contribute to an efficient and effective consumer regulatory environment.
- 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 and in its Annual Performance Plan (APP) 2016/17 and Business Plan 2016/17. 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 2016/17:

- To expedite service delivery through the expeditious finalisation of complete debt-rearrangement applications.
- To expedite service delivery through the expeditious finalisation of complete non-DRA applications.
- To ensure that the NCT decisions are substantively 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.
- To effectively and efficiently manage the financial resources of the NCT.
- To enhance operational efficiency by implementing an enabling ICT architecture.
- To ensure that the Tribunal has adequate human resources to deliver in accordance with its mandate.
- To expand economic opportunities for historically excluded and vulnerable groups.

The NCT's performance against these objectives is set out on pages 15 to 40.

Regulations for matters relating to the functions of the Tribunal and Rules for the conduct of matters before the National Consumer Tribunal, 2007, as amended ("the Rules of the Tribunal").





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.
- 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 following strategic objectives were set for 2016/17 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 complete non-DRA applications.
- To ensure that the NCT decisions are substantively and procedurally correct.

The NCT's performance against three objectives is set out in the table below:

PERFORMANCE AGAINST PREDETERMINED OBJECTIVES (ADJUDICATION)

Output	Performance Measure or Indicator	Annual Target	Actual Achievement	Reason for Variance	Corrective Action
vice to nandate	Average number of days from date of filing of the DRA to date of issuing order to filing parties	< 100 days	71,35 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
Responsive, timeous service to stakeholders in line with mandate	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	16,49 days	Over-achieved. The Tribunal has actively managed cases and engaged in internal strategies and interventions to ensure matters are heard in an expeditious manner.	N/A
Respor	Average number of days from date of final adjudication of non-DRA to date of issuing judgement to filing parties	< 40 days	22,13 days	Over-achieved. The Tribunal closely tracked its cases and ensured that matters are brought to finalisation as swiftly as possible.	N/A
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. Two matters out of 21,494 matters overturned on appeal or review. (One ruling was overturned on appeal and one appeal was settled by the Tribunal.)	N/A

Table 1: Performance against predetermined objectives (Adjudication)

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 National Consumer Commission (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 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

The operational functionality of the Registrar's Office is central to the Tribunal delivering on its mandate, most specifically 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 out of 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:

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.

Case management can be differentiated into two parts, i.e. debt re-arrangement and non-debt re-arrangement matters. The voluminous nature of the debt re-arrangement matters, especially since the filings increased by 86,17%, has reinforced the necessity for ICT interventions. The Tribunal utilised professional administrators to successfully negate the case load onslaught. This allowed the Tribunal to clear the case backlog and maintain efficient and effective service delivery on its current matters. The Tribunal, as at end 2016/17, only carried over the amount of filings it

received in a quarter, which is evidenced by an expeditious turnaround from the date of filing to date of order issued on debt re-arrangement matters.

The case load challenge was met in 2015/16 with the introduction of Motion Courts, which has been further developed and continued into 2016/17. The Motion Court strategy in effect reduced costs of adjudication by creating specialised processes.

The Registrar's Office ensured expeditious case flow management by implementing innovative measures, including 'in chambers' adjudication.

In 2015/16, the debt re-arrangement process was tracked from the date of complete filing to the issuing of an order. The Motion Court process, however, dealt simultaneously with the issuing of the complete notice and the final order. This in essence was not indicative of whether or not the matters were finalised expeditiously. In 2016/17, the Tribunal tracked the average turnaround from the date of filing to the date of the issue of an order without any exclusions. The turnaround was calculated to be 71,35 working days. In effect, this meant that the Tribunal has the ability to confirm a consent order application within three and a half months from the date of filing.

In 2016/2017, in so far as non-debt re-arrangement matters are concerned, the Tribunal adjudicated within an average of 22,13 days from the date of final adjudication to the issuing of the judgment or ruling and 16,49 days from the date of close of pleadings to the date of issue of a set down notice. The aforementioned turnaround times ensured the expeditious case flow and adjudication, to the exclusion of any necessary delays caused by filing parties.

During 2016/17, the Tribunal managed to overachieve on these turnaround times. Firstly, this was mainly due to innovative internal processes that were implemented to expedite case flow; secondly, strong management oversight, and thirdly fostering and maintaining relations with key stakeholders. Detailed and comprehensive reporting interventions were developed and maintained to ensure progress and transparency, which is evidenced by the over achievement of the tracked measures above.

Delays experienced were primarily caused by interlocutory applications that are filed by the parties. These applications are filed, in some instances, even as late as the day of the hearing. These applications then resulted in pleadings having to be re-opened after the initial close of pleadings. In our estimation, a single interlocutory application (and there may be more than one per matter) may add up to 65 additional days to the lifecycle of a case, when measured from the date of filing. These types of delays are, however, unavoidable, as the Tribunal is required to act in accordance with the principles of natural justice and allow parties to exercise their respective rights.

Towards the end of the 2015/16 financial year, the Tribunal engaged in interventions to improve service delivery and effectively facilitate the expeditious adjudication of cases. This included the setting down of numerous matters on a particular day to be heard at different venues as well as hearing multiple matters on a day in the same venue. During

2016/17, these interventions remained with the Tribunal hearing almost 30 matters on a day at a single venue, in some instances.

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

The case load of the Tribunal has created the need for ICT interventions which had been put into production by the end of the period under review. The interventions implemented will have a positive impact on both case and records management in that a portion of the applications filed will be integrated into our system by the filer directly. This will minimise the possible risk of incorrect filings or duplicates. The purpose of such an intervention is to ensure that processes are electronically managed and records are easily and readily available.

Records have been safeguarded both electronically by digitisation and backed up electronically and physically by external storage facilities. The NCT continued with its digitisation process during 2016/17 and digitised 100% of debt re-arrangement applications. The digitisation process is monitored closely to ensure that service delivery is not impacted negatively. These digitised records are easily retrievable via the CMS. Processes have been developed to track and monitor off site adjudication to ensure that orders that have been issued off site have been digitised within an average of ten days of being issued.

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

In order to provide support to Tribunal members in advising on recent and relevant jurisprudence and legislation, a target of developing and issuing 24 research/briefing papers was set for the Tribunal. The Tribunal managed to issue 31 research/briefing papers, which considered both South African and foreign law, where relevant. Through its research and support, the Registrar's Office continues to ensure that the NCT's decisions are substantively and procedurally correct, and are in alignment with the NCT's strategic goals. The Registrar's Office contributed to 20 of the 31 research/briefing papers developed, which demonstrates the centrality of the Unit in supporting the Tribunal's mandate.

During the period under review, the Registrar's Office further engaged in strategic engagements with external stakeholders, such as Regulators and Debt Counsellors, to ensure that any possible impediments in the case process are resolved efficiently.

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 in the High Court. The Registrar's Office further keeps a register of all external appeals to ensure that the outcome of these matters is 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.

Case statistics

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

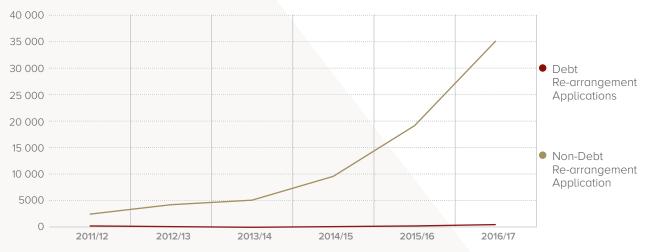


Fig. 2 Applications by number and type: 2011/12 - 2016/17

The continued increase in caseload illustrated above poses several challenges. One of these is the impact on the workload of employees and Tribunal members which may, in turn, impact on service delivery and timely communication. If not properly managed, this could compromise the NCT's goal of effectively and efficiently managing and adjudicating cases. Office space may also become a challenge as staff numbers increase in order to deal with the increasing caseload.

Several remedial steps have been taken to address the impact of the increasing caseload. These steps include:

- Strategic communication with stakeholders, such as universities, professional associations, regulators, ADRs, consumer affairs offices, consumer courts, civil courts and the judiciary.
- Flexible resourcing strategies.
- Implementation of cost-saving initiatives, such as increasing office space.
- ICT interventions, such as the CMS e-filing interface, which has been developed in 2016/17.
- · Communication and outreach activities.

During the reporting period, the NCT received 35,553 cases in total (inclusive of four non-debt re-arrangement duplicates, 127 debt re-arrangement duplicates and 12749 withdrawals), an 86.17% increase on the 19,097² cases received during the 2015/16 financial year and a 270.76% increase on the 9,589 cases received during 2014/15. The type and complexity of applications filed in terms of both CPA and NCA also increased. Of the 35,553 cases received during 2016/17, 480 were Non-DRA cases (476 exclusive of duplicates). The majority of the Non-DRA cases were received from unrepresented filing parties as depicted below:

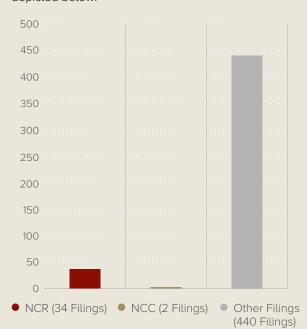
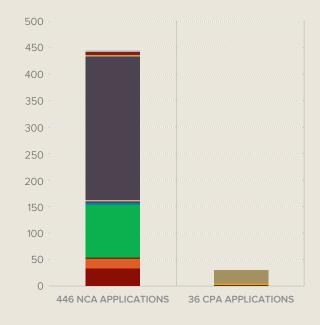


Fig. 3 Non-DRA cases received during 2016/17

In addition, 446 of the 476 cases received, constituting 93,7% of the Non-DRA filings, were NCA matters and 24 (6,3%) of the cases received were filed in terms of the CPA.



- Review decision of the Regulator
- Non-Referral CPA
- Notice of Application to NCT for Consent Order
- Application to review notice issued by Commission
- Review Sale of Goods
- Application to limit obligations in respect of frivolous requests
- Disputed Entry on a Credit Agreement
- Request for Statement on Credit Agreement
- Application for certificate of prohibited conduct
- Application to confirm order reached by ADR Agent

Fig. 4 NCA and CPA applications received

²Inclusive of 638 duplicate filings.

NON-DRA APPLICATIONS FILED DURING THE YEAR

Act Section	2010/11 – 2012/ 13	2013/14	2014/15	2015/16	2016/17	TOTAL
СРА						
70(3)b Application for a consent order after dispute resolution by alternative dispute resolution agent	-	1	-	-	2	3
73(2)(b) NCC referrals	-	-	2	1	2	5
75(1)(b) Applications for leave to refer a non-referral directly	10	15	7	23	25	80
101 (1) Objection to a compliance notice	54	2	-	-	-	56
74(1) Application for consent order	-	2	-	-	-	2
100(6) Applications for imposition of an administrative penalty following non-compliance with a compliance notice	20	-	-	-	-	20
114(1) Interim relief	10	-	-	-	-	10
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	95	20	9	25	30	179
NCA						
165(1) Rescission of variation of NCT order	12	11	53	43	100	219
		1				

			,			
165(1) Rescission of variation of NCT order	12	11	53	43	100	219
137(3) Application upon failure of alternative dispute resolution	1	-	35	12	2	50
140(1) NCR referrals	4	2	15	38	15	74
56(1) Objection to a compliance notice	5	1	4	1	-	11
57(1) Cancellation of registration of registrant	48	23	25	15	19	130
115(1) Disputed entry on a statement	1	3	5	1	1	11
128(1) Review of a sale of goods	13	4	1	3	2	23
148(1) Appeals and reviews	4	2	14	2	2	24
149(1) Interim relief	7	-	3	29	4	43
59(1) Review of a decision by the NCR	1	1	3	-	3	8
71(3) Application by a consumer to review a decision not to issue or failure to issue a clearance certificate	-	-	1	5	2	8
141(1) Applications for leave to refer a non- referral directly	9	1	6	12	18	46
138 read with 135(b)(ii) Application for consent order after alternative dispute resolution.	-	-	1	2	3	6

Act Section	2010/11 – 2012/ 13	2013/14	2014/15	2015/16	2016/17	TOTAL
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	-	2	272	276
164(3) Application to the NCT for a certificate declaring conduct to be prohibited or required in terms of the Act	1	1	-	-	1	3
99(2) Application by a consumer for compensation from a pawnbroker in lieu of property	1	-	-	1	-	2
142 Application to limit obligations in respect of frivolous, vexations or unreasonable requests	-	-	-	-	1	1
63(5) Application to review a decision regarding the languages used in credit documentation	1	-	-	-	-	1
- Interlocutory applications	4	-	-	-	-	4
Total NCA applications	112	51	168	168	446	945
Total applications filed	207	71	177	193	476	1124

Table 2: Non-DRA applications filed during the year



ADJUDICATION

Introduction

The core function of the Tribunal is adjudication. This is contained in section 27 of the NCA as amended. This section provides that the NCT's function is to adjudicate on applications and referrals of prohibited conduct filed with it in terms of the NCA and the CPA. Its mandate also includes reviewing 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 can then make certain orders in terms of section 150 of the NCA in respect of matters it adjudicated on.

TRIBUNAL MEMBERS

The President of the Republic of South Africa appoints the Tribunal members to fulfil the Tribunal's adjudicative function. The Tribunal has 12 members³, consisting of two full-time members and 10 part-time Tribunal members, including the Acting Executive Chairperson, as at 31 March 2017.

A review of the CVs of the Tribunal members (see Annexure A on page 109 of this Report) illustrates this group's wide range of qualifications and experience and the reason for the NCT's success in the adjudication of its cases.

³Ms Y Carrim resigned on 15 August 2016 as Part-time member of the Tribunal.

Tribunal members

Prof. Bonke Dumisa — Acting Executive Chairperson from 10 November 2016 (Part-time Member)	Ms Diane Terblanche – Executive Chairperson until 9 November 2016 (Part-time Member from 10 November 2016)
Ms Laura Best - Part-time Member	Ms Penelope Beck - Part-time Member
Prof Joseph Maseko - Part-time Member	Ms Xolela May - Part-time Member
Adv. Frans Manamela - Part-time Member	Ms Yasmin Carrim - Part-time Member (resigned 15 August 2016)
Adv. Neo Sephoti - Part-time Member	Mr Fungai Sibanda - Part-time Member
Prof. Tanya Woker - Part-time Member	Ms Hazel Devraj – Full-time Member
Adv. J Simpson – Full-time Member	

TRIBUNAL MEMBERS



Prof R Dumica



Ms D Terblanche



Ms Y Carrim



Prof J Maseko



Mr X May



Mr F Sibanda



da Dr L Best



Ms P Beck



Adv F Manamela



Adv N Sephoti



Prof T Woker



Ms H Devraj



Adv J Simpson

The Tribunal members responsible for the adjudication of cases brought before the Tribunal are subject to the NCT performance management system and operate in terms of formal performance agreements. They are guided by the Tribunal's core values, Code of Ethics and Conflict of Interest Policy.

THE ADJUDICATION PROCESS

ADJUDICATION STATISTICS

Total Non-DRAs finalised	454
Judgments issued	152
Withdrawn	169
Lapsed	101
Confirming Settlement	10
Varied by TM on own accord	14
Duplicate / Enquiry	4
Condonation refused	4
Appeals/Reviews filed 2016/17	2
Internal	
Appeals/Reviews Upheld	0
Appeals/Reviews Dismissed	0
Incomplete	2
Withdrawn	0
Lapsed	0
External (from inception) to 31 March 2017	16
Appeals/Reviews Upheld	1
Appeals/Reviews Dismissed	5
Pending	7
Settled	2
Withdrawn	1

Table 3: Adjudication statistics

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 will then either uphold the decision or uphold the appeal or review. An external appeal or review is against the decision of a three-member Tribunal panel. This appeal or review is heard by the High Court and the High Court judge(s) will then either uphold the Tribunal decision or uphold the appeal or review.

Internal single member decisions taken on appeal or review

In total, two decisions were taken on internal appeal or review in 2016/17 both of which are incomplete.

NON-DRA DECISIONS TAKEN ON APPEAL OR REVIEW

No.	NCT case no.	High Court case no.	High Court decision	Date of judgment
1	Southern African Fraud Prevention Service Ltd v NCR NCT168/2009/54(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	Christopher Bornman and others v NCR A6/2011 (North Gauteng High Court)	Dismissed (HC)	March 2012
	NCT/656/2010/57(1)(P)	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)	Barko Financial Services (Pty) Ltd v NCR A499/2011 (North Gauteng High Court	Dismissed (HC)	March 2013
4	NCT/743/2010/56(1)(P)	Barko Financial Services (Pty) Ltd v NCR 415/2013 (Supreme Court of Appeal)	Dismissed (SCA)	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

No.	NCT case no.	High Court case no.	High Court decision	Date of judgment
	NCC v Univision	Univision NPC & Others v	Upheld in the High Court	November 2016
11	Services NPC & 11 others NCT/19486/2014/73(2)(b)	NCC & NCT. 97574/2015 (North Gauteng High Court)	Decision of High Court Appeal taken to SCA by NCC	Pending
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
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
15	NCR v South African Fraud Prevention Services NPCNCT/23181/2015/140(1)	South African Fraud Prevention Service v The National Credit Regulator	Cross Appeal pending	Pending
16	NCR v EZ Trade	Micro Finance South Africa & Banking Association SA NPC v NCR and 2 Others	Leave to intervene granted	Pending

Table 4: Non-DRA decisions taken on appeal or review

NOTABLE JUDGEMENTS

Application for conduct to be declared prohibited

1. NCR v MOBIMOOLA FINANCIAL SERVICES (PTY) LTD -NCT-18256-2014-140(1)

This application was brought in terms of section 140 (1) of the National Credit Act to the Tribunal with the NCR seeking various orders against the Respondent for alleged repeated contraventions of the Act and its regulations. The Applicant sought an order declaring the conduct of the Respondent to be prohibited and the imposition of an administrative fine, as well as any appropriate order to give effect to the consumer's rights in terms of the Act. Upon consideration of the matter, the Tribunal found that the Respondent failed to:

- Register as a credit provider,
- Conduct affordability assessments when granting loans to consumers,
- Keep records of steps taken when conducting the assessment as required by the Act,
- Provide consumers with a pre-agreement statements and quotations as well as copies of the credit agreements as required by the Act.

Furthermore, the Respondent charged consumers costs of credit, in this case initiation fees in excess of the maximum allowed by the Act. The Respondent was thus ordered to pay an administrative fine of R250 000.00, refund all affected consumers both initiation and monthly service fees.

Impact of the judgement on the consumer-credit market

There is no doubt that this judgement has a positive socioeconomic impact on the South African credit market as well as consumers. It creates awareness to consumers of the consequences of credit providers not conducting proper affordability and credit risk assessments. It further creates a precedent in that other defaulting credit providers will be required to amend or update their processes and operational activities to ensure that they are also not subjected to administrative penalties or fines that can be imposed on them by the Tribunal.

Leave to refer directly to the National Consumer Tribunal

 DAVID LAZARUS & HAZEL SARKIN v RDB PROJECT MANAGEMENT CC t/a SOLID & VICOSTONE -NCT-36112-2016-75 (1) (b)

This was an application in terms of Section 75 (1) (b) of the Consumer Protection Act, wherein the Applicant sought an order for leave to refer the matter directly to the Tribunal. The Applicants were contracted with the First Respondent to install new counter tops in their kitchen. Some five months later, the Applicant placed an electrical Salton hot tray on the counter and left it on for approximately two hours. The Applicant and his dinner guests that evening heard a loud sound and, on inspection, discovered that the counter had cracked from where the hot tray had been placed to the corner edge of the counter or slab. The Applicant contacted the First Respondent who inspected the damage a few days later and the application was received by the Tribunal after

three years from the day the cause of complaint arose. From there, a dispute arose between the parties as to the cause of the damage and the liability for the repair or replacement of the slab. The Applicant initially lodged a complaint with the Office of the Consumer Protector in the Western Cape, but the mediation failed. The Applicant proceeded to lodge a complaint with the NCC who then referred the Applicant to the Consumer Goods and Services Ombudsman. The NCC later issued a notice of non-referral to the Applicant. The Applicant then lodged the application with the Tribunal. Upon proper consideration of the matter, the Tribunal granted leave to refer and found that the First Respondent had supplied the Applicant with a defective counter top. The First Respondent was ordered to refund the Applicant with the purchase price in the amount of R18 424.00.

Impact of the judgement on the consumer-credit market

The judgement reinforces the CPA requirement that goods must be useable and durable for a reasonable period of time.

Application for a rescission or variation

3. NEDBANK LIMITED v JOHANNES HENDRIK WOLMARANS & 3 OTHERS - NCT-34985-2015-165 (1)

This application was brought in terms of Section 165 (1) (b) of the National Credit Act, wherein the Applicant sought an order for variation of a debt review order granted by a single member of the Tribunal. In this case, the consumer applied in terms of section 138(1) of the NCA to have a debt re-arrangement made an order of the Tribunal, which was granted. The Applicant, however, brought the application to vary on the basis that the restructured monthly payments for the Nedbank mortgage account will not lead to the eventual satisfaction of the debt. Upon consideration of the matter, the Tribunal found that by accepting a restructured monthly instalment that does not lead to the eventual satisfaction of the debt is an obvious error or creates ambiguity in the order granted. The application for variation was granted as proposed.

Impact of the judgement on the consumer-credit market

The judgement provided direct relief to a consumer by ensuring that, at the end of the debt re-arrangement process, the consumer will have been rehabilitated.

Deregistration of a Registrant

4. NATIONAL CREDIT REGULATOR v PRO FINANCIAL SERVICES (PTY) LTD – NCT-38607-2016-57 (1)

The Applicant lodged an application in terms of section 57 of the National Credit Act 34 of 2005 for an order to cancel the registration of the Respondent, declare alleged contraventions to be prohibited conduct and for the imposition of an administrative fine. In this matter, the Applicant and the Respondent submitted a settlement agreement on the date of hearing and requested the Tribunal to confirm it as a consent order. The settlement agreement entered into between the Applicant and the Respondent was made an order of the National Consumer Tribunal in terms of Section 138 of the National Credit Act, 34 of 2005 as amended. In effect, although the application was for a de-registration of

a credit provider, the parties settled on an administrative fine with the caveat that the credit provider may still continue rendering services, provided that such services must be consistent with the provisions of the National Credit Act.

Impact of the judgement on the consumer-credit market

The Tribunal must exercise fairness and impartiality in the execution of its mandate. By confirming such an order, it maintains competitiveness in the consumer credit market, which allows consumer negotiations as well as maintains the employment status of those individuals who would have found themselves unemployed if the Tribunal deregistered the credit provider. The order further maintains economic stability with the credit provider operating under scrutiny.

Application to Compel Production of a Statement

5. P N TAVERN & BOYCE MATHIBELA v SOUTH AFRICAN BREWERIES – NCT-33413-2015-114 (1)

In the substantive aspect of this matter, the Applicant sought an order compelling the Respondent to provide detailed statements in terms of section 114 of the National Credit Act. This section stipulates that where a credit provider has failed to furnish a statement of account on request by a consumer, the Tribunal may, on application, compel the production of such a statement. The Applicant owns two different businesses, a tavern and a bottle store, which have different store accounts with the Respondent. The Applicant, however, had only one Acknowledgement of Debt with the Respondent. In its application, the Applicant seeks the Tribunal to order the Respondent to provide the Applicant with specific statements that the Applicant has requested from the Respondent and which the Respondent has failed or refused to deliver. The Tribunal found that the Applicant and the Respondent had not yet fully agreed, with certainty, on the type and details of the statements to be supplied by the Respondent to the Applicant. The Respondent was ordered to provide the Applicant with all the information reasonably requested by no later than 30 June 2016.

Impact of the judgement on the consumer-credit market

Prior to the National Credit Act, consumers had very limited means of acquiring their own financial records, with the discretion in most cases being left with credit provider. The decision has given breath to s114 of the National Credit Act, whereby a Tribunal can compel action in terms of this section. This creates and extends the transparency envisaged by the legislature and the positive effect on consumers. This places consumers in a position to query accounts to ensure that fairness and equity are maintained.

Imposition of an administrative penalty and other relief

 NATIONAL CREDIT REGULATOR v MRS YILWE - NCT-39821-2016-140(1)

This application was brought in terms of section 140(1) of the National Credit Act 34 of 2005 by the National Credit Regulator, seeking an order of prohibited conduct, the imposition of an administrative penalty and other relief. The matter was heard on a default basis as neither the Respondent nor its representative appeared at the hearing. The Applicant conducted an investigation into the

Respondent's business as an unregistered credit provider. It was submitted to the Tribunal by the Applicant that the Respondent, during its investigation, granted credit to consumers without conducting affordability assessments and had granted credit recklessly. Moreover, the Respondent had failed to provide consumers with preagreement statements and quotations in the prescribed form, amongst other contraventions of the NCA. The Tribunal found that the Respondent had repeatedly engaged in prohibited conduct and contravened various sections of the Act and ordered the Respondent to pay an administrative penalty of R10 000 (ten thousand rands) within 60 (sixty) days of the date of the judgement.

Impact of the judgement on the consumer-credit market

The judgment is significant in the promotion of responsible credit granting in the market place 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.

Debt re-arrangement order rescission

 QINISO TRUTH KHUMALO v AFRICAN BANK LIMITED & JDG TRADING (PTY) LT on behalf of HI FINANCE - NCT-32707-2016-165(1)

This was an application by a self-represented Applicant who appeared via Skype to vary or rescind the debt rearrangement order granted by a single member. The application for debt review was granted on 20 December 2013. The Applicant had already fully paid off all the obligations and amounts that were contained in the order sought to be rescinded. The Applicant was issued with a clearance certificate in terms of section 71 of the Act. The relief sought by the Applicant is based on his discovery that even after the accounts had been settled in full, his name had not been removed by the Credit Bureau from the list of persons under debt review. The net effect of the application was for the Tribunal to expunge his name from the aforesaid NCR register. The NCR was, however, not cited in the application. The Tribunal found that the Respondents cited in this application were not the target of the Consumer's application. In light of the aforesaid, the Tribunal refused the application for rescission.

Impact of the judgement on the consumer-credit market

The judgement clarifies the processes which must be followed by consumers post the debt review process, to ensure that their rehabilitated status is recorded and accessible in the credit market.

8. LS CRAWFORD v JDG GROUP LIMITED - NCT-26785-2015-141(1)

This was an application in terms of section 141 (1) of the Act, for leave to refer the matter directly to the Tribunal, following a notice of non-referral issued to the Applicant by the National Credit Regulator in terms of section 140 (1) of the Act. The Applicant entered into a credit agreement with the Respondent and made debit order payments, but later changed to making electronic funds transfer

(EFT) payments. The issue at hand involved the alleged adverse listing of the Applicant's payment information on the Credit Bureau by the Respondent. The Applicant became aware of the adverse listing with the credit bureau when his application for a motor-cycle was rejected by BikeFin, a division of Wesbank Limited and Motor Finance Corporation, a division of Nedbank. The Applicant was not satisfied with the Respondent's handling of the matter and demanded payment for damages resulting from failure to secure financing for a motor-cycle as well as the humiliation and defamation regarding his credit worthiness status. The Respondent refused to make payment to the Applicant for the alleged damages. Upon careful consideration, the Tribunal found that the Applicant had very little prospects of success in relation to the merits of the case. The Tribunal refused leave to refer the matter directly to the Tribunal.

Impact of the judgement 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 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 and provides direction on forums to be utilised for issues of damages and defamation.

Compliance Notice

9. THE NATIONAL CREDIT REGULATOR V HENDRIK CORNELIUS WILHEMUS VERMAAS - NCT-40575-2016-55(6)

This was an application in terms of section 55 (6) (b) of the National Credit Act, 34 of 2005 to enforce compliance issued to it in terms of section 55 (1) of the Act. The Applicant sought an order declaring the Respondent:

- to be in repeated contravention of the specific conditions of registration;
- to appoint an independent auditor, at his own cost, to determine and compile a list of all the monies received either through his business bank account or the unaccredited Payment Distribution Agency;
- to indicate how the funds were distributed to consumers' credit providers and submit the report to the Applicant within 60 days of the order;
- to make use of a Payment Distribution Agency accredited by the Applicant; and
- to make any appropriate order required to give effect to the consumers' rights in terms of the Act.

The application was heard on a default basis. Upon consideration of the application, the Tribunal granted the order as sought for by the Applicant.

Impact of the judgement on the consumer-credit market

The judgement clarifies the procedural aspects and the importance of defending matters brought before the Tribunal. The Tribunal is empowered to grant default judgment in the absence of a party as was seen in this case. It creates certainty and awareness of the option to defend matters in future applications to avoid unnecessary penalties on a procedural point of law in instances where the Respondent elects not to defend.

PROGRAMME 2: ADMINISTRATION

The purpose of this programme is to provide strategic leadership to the NCT 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 over the NCT's operations and fulfils the function of the Accounting Authority.
- Office of the COO provides operational direction and management of the NCT's operations.
- Financial Management manage the forecasting, budgeting, financial resource allocation, and effective financial management.
- Human Resources and Facilities Management –
 provides support to ensure that the right people are
 available at the right time with the right competencies to
 ensure that the NCT fulfils its mandate.
- Information and Communication Technology –
 provides support to ensure that the appropriate
 technology architecture, electronic communication
 channels and associated information resources and
 services are available to ensure that the NCT is able to
 operate efficiently and in a secure manner.
- Communication in the Office of the COO 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.

STRATEGIC OBJECTIVES

The following strategic objectives were set for 2016/17:

- To expedite service delivery through the expeditious finalisation of complete debt-rearrangement applications.
- To expedite service delivery through the expeditious finalisation of complete non-DRA applications.
- To ensure that the NCT decisions are substantively 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.
- To effectively and efficiently manage the financial resources of the NCT.
- To enhance operational efficiency be implementing an enabling ICT architecture.
- To ensure that the Tribunal has adequate human resources to deliver in accordance with its mandate.
- To expand economic opportunities for historically excluded and vulnerable groups.

PERFORMANCE AGAINST PREDETERMINED OBJECTIVES (ADMINISTRATION)

Output	Performance Measure or Indicator	Annual Target	Actual Achievement	Reason for Variance	
Co-operation and partnership between stakeholders	Number of structured engagements with external stakeholders including events, structured meetings and joint forums	12 Engagements	33 Engagements	Over-achieved. More engagements were arranged during this period as co-operation and partnership were necessary to assist with stakeholder relations iro the NCT's case load, motion courts and matters incidental thereto.	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 attend to more research and briefing papers than was required.	N/A
Adequate Human Resources to fulfil NCT mandate	Percentage positions filled on approved organisational structure	85%	88.98%	Over-achieved. The Tribunal filled 88.98% positions during the 2016/17 financial year and did not experience significant resignations, resulting in additional vacant positions.	N/A
An ICT Enterprise Architecture that supports, enables and meets NCTs requirements	Number of identified project deliverables implemented	Implement NCT Website Interface to enable access to CMS by filling parties for status updates on cases filed with NCT.	Achieved. Completed system deployed into production environment for filing party access for status updates on cases filed with NCT.	N/A	N/A
ble budgeting and forecasting model developed, implemented and enhanced	Reliable budgeting and forecasting model developed, implemented and enhanced - as approved by Executive Chairperson	Implement approved model	Achieved. Approved model implemented.	N/A	
Youth with employable skills and experience	Number of interns employed through structured opportunities created for youth development	4	6 Youth Appointed. (Q2 - 1; Q3 - 1 and Q4 - 4)	Over-achieved. The Tribunal managed to appoint additional interns in the Registrar's Office to assist with the sharp increase in the caseload.	N/A

Table 5: Performance against predetermined objectives (Administration)

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 referral of the Minister of Trade and Industry. As a Tribunal member, the Chairperson also fulfils an adjudicative function. He is responsible to manage the adjudication process in terms of the NCA, CPA and other applicable legislation. All judgements are reviewed within the Chairperson's Office to promote consistent and high quality judgements.

The Chairperson's role as the Accounting Authority is discussed on page 44 and in this role, he is responsible for ensuring that sound governance is maintained at the

NCT. He is further responsible for establishing policies, systems and operating procedures and overall oversight over all aspects of the Tribunal, whether it is adjudication, governance or operations.

Communications falls jointly under the Office of the Executive Chairperson and the COO. The focus of the NCT's communication is to facilitate greater awareness of the 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 OPERATIONS OFFICER (COO)

The COO provides operational direction and management over operations. She manages overall 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, monitoring, compliance of the NCT 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. Audit management, risk management and fraud management also form part of the COO's responsibilities and these items are discussed on page 47 of this report. The COO's Office is furthermore responsible for compliance management and logistical arrangements.



OFFICE OF THE CHIEF OPERATIONS OFFICER

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 an 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 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 availa ble should the NCT not manage to stay within its allocated budget. As part of its strategic objectives, the NCT set a key performance indicator for the research, development and implementation of a reliable budgeting and forecasting model. During the 2015/16 financial year, this research was done and the model was developed and approved for implementation on 1 April 2016. During the 2016/17 financial year, the model was implemented, tested and further refined, where necessary, with the Medium-Term Expenditure Framework (MTEF) submission and the Estimates of National Expenditure (ENE) submission.

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 costsaving initiatives can be implemented or efficiency gains be 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 through considering alternative funding, funding for programmes and an alternative funding model

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 achieve its mandate.

FINANCE COMMITTEE REPORT

The Finance Committee is comprised of four (4) members. This Committee is an operational, working committee, that was established to assist the Executive Chairperson and the Tribunal with advice and guidance by means of reviews and recommendations relating to the areas of financial risk management, financial policy and financial matters within which the Tribunal operates.

Membership and attendance

Finance Committee	Capacity	16 May 2016	08 March 2017
Adv J Simpson	Full-time Tribunal Member	Present	Present
Ms H Devraj (Chair)	Full-time Tribunal Member	Present	Present
Mr W Strauss	Chief Financial Officer	Present	Present
Ms P Beck	Part-Time Tribunal Member	Present	Present

Finance Committee Charter

The Committee operates in accordance with an approved Charter that sets out its duties and responsibilities. The Committee has been operational since August 2014.

Key areas of responsibility of the Committee

The main responsibility of the Committee is to review and provide advice and guidance on financial activities and overall financial risk management matters that are tabled before it and make recommendations in respect thereof to the Executive Chairperson. The Committee has a responsibility to retrospectively review the monthly financials, MTEF and ENE submissions as well as any other financial submissions made to external stakeholders. Reviewing the annual financial statements, considering certain financial transactions, or any other urgent financial matter, as may be required by the Executive Chairperson, are further areas of responsibility of the Finance Committee

FINANCE COMMITTEE MEMBERS







Ms H Devraj







Ms P Beck

"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'."

HUMAN RESOURCES AND FACILITIES MANAGEMENT



HR & FACILITIES UNIT

As the working environment is a key component to the work experience of staff, facilities, including occupational health and safety (OHS), form a key component of the role of the HR and Facilities Manager in addition to human resource management.

As a result of the direct impact of the increasing caseload on Tribunal operations and human resources, line management, in consultation with the HR and Facilities Manager, has consistently ensured that the resultant increased workload is effectively managed in a sustainable way.

In light of the above, the goals of the HR and Facilities Unit were set out in the 2016/17 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 88.98% positions during the 2016/17 financial year. In addition, 13 youths were appointed to the contingent pool of employees due to the sharp increase in the NCT's caseload. A total of six interns in various departments were further appointed. These interns participated in a structured programme, including on-the-job training. This programme further not only focuses on 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 success of the coaching sessions conducted in the previous financial year as well as workshops were evaluated by means of an electronic and confidential organisational and engagement survey. The Human Resources department successfully motivated the implementation of an employee wellness and health programme to be implemented in the next financial year.

To shape a values-based culture that champions service excellence

The performance of all NCT Tribunal members and staff continued to be managed utilising 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 Unit reviewed all applicable HR policies and procedures to ensure compliance with employment-related legislation and regulations. In addition, HR ensured that NCT employees' inputs were obtained through a consultative process in relation to policy changes that may impact on the relevant employees. A clarification session on policies changes has been held. An Employee Representative Forum has also been established to support the Human Resources Department in this regard. The Employee Forum also provides an additional platform for staff members to raise concerns they may have. All HR policies and procedures served before the HR Governance Committee for expert input and recommendation to the Executive Chairperson. An external service provider reviewed all HR related policies and procedures during this reporting period in order to ensure that the Tribunal is in line with the applicable legislation. The full report on the activities of the HR Unit 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 has implemented a system developed by Sage VIP to automate the performance review system. The VIP HR Performance Management module is used for bi-annually performance reviews.

INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT)



ICT UNIT

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 internal and external stakeholders 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 FY16-17 reporting period, the ICT network, infrastructure and business applications experienced no significant outages and accordingly supported the NCT in the achievement of its mandate.

The NCT set FIVE strategic goals for 2016/17 for the ICT Unit in its Strategic plan, which was achieved as follows:

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

In order to meet this goal, the NCT ICT Business Plan and Enterprise Architecture Framework identified that further automation of the NCT Case Management System was of paramount importance.

Additional functionality to further introduce efficiencies into the Case Management System focusing on external stakeholders by allowing filers and credit providers to electronically transact with the Tribunal was planned during this period. The key enhancements which were identified and implemented during this period included the following:

- The ability for an external user to register on the NCT CMS system, be able to sign on and perform various functions in terms of case management. This aspect includes:
 - Capture and submit a Debt Re-arrangement application to the NCT via the system. On successful submission of the application, an immediate response with a generated case number is issued to the user. Electronic templates, which the user completes to submit the application, have already been developed. This allows the system to automate the assessment of an application to determine whether all the requirements have been met in terms of the documents submitted. A complete or incomplete notice of filing is generated by the system and sent to the filer subsequent to this system assessment being completed.
- An automated decision support capability whereby the system uses a built-in set of rules to support adjudication on debt re-arrangement cases and assists with the generation and issuing of orders to the filing parties. This has the advantage of allowing Tribunal members to spend less time on the bulk of the debt re-arrangement applications and to focus on the more complex or unclear applications which need to be manually adjudicated. This system was put into production at the end of Q4 of FY16-17.
- The automation of the filing fees payment and reconciliation process whereby an "electronic purse" facility is provided to a filing party where they are able to pay one lump sum for bulk filing of multiple applications using the system. Once the payment is made, the system will reconcile the payments against the number of applications submitted and automatically deduct the said amounts from the "e-purse". Once a filing party's amount is exhausted, the system will not allow them to submit further applications until the "purse" is credited with the amount required to submit further applications. This functionality was also put into production at the end of Q4 FY16-17.
- A new look and feel to the case management system was implemented based on the NCT corporate identity colours, which has had the effect of making the system much more aesthetically pleasing to the eye for users navigating the various screens and functions of the system.

Increasing secure, controlled access for Tribunal Members, employees and other relevant stakeholders to the NCT's key business processes, information and services

The design, development and deployment of the Case Management Client web interface has provided the external stakeholder with the ability to pull reports and submit queries on cases that were either filed or the user is a party to. The reports that the user has access to include the vital information and status on filed applications.

The previously implemented SharePoint and Remote Desktop Services facilities continue to work well for the NCT and continue to provide authorised users controlled remote access into the NCT ICT applications and services from external sources.

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

During this period, with the ever-increasing threat of potential security breaches and the growing reliance of the organisation on ICT to support the business, particular emphasis was put on analysing and improving the security environment to be able to cater for this risk. A new superior firewall was put in place to combat the modern viruses and malware intrusions. A full cyber security audit was commissioned by an independent service provider, which resulted in ICT implementing much tighter and more robust controls in respect of the management of the network infrastructure and applications. Standard Operating Procedures were upgraded to ensure that the ongoing day to day tasks relating to security monitoring are more effective in combating this phenomenon.

Physical access to the server room is secured by use of a keypad, which is linked to a server that logs the entered access code every time someone attempts to occupy this area. Only the ICT Manager and the Senior ICT Officer have "granted" rights on the access control server to go into this server room.

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

The change management goal and focus during the reporting period was centred on getting internal users of the case management system to be more comfortable and adept with using the user interface for applications, data capture and processing. As a result, the internal users of the system have adopted usage and are more comfortable using it as a tool to achieve their goals, although this exercise is still work in progress.

In terms of the external facing CMS initiatives, including e-filing and the client web interface, a number of roadshows were held with external users to sensitise them to the changes that the NCT was making in rolling out the system. In addition, a pilot exercise was conducted with a sample of filers before the system went into production.

The case management system as at the end of the 2016/17 period now "houses" 37,000 case records on its database.

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 CMS, the NCT's EXCO and the ICT Governance Committee. ICT risks were pro-actively identified, reviewed and regularly reported on 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 reporting period. 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 an offsite disaster recovery site, the generator provided for extra redundancy, thus ensuring no outages of critical equipment was experienced during this period. The generator, which powers all servers and power over Ethernet points in case of failure, was found to have sufficient capacity to support electrical plug outlets and lights throughout the NCT premises as a result the system was successfully reconfigured to take on the extra load. Once the grid fails, the generator "kicks" in within an eight second timeframe, which is well within the threshold to provide continuous power to the systems infrastructure. The UPS system, for example, has an operational window of up to 40 seconds.

ICT STEERING COMMITTEE

During the reporting period, the ICT Steering Committee, comprising four members, continued 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 on implementing 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 ICT Manager reported back on progress made with project implementation.

ICT Steering Committee	Capacity	No. of meetings attended
Ms M Bosch (Chairperson)	coo	3 of 3
Mr W Strauss	CFO	3 of 3
Mr P Moodley	Acting Registrar	3 of 3
Mr B Nomvete	ICT Manager	3 of 3

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 ICT Manager;
- Ensuring that the scope of product and project development initiatives aligns 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.

ICT STEERING COMMITTEE MEMBERS





Ms M Bosch

Mr B Nomvete







Mr W Strauss

COMMUNICATIONS IN THE OFFICE OF THE COO

STAKEHOLDER RELATIONS

Stakeholder engagement is salient in ensuring that the NCT effectively monitors and improves its efficiency. Key stakeholders include **the dti**, Tribunal Members and staff, committee members, as well as other regulatory entities and the public. During the reporting period, the NCT had 33 engagements with external stakeholders.

The Tribunal co-hosted an international conference under the auspices of the African Dialogue, in Johannesburg, South Africa from 10 - 12 August 2016. Held under the theme "Advancing consumer protection in Africa: Building agency capacity and cooperation", the purpose of the Conference was to discuss synergies and strategies for effective consumer protection, competition policies and laws to better protect consumers. The Conference aimed to promote sharing of information about crossborder commercial activities affecting consumers and to encourage cooperation among law enforcement agencies in Africa, the US and the rest of the world. The Conference also provided an opportunity for South African organisations and various African countries to forge relationships to address deceptive commercial enterprises that operate across international borders.

REGULATORY ENTITIES

The NCT engaged with **the dti** during regular meetings on the challenges that face the Tribunal and how it impacts on its operations and service delivery. The NCT attended Parliament on three occasions during the past financial year, including a meeting with the Portfolio Committee on debt relief and public hearings on the Financial Sector Regulation 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 Executive Chairperson and Acting Executive Chairperson, supported by the COO, engaged with a variety of educational institutions, including the Nelson Mandela Metropolitan University, Rhodes University, the University of Cape Town, and the University of Pretoria to encourage research on consumer credit policies and to discuss the curriculum of consumer courses taught at these institutions, as well as make students aware of the Tribunal and the variety of careers within its regulatory environment.

FILING PARTIES

Due to the sharp increase in the NCT's caseload during the reporting period, it was necessary for the Tribunal to engage frequently with filing parties, especially Debt Counsellors and heads of debt review under the Banking Association of South Africa (BASA) to advise them of the progress of the implementation of the CMS and the introduction of Motion Courts for DRA matters. The engagements were very successful and the implementation of the CMS, as well as the Motion Courts, was well received by the filing parties.

MEDIA HOUSES

In an endeavour to increase awareness and access to Tribunal services, the Tribunal had two very successful media engagements (workshops) with journalists and media houses in Cape Town and Pretoria. Subsequent to these, the media coverage of the Tribunal has been improving from a quality and accuracy perspective.



The African Dialogue, 10 August 2016

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

There were no areas of underperformance during the reporting period.

CHANGES TO PLANNED TARGETS

The NCT's Strategic Plan for 2016/17-2020/21 and Annual Performance Plan for 2016/17-2018/19 were approved by the Minister of Trade and Industry on 30 March 2017. Due to the voluminous increase in its caseload and the change it brought about in the case process during Quarter 1, the NCT requested approval from the Minister during August 2016 to amend KPI 1 and KPI 2 of the Annual Performance Plan for the period 2016/17-2018/19 to create a more realistic reflection of its performance.

It was proposed that the calculation method in relation to KPI 1 be amended as assessments of debt re-arrangement cases were no longer attended to prior to the adjudication of these cases but were included in the adjudication process. This resulted in the assessment date and the adjudication date often being the same date. Initially, when the assessments were done prior to adjudication, the period between complete filing and the issuance of the order was reflective of the service delivery of the Tribunal in relation to the period it took to finalise its debt re-arrangements applications. The change in process has resulted in the KPI no longer reflecting true performance of the NCT. It was proposed that the calculation be changed from "date of complete filing "to reflect only "date of filing".

With regard to KPI 2, it was proposed that the KPI be split into two separate KPI's. The reason for the proposed amendment was due to some factors, which had not

been adequately taken into consideration in compiling the method of calculation, but still impacted on the performance information. In terms of the old measure, the period between the issuance of a notice of set down and the hearing of a matter was excluded. It was further not clear from the measure how to deal with instances where a matter had been postponed from its initial hearing date, resulting in more than one notice of set down and more than one hearing. The exclusion of these periods, together with the possibility of a condonation application which changes the date of close of pleadings, resulted in negative turnaround times, which were not a true reflection of the NCT's service delivery in relation to its adjudication on Non-DRA applications. By splitting the KPI into two separate KPI's, namely the period between close of pleadings and issuance of the notice of set down and secondly the period between hearing or final adjudication and the issuance of a judgement or ruling to the parties, the problem has been averted.

The Minister approved the amendments which were confirmed in a letter dated 02 December 2016. The NCT now has ten (10) instead of nine (9) key performance indicators (KPIs) on its organisational scorecard.

LINKING PERFORMANCE WITH BUDGETS

	2015/16			2016/17		
Programme			(Over)/ under expenditure	Budget	Actual expenditure	(Over)/ under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Adjudication	22 304	16 879	5 425	21 744	24 127	(2 383)
Administration	27 527	25 223	2 304	29 498	27 811	1 687
Total	49 831	42 102	7 729	51 242	51 938	(696)

Table 6: Linking performance with budgets

The overspending on adjudication expenditure is the net effect of an underspending on employee related costs amounting to R3 164 867 and an overspending on venues, travel and accommodation amounting to R6 022 616. The underspending on employee related costs is due to a number of vacancies at senior level, such as the Registrar and the Senior Records Officer, that remained vacant for almost the entire 2016/17 financial year. The NCT also budgeted to have another fulltime Tribunal member appointed for the 2016/17 financial year, but this process was only finalised after 31 March 2017. The overspending on venues, travel and accommodation is due to the implementation of motion courts throughout South Africa to deal with debt rearrangement matters as well as other hearings that were held in locations outside of the NCT's offices. This has resulted in Tribunal members as well as support staff having to travel to the venues that were procured in those locations. It needs to be noted, however, that the motion court process has resulted in part-time Tribunal members now being paid for adjudicating approximately 32 debt re-arrangement agreement matters per day instead of eight matters as was previously accounted for. Although there are added venues, travelling and accommodation expenses, the net saving is more than 50% compared to what was previously paid for. Through this process, the NCT has also improved its service delivery, accessibility and visibility by getting to its stakeholders in different locations throughout South Africa. As debt re-arrangement agreement matters are 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 underspending on administration expenses is mainly due to an underspending in employee related costs amount to R1 791 142. The underspending on employee related costs is due to a number of vacancies at senior level, such as the Human Resources and Facilities Manager as well as the position of the Executive Chairperson, which became vacant after her contract ended on 9 November 2016. Both these positions are at an EXCO level and as such have a huge impact on the underspending on this budget line item. The NCT also budgeted for an additional Admin Officer to assist the full-time Tribunal members, but with the delay in appointing the additional full-time Tribunal member as indicated above, the filling of this position was put on hold.

REVENUE COLLECTION

	2015/16			2016/17		
Revenue source	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	43 029	43 029	-	46 151	46 151	-
Roll-over/ additional funds	4 960	3 000	1 960	1620	9 817	(8 197)
Filing fees	1 260	2 172	(912)	2 711	4 441	(1 730)
Service fees	-	2	(2)	-	14	(14)
Refund of equipment rentals	-	26	(26)	-	-	-
Insurance claims	-	30	(30)	-	142	(142)
Interest earned	582	1 473	(891)	760	2 193	(1 433)
Total	49 831	49 732	99	51 242	62 758	11 516

Table 7: Revenue collection

By the time that the budget for 2016/17 was prepared, the NCT did not anticipate it would have such a huge surplus at the end of the 2015/16 financial year. Due to teething problems experienced with the implementation of the CMS in the previous financial year, the allocation of cases to part-time Tribunal members could not happen through the CMS during the first few months of the 2015/16 financial year. The huge increase in the caseload, coupled with the teething problems on the CMS, caused a backlog in cases to be adjudicated on as at the end of the previous financial year. The low spending on adjudication costs in 2015/16 thus resulted in a much larger surplus being realised during that year to be rolled over to the 2016/17 financial year as was approved by National Treasury. Refer to Note 18.1 in the Annual Financial Statements.

The income from filing fees comprises of filing fees received from filing parties for cases brought before the Tribunal. The budget for 2016/17 was prepared on the assumption that the filing fee for a debt re-arrangement matter will be R100 per case. As of 4 February 2016, the filing fee for debt rearrangement matters, however, increased from R100 to

R200 per case. This increase came through after the budget for 2016/17 was already submitted and approved. Refer to Note 18.2 in the Annual Financial Statements.

As explained above, due to the retained surplus at the end of the previous financial year being more than what was budgeted for, there were more funds on investment than was anticipated. This resulted in the interest earned on investment to be higher than what was budgeted for. Refer to Note 18.3 in the Annual Financial Statements.

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 general condition of 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 2015/16 is summarised in the following table:

MOVEMENT IN NCT PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment	Opening balance	Additions	Assets written off	Assets sold	Depreciation	Closing balance
Furniture and fittings	616 635	1398	(1 178)	-	(52 485)	564 370
Office equipment	64 241	10 879	(4 083)	-	(21 855)	49 182
IT 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	195 051	156 168	-	-	(161 633)	189 586
Total	3 788 361	997 097	(52 379)	·	(1 003 991)	3 729 088

Table 8: Movement in NCT property, plant and equipment

Expenditure on capital assets (including intangible assets) was overspent by R580 011 (47.86%) in relation to the budget. This was mainly due to the space-planning expenditure (disclosed under leasehold improvements) and the development of the CMS, which is being financed out of the approved roll-over funds brought forward from previous

financial years. As the NCT is not allowed to do reserve accounting, these expenses cannot be allocated directly to the accumulated surplus at the beginning of the financial year and had to be accounted for in the current financial year. Refer to Note 2, Note 3 and Note 18.6 in the *Annual Financial Statements*.







INTRODUCTION

Corporate governance embodies 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. 71of 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 III).

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 2016/17, the NCT briefed the Portfolio Committee on Trade and Industry in relation to its Strategic Plan 2016/17 - 2020/21 and the Annual Performance Plan 2016/17 - 2018/19, 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 are in place to support and advise the Executive Chairperson in his duties:

- · Audit and Risk Committee
- ICT Governance Committee
- · Human Resource Governance 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 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

The role of the Audit and Risk Committee is discussed on page 48 and the Audit and Risk Committee Report can be viewed on page 65.

ICT GOVERNANCE COMMITTEE

The ICT Governance Committee is comprised of three (3) Tribunal Members and an independent ICT expert.

MEMBERSHIP AND ATTENDANCE

Member	Capacity	No. of meetings attended
Ms. Laura Best (Chairperson)	Part-Time Tribunal Member	2 of 4
Prof. Bonke Dumisa (Deputy Chairperson of the NCT) (Acting Executive Chairperson a of 10 November 2016)	Part-Time Tribunal Member	4 of 4
Adv. J Simpson	Fulltime Tribunal Member (Acting Chairperson for two meetings held)	4 of 4
Mr B Mkhize	Independent ICT specialist	4 of 4

Table 9: Membership and attendance

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

Key areas of responsibility

The ICT Governance Committee is an oversight function and works in an advisory capacity to the Accounting Authority. The ICT Governance Committee is therefore guided in its work by an approved charter.

The Committee reviews any items/documents requiring approval by the Accounting Authority. These items/documents are submitted by the ICT Manager to the ICT Governance Committee for consideration or review. Once discussed and consensus is reached, the Committee makes a recommendation to the Accounting Authority.

Main activities during the reporting period

The Committee deliberated on and made recommendations on the following main areas during the 2016/17 reporting period:

The core focus of the Committee remained the development of the case management system, focusing on the innovation dimension as well as the efficiency gains the system will bring, whilst enabling better quality and accuracy of case management processes to the benefit of all NCT stakeholders. This needs to remain the central theme of ICT at the NCT as development must be continuous to ensure

a modernised work model. The Committee made various recommendations relating to the overall strategic approach to assist management.

The Committee provided guidance to enable a reconsideration of the NCT ICT strategy, including streamlining the number of projects in order to ensure that the numerous projects allocated during the 2016/17 year could be finalised.

The Committee agreed with Management's strategy to implement various measures to improve security in order to prevent a re-occurrence of the unfortunate theft of computers that occurred during the year.

The NCT did a penetration and ICT security exercise to test the vulnerability of its systems to hacking and other breaches. The resultant report indicated a number of ways in which ICT security had to be improved. The Committee agreed with Management's strategy to change and improve its systems on an ongoing basis to counter these threats.

The Committee was satisfied that ICT related audit findings were appropriately attended to by management, by means of active ongoing risk management.

ICT GOVERNANCE COMMITTEE MEMBERS



Dr L Best



Adv J Simpson



Prof B Dumisa



Mr B Mkhize

HR GOVERNANCE COMMITTEE

MEMBERSHIP AND ATTENDANCE

Member	Capacity	No. of meetings attended
Prof JM Maseko (Chairperson)	Part-Time Tribunal Member	4 of 4
Adv FF Manamela	Part-Time Tribunal Member	3 of 4
Ms H Devraj	Full-Time Tribunal Member	4 of 4
Prof S Paruk	Independent HR Specialist	4 of 4

Table 10: Membership and attendance

The HR Governance Committee is comprised of three (3) Tribunal Members and an independent HR Specialist. The HR & Facilities Manager attends the meeting together with the COO in their official capacity. 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 2016/17 reporting period:

The Committee considered the impact of the positions of the Registrar and Human Resource Management 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.

The Committee 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.

The Committee also 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 looked at more closely 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.

The Committee 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.

During this financial period, the Committee 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 in the HR Plan has resulted in creating a more stable and nurturing working environment at the NCT.

HR GOVERNANCE COMMITTEE MEMBERS



Prof J Maseko



Adv F Manamela



Ms H Devraj



Prof S Paruk

RISK MANAGEMENT

Effective risk management entails continuous and proactive identification and assessment of risk factors affecting its mandate. As at 31 March 2017, the NCT had 16 strategic risks on the Risk Register. The Tribunal Management is responsible for implementing risk action plans and for ensuring that controls are effective and continuously enhanced. At each Exco Meeting, the relevant 'risk owner' reports on the status of the particular risk they manage 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 Executive Chairperson, the COO and Executive Managers are responsible for ensuring that internal controls are implemented, maintained and monitored within 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 against these Standard Operating Procedures are monitored. These Procedures will be reviewed and revised from time to time to ensure continuous strengthening of internal controls as and when deficiencies are identified and to ensure continuous effectiveness and efficiency within a controlled environment.

- 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.
- 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 is outsourced to an external service provider, Business Innovation Group (BIG), and is 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:

- Review of internal financial controls
- Audit of Predetermined Objectives review
- Human Resources review
- · Case and Records Management Audit
- · IT Security review
- Follow Up review
- · Motion Courts Audit

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 continuously 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:



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
- 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.

ATTENDANCE OF AUDIT AND RISK COMMITTEE MEETINGS

Name	Qualifications	Internal/ external	If internal, position	Date appointed	Date resigned	No. of meetings attended
Mr A Amod (Chairperson)	B Com, MBA, CIA, CRMA, CGSA	External	N/A	01/08/2011	N/A	6 of 6
Ms J Meissner	B Com, B Compt (Hons) CA	External	N/A	28/07/2011	N/A	6 of 6
Mr M Kajee	B Compt, CA, ACMA	External	N/A	01/01/2014	N/A	5 of 6

Table 11: Attendance of Audit and Risk Committee meetings

The Executive Chairperson, COO and CFO 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, non-material non-compliance was found, which resulted in irregular expenditure. See note 24 in the Financial Statements.

FRAUD AND 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 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 breach, the internal disciplinary process is followed.

The NCT followed a formal disciplinary process during the period under review, due to a staff member being suspected of involvement in fraudulent activities. This constitutes a serious breach of the NCT's Code of Conduct. The sanction of the hearing is however effective 01 April 2017 and will be reported on in the next annual report.

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 volunteer basis in identified corporate and social responsibility projects. During the reporting period, staff members contributed sanitary pads to school girls in need. The Tribunal also donated old building materials to a school in Gauteng.

AUDIT AND RISK REPORT

The report of the Audit and Risk Committee is provided from page 65 to 66.



PART D: HUMAN RESOURCES MANAGEMENT

INTRODUCTION

OVERVIEW OF HR MATTERS

During the reporting period, the Human Resources of the NCT faced many challenges due to the persistent and high increase in its 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 Human Resources and Facilities department did not have an HR & Facilities Manager during quarter one and quarter two, which impeded the implementation of the Human Resources Business Plan. An acting HR & Facilities Manager, however, commenced employment during the third quarter and focused on achieving the objectives as set out in the HR Business Plan.

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 for 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, the NCT utilised a total of 13 students at various periods as part of the Contingency Pool programme. A total of six interns were appointed, which included one finance, one ICT and four legal interns.

An Employee Representative Forum has been established and the Employee Representative Charter drafted. In addition, the NCT implemented an Employment Equity Plan for the next two years 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 33 of this report under "Human Resources and Facilities Management"

WORKFORCE PLANNING FRAMEWORK

The Human Resources department drafted a Workforce Planning Framework towards the end of quarter four. The draft Framework will be considered, and it is anticipated that it will be approved and implemented during the next reporting period and will thus be reported on in the next annual report. The NCT, however, reviewed the organisational structure during quarter four 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 resource in the Finance Unit as well as including a Quality Assurance Officer within the Registrar's department. The Human Resources and Facilities department as well as Corporate Communication will form part of the Corporate Services department going forward.

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. It also manages an Internship Programme. This is a mutually beneficial arrangement, in that the young people 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 people assist its permanent staff members in dealing with the demands and spikes of its caseload.

"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 (KPAs) and key performance indicators (KPIs). In this way, the NCT ensures that the risk of not meeting its performance targets is minimised."

EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

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

PLANNING

Manager and employee discuss, agree and record objectives by conducting a Performance Contract with clear key outputs and KPIs.

Development Plans are identified in line with performance outcomes and skills gap.

MANAGING WEAK PERFORMANCE

When an employee's performance is deemed to be unsatisfactory, the employee is given a documented Performance Improvement Plan by his/ her manager and an opportunity to demonstrate satisfactory performance. If after this opportunity there is still no improvement, the disciplinary procedure id followed.

REWARDING GOOD PERFORMANCE

Depending on budget availability, good performance achieved during the year is recognised and rewarded in the form of an annual performance bonus.

MONITORING PROGRESS

Manager and employee actively review progress and supportive action needed throughout the year.

REVIEWING PERFORMANCE

Performance reviews are conducted biannually to discuss performance achievements and identify development needs. The performance Assessment Committee assesses the final performance reviews to ensure consistency, non-discrimination, substantiation and quality.

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 (KPAs) 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 HR and Facilities Manager, 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 scoring is non-discriminatory and consistent across the NCT.

During the reporting period, the performance information provided by two employees as well as their direct manager was investigated. An external service provider investigated the performance information and found minimal discrepancies. The HR Governance Committee accepted the recommendations made by the service providers.

EMPLOYEE WELLNESS PROGRAMMES

Due to the sharp and rapid increase in the Tribunal's case load experienced during the past financial year, it became critical to focus on employee wellness. The NCT followed the applicable procurement process during the end of the reporting period. The Employee Health and Wellness Programme will be implemented during the first quarter of the next financial year to assist staff and managers to deal with employee health and wellness related concerns. Wellness-related matters were addressed on a case-bycase basis. 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.
- Coaching sessions of the Management team, which contributed to better employee relations.
- Monthly staff meetings to address any concerns raised by staff members.
- An Organisational Culture and Engagement survey, to obtain additional information confidentially, was conducted.
- Drafted a Change Management Framework in order to guide managers through the change management process.
- 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 2017/18:

- To continue with regular Employee Representative 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 regarding the change management processes to ensure that change takes place effectively and with the least negative impact on the staff members;
- Launching the Employee Health and Wellness programme;
- Implementing action plans to address developmental areas as identified during the Organisational Culture and Engagement survey;
- Review the succession planning methodology within the NCT;
- Review the performance management methodology; 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 Policu
- · Leave Policy
- Succession Policy
- Recruitment, Selection, On-boarding and Retention Policy
- 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 external service provider have also been taken into consideration during the policy review.

ACHIEVEMENTS AND CHALLENGES FACED

Two key performance indicators were set for the HR Unit on the organisational scorecard, namely *to ensure that the NCT has adequate human resources to fulfil its mandate and secondly to contribute to youth employment.* The HR Unit exceeded the targets set for both these objectives as well as the overall HR Business Plan. Targeted staff coaching sessions as well as regular staff meetings assisted NCT employees with improved communication with management. The HR review conducted by an external service provider found that the overall organisational climate within the NCT is positive and that the Human Resources department should build on the progress made during this reporting period.

The NCT had two EXCO vacancies during the reporting period. One of the positions was filled by an acting staff member and the second position by interim resources. 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 off-set 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 case load, there is also an increased need for adjudicative capacity i.e. additional Tribunal members.

The NCT disciplined one staff member during this reporting period due to his involvement in fraudulent activities. The process was finalised after year-end resulting in a dismissal. A case of fraud has since been opened at the South African Police Service (SAPS).

FUTURE HR PLANS/GOALS

During the reported period, a sharp increase in the NCT's caseload was experienced which accelerated the need for increased staff which had a direct impact on the available workspace in the NCT offices. The HR goals are as follows for the 2017/18 financial period:

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

- To shape a values-based culture that champions high performance and service excellence; and
- To establish effective and efficient HR Administration to facilitate and inform accurate HR data and reporting.

In order to achieve the above goals, the HR unit will focus on the following projects during 2017/18:

- The introduction of structured induction and on-boarding programmes for new employees, supported by e-learning;
- Structured process of learning inclusive of Tribunal Member capacity building and coaching for managers and select employees;
- Upskilling staff members on all levels in regards to computer literacy;
- HR Administration;
- Effective project management;
- · Internal communication;
- · Change enablement management; and
- · Workforce planning and strategic sourcing.

HUMAN RESOURCE OVERSIGHT STATISTICS

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	24 127	10 231	42.41%	27	379
Administration	27 811	13 212	47.51%	22	601
Total	51 938	23 443	45.14%	49	478

Table 12: Personnel cost by programme

PERSONNEL COST BY SALARY BAND

Level	Personnel expenditure (R'000)	% of personnel expenditure to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top management	1 313	5.60%	1	1 313
Senior management	9 675	41.27%	7	1382
Professional qualified	4 662	19.89%	7	666
Skilled	3 440	14.67%	10	344
Semi-skilled	4 049	17.27%	22	184
Unskilled	304	1.30%	2	152
Total	23 443	100.00%	49	478

Table 13: Personnel cost by salary band

^{*} 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.

PERFORMANCE REWARDS

Programme	Performance rewards (R'000)	Personnel expenditure (R'000)	% of performance rewards to total personnel costs
Top management	325	1 313	24.75%
Senior management	1 297	9 675	13.41%
Professional qualified	529	4 662	11.35%
Skilled	359	3 440	10.44%
Semi-skilled	232	4 049	5.73%
Unskilled	43	304	14.14%
Total	2 785	23 443	11.88%

Table 14: Performance rewards

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	10 231	86	0.84%	20	4 267
Administration	13 212	236	1.79%	22	10 746
Total	23 443	322	1.37%	42	7 661

Table 15: Training costs

EMPLOYMENT AND VACANCIES

Programme	2015/16 no. of employees	2016/17 approved posts	16/17 no. of employees	2016/17 vacancies	% of vacancies
Adjudication	21	20	17	3	15.00%
Administration	14	22	18	4	18.18%
Total	35	42	35	7	16.67%

Table 16: Employment and vacancies

EMPLOYMENT AND VACANCIES BY EMPLOYMENT CATEGORY

Salary band	2015/16 no. of employees	2016/17 approved posts	2016/17 no. of employees	2016/17 vacancies	% of vacancies
Top management	1	1	-	1	100.00%
Senior management	6	7	5	2	28.57%
Professional qualified	7	8	8	-	-
Skilled	8	12	10	2	16.67%
Semi-skilled	11	12	10	2	16.67%
Unskilled	2	2	2	-	-
Total	35	42	35	7	16.67%

Table 17: Employment and Vacancies by employment category

^{*} 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 2016/17 and the % of vacancies are indicated as at 31 March 2017 while the % of vacancies indicated in the section on Performance Against Predetermined Objective is as an average over the full 2016/17 financial year.

^{*} 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 2016/17 and the % of vacancies are indicated as at 31 March 2017 while the % of vacancies indicated in the section on Performance Against Predetermined Objective is as an average over the full 2016/17 financial year.

EMPLOYMENT CHANGES

Salary band	Employment at beginning of period	Appointments	Terminations	Internal transfer out of band	Employment at end of the period
Top management	1	-	1	-	1
Senior management	6	-	1	-	5
Professional qualified	7	-	-	1	8
Skilled	8	2	-	-	10
Semi-skilled	11	1	1	-1	10
Unskilled	2	-	-	-	2
Total	35	3	3	-	35

Table 18: Employment changes

REASONS FOR STAFF LEAVING

Reason	Number	% of total no. of staff leaving	
Death	-	-	
Resignation	2	66.67%	
Dismissal	-	-	
Retirement	-	-	
Ill health	-	-	
Expiry of contract	1	33.33%	
Other	-	-	
Total	3	100.00%	

Table 19: Reasons for staff leaving

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Nature of disciplinary action	Number
Verbal warning	1
Written warning	5
Final written warning	1
Dismissal	-

Table 20: Labour relations: misconduct and disciplinary action



MIDDLE MANAGEMENT

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 62.50% female and 37.50% male ratio

EMPLOYMENT EQUITY STATUS

	Male							
Levels	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	-	-	-	-	-	-	-	-
Senior management	1	-	-	-	-	-	2	-
Professional qualified	2	-	-	-	2	-	-	-
Skilled	1	-	-	-	-	-	-	-
Semi-skilled	4	-	-	-	-	-	-	-
Unskilled	_	-	-	-	-	-	-	-
Total	8	-	-	-	2	-	2	-

Table 21.1: Employment equity status

EMPLOYMENT EQUITY STATUS

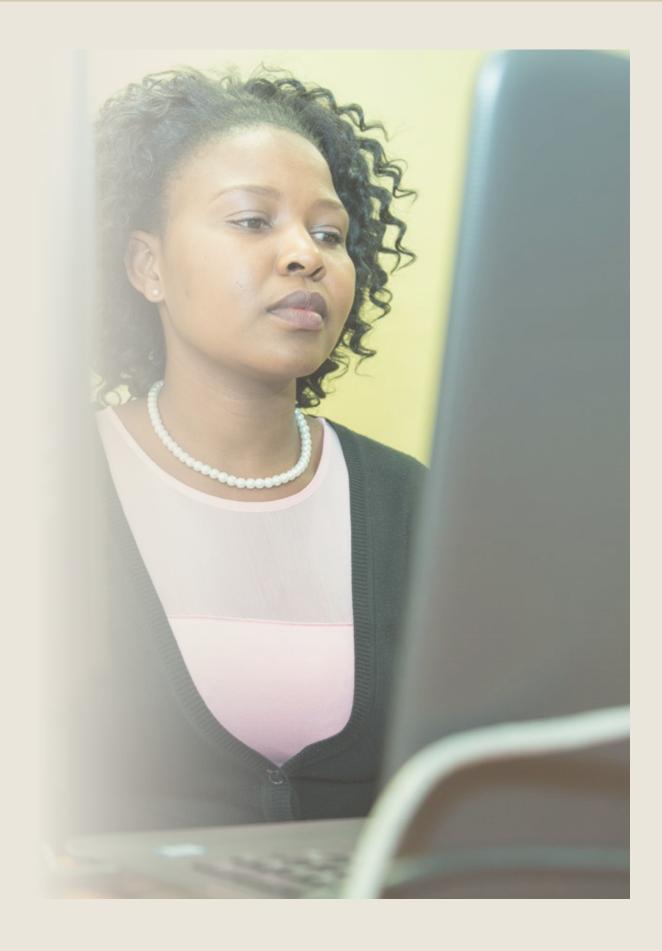
	Female							
Levels	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	_	-	-	-	-	-	-	-
Senior management	_	-	-	-	1	-	1	-
Professional qualified	2	-	-	-	-	-	1	-
Skilled	7	-	1	-	1	-	-	-
Semi-skilled	4	-	-	-	-	-	-	-
Unskilled	2	-	-	-	-	-	-	-
Total	15	-	1	-	2	-	2	-

Table 21.2: Employment equity status

DISABLED STAFF REPORT

	Disabled staff								
Levels	M	ale	Female						
	Current	Target	Current	Target					
Top management	-	-	-	-					
Senior management	-	-	-	-					
Professional qualified	-	-	-	-					
Skilled	-	-	-	-					
Semi-skilled	-	-	-	-					
Unskilled	-	-	-	-					
Total	-	-	-	-					

Table 21.3 Disabled staff report







GENERAL INFORMATION

FOR THE YEAR ENDED 31 MARCH 2017

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). It 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

DR Terblanche (Executive Chairperson until 9 November 2016 and part-time Tribunal member from 10 November 2016)

BC Dumisa (Acting Executive Chairperson of the Tribunal from 10 November 2016)

Part-time Tribunal members for 2016/17

- BC Dumisa (Deputy Chairperson and Acting Executive Chairperson from 10 November 2016)
- PA Beck
- L Best
- YT Carrim (Resigned 15 August 2016)
- FK Manamela
- JM Maseko
- X May
- HFN Sephoti
- FK Sibanda
- DR Terblanche (from 10 November 2016)
- T Woker

Fulltime Tribunal members for 2016/17

- HV Devraj
- JR Simpson

Key management for 2016/17

- · M Bosch (Chief Operating Officer)
- A Burger (Registrar) (Resigned 31 May 2016)
- P Moodley (Acting Registrar from 15 April 2016)
- M Nel (Acting Human Resources and Facilities Manager from 10 October 2016)
- BX Nomvete (ICT Manager)
- WP Strauss (Chief Financial Officer)

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 2017

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 present the state of affairs of the NCT as at the end of the financial year and the results of its operations and cashflows 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:

BC Dumisa

Acting Executive Chairperson and Accounting Authority 31 May 2017 M Bosch

Chief Operating Officer

31 May 2017

WP Strauss

Chief Financial Officer

31 May 2017

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF 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 (Part E) 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 has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.
- 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 2017.

Yours faithfully

Prof. B.C. Dumisa

Acting Executive Chairperson National Consumer Tribunal

Date

AUDIT AND RISK COMMITTEE REPORT



"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."

MEMBERS OF THE AUDIT AND RISK COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2017.

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

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 South Africa (AGSA) with some non-material audit findings. In addition a few non-material

control deficiencies were identified by the Internal Auditors. 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. NCT's enterprise risk management strategy also includes the fraud prevention plan, 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 continuously monitored, 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 has operated effectively, that it has addressed the risks pertinent to the NCT in its audits and has assisted the entity with value adding services to ensure that both financial and operational objectives were achieved.

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 that had some non-material 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.

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.

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 Ameen Amod

Chairperson of the Audit & Risk Committee National Consumer Tribunal 31 July 2017

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 75 to 107, which comprise statement of financial position as at 31 March 2017, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts 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, the financial position of the National Consumer Tribunal as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practices (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 my 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) together with 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 Standards of GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- 7. In preparing the 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 there is an intention either to liquidate the public entity or to cease operations, or there is no realistic alternative but to do so.

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

- 8. My objectives are to obtain reasonable assurance about whether financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the 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 the 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 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 2017:

Programmes	Pages in the annual performance report		
Programme 1 - Adjudication	16 to 27		
Programme 2– Administration	28 to 29		

- 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.
- 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 16 to 29 for information on the achievement of the planned targets for the year and explanations provided for the over achievement of a number of targets.

REPORT ON 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 with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
- 18. We did not identify any instances of material non-compliance with selected specific requirements of applicable legislation, as 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. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the 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 thereon.
- 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. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

22.1 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 there, I did not identify any significant deficiencies in internal control.

Auditor-General

Auditor-General Pretoria

31 July 2017



Auditing to build public confidence

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 the 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 afraud 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 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 the auditor's report. However, future events or conditions may cause a public entity to cease to continue 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 here applicable, related safeguards.



REPORT OF THE ACCOUNTING AUTHORITY

AS AT 31 MARCH 2017

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 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 full Annual Financial Statements for the year are presented on page 62 to 107, and are summarised as follows:

	2016/2017	2015/2016
Total revenue	R52 940 733	R49 732 475
Total expenditure	R51 903 532	R42 051 878
Finance costs	R34 840	R50 341
Net surplus / (deficit)	R1 002 361	R7 630 256
Total assets	R23 907 699	R23 345 854
Total liabilities	R7 998 364	R8 438 880
Net assets	R15 909 335	R14 906 974

In the period under review, the NCT received a grant of R46 151 000 from **the dti**, which represents an increase of 0.27% (2015/16: 14.60%) over the previous year's grant of R46 029 000. This ensured that the NCT was in a position to fulfil its mandate, as the grant makes up 87.18% of its total revenue (2015/16: 92.55%).

Income from filing fees, included in total revenue, increased by 104.43% (2015/16: 140.53%) over the previous year, namely from R2 172 200 to R4 440 600. This is attributed to the increased number of cases received (22 673 compared to 18 459 in 2015/16; an increase of 22.83%) as well as a filing fee increase from R100 to R200 per debt re-arrangement agreement matter that became effective on 4 February 2016. The 22 673 cases filed in 2016/17 as indicated above exclude 12 749 cases that were duplicated or filed and then subsequently withdrawn. The increase in the filing fees does not offset the adjudication costs as the filing fee is only a nominal amount of R200 (R100 previously) for debt re-arrangement agreement matters filed with the NCT and do 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 Treasury permitted the NCT to retain its surplus funds of R14 906 974 accumulated from the preceding financial year. As a result of the R1 002 361 surplus that the NCT realised during this financial year (2015/16: R7 630 256)

the accumulated surplus at the end of this reporting period has increased to R15 909 335.

The NCT's income from interest earned increased by 48.82% (2015/16: 40.62%) from R1 473 488 to R2 192 858. This is as a result of its increased grant, a higher average balance in the investment account due to the higher surplus brought forward from the previous financial year as well as the NCT's prudent cash flow management. The NCT invests its surplus funds with the Corporation for Public Deposits in terms of its Investment and Grant Management Policy. Please refer to Note 18.3 in the Annual Financial Statements for more detail.

Total expenses for the year increased by 23.43% (2015/16: 7.02%) from R42 051 878 to R51 903 532. The key drivers behind this increase are set out below in this report.

Administrative expenses increased by R3 709 165 (85.74%) from R4 325 839 to R8 035 004. This can mainly be attributed to computer expenses and software licences (due to the increase in software licenses that are required as a result of the development of the Case Management System and the ICT support required to secure the ICT systems from external threats); a special investigation that was undertaken (to independently verify the performance assessments of some staff members in the Registrar's office relating to the previous financial year) and a significant

increase in the procurement of venues and facilities (due to the implementation of motion courts throughout South Africa and other hearings that were held in locations outside of the NCT's offices in order to increase its accessibility). Please refer to Notes 11.1 to 11.4 and to Note 18.4 in the Annual Financial Statements for more detail.

Other operating expenses increased by R3 990 374 (45.76%) from R8 719 633 to R12 710 007. This can mainly be attributed to amortisation and depreciation (due to the higher asset values); the cost of consultants (as detailed below) and travel and accommodation (due to the implementation of motion courts throughout South Africa and other hearings that were held in locations outside of the NCT's offices). Due to the size of the NCT and the specialized nature of some services that the NCT do require from time to time, the services of consultants are needed to assist with the facilitation, development and drafting of Strategic Plans and Annual Performance Plans. During this financial year the NCT spent more on consultants due to an increase in recruitment fees to assist the NCT in filling vacant positions at senior levels, legal opinions that were obtained to assist the NCT with proposed changes 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 and general human resources review as well as a 5-year review conducted in terms of section 36(1) of the National Credit Act (Act No. 34 of 2005). These expenses were unforeseen and are not repetitive in nature. Please refer to Notes 12.1 to 12.4 and to Note 18.5 in the Annual Financial Statements for more detail.

Although the NCT had a larger staff structure and employees received an annual cost of living increase during July 2016, employee-related costs decreased by R541 541 (2.26%) from R23 984 075 to R23 442 534. The decrease is due to the number of vacancies, especially at an EXCO level, that were filled during the previous financial year but were vacant during this year. Please refer to Note 15.4 and Note 18.7 in the Annual Financial Statements for more detail.

Although there has been an increase of 22.83% in the number of cases filed with the Tribunal, the fees paid to the part-time Tribunal members has increased by 65.30% (R2 738 674) from R4 194 238 to R6 932 912. This can mainly be attributed to more cases being adjudicated on during this year compared to the previous financial year. During the previous financial year the teething problems experienced with the implementation of the case management system impacted on the effective management of cases. This led to a smaller number of claims being received from parttime Tribunal members for adjudication services during the previous financial year and it caused a backlog of cases to be adjudicated on as at 31 March 2016. During this year the NCT managed to catch up with most of the backlog as well as adjudicating on new cases received, hence the much larger amount spent on claims paid to the part-time Tribunal members. Please refer to Note 14.1 and Note 18.6 in the Annual Financial Statements for more detail.

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 fulltime Tribunal members, comprise 58.52% (2015/16: 67.01%) 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. It also means that other costs incurred to support the employees and the Tribunal members comprise just over 40% of total expenditure. This ratio has changed slightly from year to year as a result of the sharp increase in the case numbers and the implementation of motion courts that shifted costs to other expense items compared to fees paid to part-time Tribunal members. It needs to be noted though that there is a lag period from the time that a case is filled with the NCT until a part-time Tribunal member is paid for adjudication services. Although this situation will occur from year to year, the impact of the backlog at the end of the previous financial year as was explained earlier had a ripple effect on the number of cases pending at the end of this financial year.

It is recognised that the NCT's cost of statutory compliance, albeit reducing, year-on-year as it is maturing, is still 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 R1 998 280 (2015/16: R1 930 279). This is equal to 3.85% of the total expenditure of the NCT for the current financial year and is slightly lower than the 4.59% applicable for the 2015/16 financial year. The NCT has appointed the minimum required number of members to the Audit and Risk Committee namely three members.

The NCT is constantly looking for cost saving opportunities and efficiency gains to ensure that it will be able to fund the anticipated increase in the caseload. During the year under review the NCT, as was mentioned earlier in this report, has implemented motion courts to deal with the debt rearrangement agreement matters. This has resulted in part-time Tribunal members now being paid for adjudicating approximately 32 debt rearrangement agreement matters per day instead of 8 matters as was previously accounted for. Although there are added travelling and accommodation expenses, the net saving is more than 50% compared to what was previously paid for. Through this process the NCT has also improved its service delivery, accessibility and visibility by getting to its stakeholders in different locations throughout South Africa. As debt rearrangement agreement matters are no longer assessed when it is 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 implementation of the enhancements to the case management system on 31 March 2017 should also yield cost savings and other efficiency gains in the next financial year. Some of the nondebt rearrangement matters were also grouped together to be heard on the same day where possible. The Tribunal received a large number of cases 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 has substantially reduced the adjudication on these matters compared to what was the situation in the past. Please refer to Note 14.4, Note 18.4, Note 18.5 and Note 18.6 in the Annual Financial Statements for more detail.

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 remains 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 are in line 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 are for IT equipment, office equipment and furniture and fittings amounting to R52 379 as disclosed in Note 2 to the Annual Financial Statements. This write-off mainly relates to IT equipment that was stolen and which was recovered from insurance where possible. The NCT has also impaired software that is not in use anymore to the value of R10 076 as disclosed in Note 3 to the Annual Financial Statements.

FRUITLESS AND WASTEFUL EXPENDITURE

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

IRREGULAR EXPENDITURE

Irregular expenditure to the amount of R136 857 was identified in the year ended 31 March 2017 (31 March 2016: R Nil). This was as a result of a bid being awarded based on a 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 a request for the condonation of the irregular expenditure was submitted to National Treasury for their consideration and approval.

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 is 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 affects 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 will continue as a going concern for the next financial year due to the grant allocation already made available and the surplus funds carried over to that financial year.



Prof. B.C. Dumisa
Acting Executive Chairperson
National Consumer Tribunal
Date

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

		31 March 2017	31 March 2016
	Note	R	R
ASSETS			
Non-current assets		5 077 920	4 550 438
Property, plant and equipment	2	3 729 088	3 788 361
Intangible assets	3	1 348 832	762 077
Current assets		18 829 779	18 795 416
Inventory	4	68 936	49 438
Trade and other receivables from exchange transactions	5	601 281	995 716
Cash and cash equivalents	6	18 159 562	17 750 262
Total assets		23 907 699	23 345 854
LIABILITIES			
Non-current liabilities			
Long-term portion — Finance lease obligations	7	85 994	56 033
Current liabilities		7 912 370	8 382 847
Short-term portion — Finance lease obligation	7	104 407	161 864
Trade and other payables from exchange transactions	8	5 023 338	5 371 232
Provisions	9	2 784 625	2 849 751
Total liabilities		7 998 364	8 438 880
NET ASSETS		15 909 335	14 906 974
NET ASSETS NET ASSETS	28	15 909 335	14 906 974
	28	15 909 335 15 909 335	14 906 974 14 906 974

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2017

		31 March 2017	31 March 2016
	Note	R	R
Total revenue	10	52 940 733	49 732 475
Total expenses		51 903 532	42 051 878
Administrative expenses	11	8 035 004	4 325 839
Other operating expenses	12	12 710 007	8 719 633
Audit fees	13	783 075	828 093
Tribunal Members' fees	14	6 932 912	4 194 238
Employee-related costs	15	23 442 534	23 984 075
Operating surplus		1 037 201	7 680 597
Finance costs	16	34 840	50 341
Net surplus for the year		1 002 361	7 630 256

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2017

	Accumulated surplus	Total net assets
	R	R
Balance as at 1 April 2015	7 276 718	7 276 718
Net surplus for the year	7 630 256	7 630 256
Balance as at 31 March 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

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

	31 March 2017	31 March 2016
Note	R	R
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts	52 802 733	49 806 475
Government grants	46 151 000	46 029 000
Filing fees	4 302 600	2 246 200
Service fees	14 370	2 366
Other receipts - Insurance claims and refund of equipment rentals	141 905	55 421
Interest received	2 192 858	1 473 488
Payments	(50 382 918)	(39 906 508)
Tribunal Members' fees	(6 978 475)	(4 387 080)
Employee-related costs	(23 634 113)	(22 835 592)
Suppliers	(19 770 330)	(12 683 836)
Net cash flows from operating activities 17	2 419 815	9 899 967
CASH FLOWS FROM INVESTING ACTIVITIES	(1 792 011)	(2 594 536)
Additions to property, plant and equipment	(840 929)	(2 140 862)
Additions to intangible assets	(951 082)	(453 674)
CASH FLOWS FROM FINANCING ACTIVITIES	(218 504)	(208 112)
Finance lease payments		
Net increase in cash and cash equivalents	409 300	7 097 319
Cash and cash equivalents at beginning of year	17 750 262	10 652 943
Cash and cash equivalents at end of year 6	18 159 562	17 750 262

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

AS AT 31 MARCH 2017

		Accrual- based approved budget (before transfers)	Transfers between budget line items for the year ended on 31 March 2017	Accrual- based final budget (after transfers)	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		46 151 000	-	46 151 000	46 151 000	-
Roll-over / Additional funding required	18,1	1 620 000	-	1620 000	9 817 083	(8 197 083)
Income from exchange transactions	18,2	2 710 700	-	2 710 700	4 596 875	(1 886 175)
Interest received	18,3	760 004	-	760 004	2 192 858	(1 432 854)
Total revenue		51 241 704	-	51 241 704	62 757 816	(11 516 112)
EXPENSES						
Administrative expenses	18,4	5 762 181	-	5 762 181	8 035 004	(2 272 823)
Other operating expenses	18,5	7 006 114	-	7 006 114	11 256 059	(4 249 945)
Audit fees		825 000	-	825 000	783 075	41 925
Tribunal Members' costs	18,6	7 797 866	-	7 797 866	6 932 912	864 954
Employee-related costs	18,7	28 398 543	-	28 398 543	23 490 638	4 907 905
Finance costs		240 000	-	240 000	218 504	21 496
Capital expenditure	18,8	1 212 000	-	1 212 000	1 792 011	(580 011)
Total expenses		51 241 704	-	51 241 704	52 508 203	(1 266 499)
Surplus for the period		-	-		10 249 613	(10 249 613)

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

AS AT 31 MARCH 2017

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

Adjustment of actual amounts to comparable basis with final budget

R

002 361
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Adjusted for:	Activity	
Intangible assets impaired	Operating	10 076
Tangible assets written off	Operating	52 379
Amortisation	Operating	354 251
Depreciation	Operating	1 003 991
Lease rentals on premises and parking — Straight-line adjustment	Operating	33 251
Roll-over funds brought forward from 2015/16	Operating	9 817 083
Finance costs on leases	Financing	34 840
Finance lease payments	Financing	(218 504)
Movement in accrual for leave pay — Employee related costs	Operating	(48 104)
Capital assets purchased	Investing	(1 792 011)
Difference between Final Budget and Actual Amounts		10 249 613

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.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2017

1 ACCOUNTING POLICIES

The principal accounting policies 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 is required to make estimates and assumptions that affect 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 may be material to the Annual Financial Statements. Significant judgements include:

1.2.1 Provisions

Provisions were raised and management determined estimates based on the information available. Additional disclosure of these estimates of provisions is 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 are depreciated over the lease period with no residual value.

FOR THE YEAR ENDED 31 MARCH 2017

1.2.4 Intangible assets

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

1.3 Going concern

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

1.4 Related party transactions

Parties are considered to be related if 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, which existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the NCT. Each class of contingent liability at the reporting date, a brief description of the nature of the contingent liability and its possible financial effect, is disclosed.

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 recognises 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.

FOR THE YEAR ENDED 31 MARCH 2017

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, as per the Treasury Regulations, 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.

1.12 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.

FOR THE YEAR ENDED 31 MARCH 2017

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; and the expected future economic benefits that are attributable to the asset will flow to the entity; and the expected future economic benefits that are attributable to the asset will flow to the entity; and the expected future economic benefits that are attributable to the asset will flow to the entity; and the expected flow to the entity; and the entity is the entity of the entity is the entity of the entity of the entity of the entity is the entity of the en
- » 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
- » 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.

FOR THE YEAR ENDED 31 MARCH 2017

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.

1.16.1 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.

FOR THE YEAR ENDED 31 MARCH 2017

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

2. PROPERTY, PLANT AND EQUIPMENT

		2017			2016	
	Cost/ Valuation	Accumulated depreciation	Carry value	Cost/ Valuation	Accumulated depreciation	Carry value
Furniture and fittings	1 238 117	(673 747)	564 370	1 238 475	(621 840)	616 635
Office equipment	161 759	(112 577)	49 182	181 437	(117 196)	64 241
Computer equipment	2 684 063	(1 262 932)	1 421 131	2 335 573	(994 042)	1 341 531
Leasehold improvements	2 046 189	(566 842)	1 479 347	1 711 377	(177 270)	1 534 107
Books	218 947	(193 475)	25 472	217 314	(180 518)	36 796
Signage	33 315	(33 315)	-	33 315	(33 315)	-
Office equipment – Leased	451 173	(261 587)	189 586	489 694	(294 643)	195 051
Total	6 833 563	(3 104 475)	3 729 088	6 207 185	(2 418 824)	3 788 361
Reconciliation of property, plant and equipment - 2017	Opening balance	Additions	Assets written off	Assets sold	Depreciation	Closing balance
Furniture and fittings	616 635	1398	(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
Reconciliation of property, plant and equipment - 2016	Opening balance	Additions	Assets written off	Assets sold	Depreciation	Closing balance
Furniture and fittings	655 237	13 640	-	-	(52 242)	616 635
Office equipment	77 026	8 268	-	-	(21 053)	64 241
Computer equipment	1 265 671	463 210	(34 799)	-	(352 551)	1 341 531
Leasehold improvements	86 768	1 654 614	-	-	(207 275)	1 534 107
Books	62 486	1 130	-	-	(26 820)	36 796
Signage	174	-	-	-	(174)	-
Office equipment - Leased (refer to Note 2.1)	358 283	-	-	-	(163 232)	195 051
Total	2 505 645	2 140 862	(34 799)	-	(823 347)	3 788 361

FOR THE YEAR ENDED 31 MARCH 2017

2. PROPERTY, PLANT AND EQUIPMENT (Continued)

2.1 office equipment – leased

Assets with a net carrying value of R189 586 (2016: R195 051) 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. The useful live of the leasehold improvements was extended with another 12 months to be in line with an addendum to the principle lease agreement entered into during March 2017. No other changes were made to the useful lives of any of the other items of property, plant and equipment. Also refer to Note 19.1 and Note 22.

3. INTANGIBLE ASSETS

	2017			2016		
	Cost/ Valuation	Accumulated amortisation/impairments	Carry value	Cost/ Valuation	Accumulated amortisation/ impairments	Carry value
Computer software - Internally generated	1368 539	(173 454)	1 195 085	551 151	(47 556)	503 595
Computer software - Other (Refer Note 3.1)	1142 923	(989 176)	153 747	1 049 520	(791 038)	258 482
Total	2 511 462	(1 162 630)	1 348 832	1 600 671	(838 594)	762 077
Reconciliation of intangible assets - 2017		Opening balance	Additions	Amortisation	Impairments	Closing balance
Computer software - Internally generated		503 595	817 388	(125 898)	-	1195 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
Reconciliation of intangible assets - 2016		Opening balance	Additions	Amortisation	Impairments	Closing balance
Computer software - Internally generated		142 667	408 484	(47 556)	-	503 595
Computer software - Other		422 785	45 190	(209 493)	-	258 482
Total		565 452	453 674	(257 049)	-	762 077

3.1 re-assessment of useful lives

The useful lives of all intangible assets were assessed during the year under review and an impairment test was performed. No change was made to the useful live of other software but the useful live of internally generated software was adjusted to be 3 to 5 years while other software not in use anymore was impaired as indicated above. Also refer to Note 22.

		31 March 2017	31 March 2016
		R	R
4.	INVENTORIES		
	Stationery and consumables		
		68 936	49 438
5.	TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRAI	NSACTIONS	
	Debtors – Filing fees	-	11 300
	Debtors – Payroll (UIF refunds and study loans)	70 423	73 069
	Debtors – Legal fees refund and insurance claim	270 000	150 000
	Debtors – Tenant installation allowance	-	515 080
	Deposits – Rental of storage room	-	899
	Prepayments – Insurance, license fees, rental, travelling, etc.	260 858	245 368
		601 281	995 716
6.	CASH AND CASH EQUIVALENTS		
	Bank account – Notice deposit (SA Reserve Bank)	15 704 669	14 637 675
	Bank account – Current account (Nedbank)	2 451 703	3 109 611
	Cash on hand — Petty cash	3 190	2 976
		18 159 562	17 750 262

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 7.35% (2016: 6.32%). Also refer to Note 10 and Note 18.3.

7. FINANCE LEASES - OFFICE EQUIPMENT

Minimum lease payments due		
Technology Acceptances (Xerox Work Centres)	159 283	58 746
Canon Business Centre (PABX System and additions to the PABX System)	58 914	186 474
	218 197	245 220
Summary of minimum lease payments due		
Payable within one year	122 628	186 405
Payable after one year	95 569	58 815
	218 197	245 220
Less: Future finance charges	(27 796)	(27 323)
Present value of minimum lease payments due	190 401	217 897
Current liabilities	104 407	161 864
Non-current liabilities	85 994	56 033
Present value of minimum lease payments due	190 401	217 897

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 15.89% (2016: 17.03%)

FOR THE YEAR ENDED 31 MARCH 2017

31 March 2017	31 March 2016
R	R

8. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	2 366 181	2 390 113
Income received in advance — Filing fees	62 100	211 400
Other payables - Permanent and temporary staff	19 232	102 472
Salary deductions - PAYE, UIF and Garnishees	617 027	614 781
Accrued expenses - Tribunal members' costs	426 722	472 285
Accrued leave pay - Senior management and fulltime Tribunal members	893 353	1 095 211
Accrued leave pay - Other staff	638 723	484 970
	5 023 338	5 371 232

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 is calculated by apportioning the annual salary to a daily cost which is multiplied by the number of leave days accumulated at the reporting date.

9. PROVISIONS

	2 784 625	2 849 751
Performance bonuses - Other staff	1 410 349	1 426 636
Performance bonuses - Senior management and fulltime Tribunal members	1374 276	1 423 115

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. The decrease in the provision for performance bonuses is due to the lower cost to company as a result of vacant positions. Also refer to note 15.4.

Reconciliation of provisions

	2 784 625	2 849 751
Provisions made during the year	2 784 625	2 849 751
Provisions reversed during the year	(64 825)	(76 318)
Provisions utilised during the year	(2 784 926)	(2 288 205)
Opening balance	2 849 751	2 364 523

		31 March 2017	31 March 2016
		R	R
10.	TOTAL REVENUE	52 940 733	49 732 475
	Non-exchange revenue	46 151 000	46 029 000
	Government grants		
	Exchange revenue	4 596 875	2 229 987
	Filing fees (refer to Note 18.2)	4 440 600	2 172 200
	Service fees	14 370	2 366
	Refund of equipment rentals	-	25 696
	Proceeds from insurance	141 905	29 725
	Investment income	2 192 858	1 473 488
	Interest earned (refer to Note 6.1 and Note 18.3)		
11.	ADMINISTRATIVE EXPENSES		
	Advertising	117 197	89 850
	Audit and Risk Committee members' remuneration	443 286	453 907
	Bank charges	61 792	54 470
	Computer expenses, ICT support and software licences (refer to Note 11.1)	403 194	173 474
	Entertainment, refreshments and staff welfare	79 193	80 646
	Fraud hotline and whistle blowing	42 636	41 040
	General expenses, gifts, flowers, first aid, cleaning costs, cutlery and crockery	85 748	28 979
	HR Governance Committee members' remuneration	90 152	110 506
	ICT Governance Committee members' remuneration	112 388	123 116
	Internal audit fees and secretariat services	771 919	648 279
	Investigation services (refer to Note 11.2)	369 978	-
	Legal fees	196 257	196 587
	Membership fees, subscriptions, books and resource materials	305 615	260 214
	Printing, stationery and publications	727 843	647 595
	Security services (refer to Note 11.3)	110 394	-
	Storage costs, online backup services, mail archiving and disaster recovery	329 709	351 746
	Training, bursaries and staff development	321 770	315 861
	Venues and facilities for workshops, conferences and meetings (refer to Note 11.4)	3 444 333	728 569
	Website development, maintenance and hosting	21 600	21 000

8 035 004

4 325 839

FOR THE YEAR ENDED 31 MARCH 2017

11. ADMINISTRATIVE EXPENSES (Continued)

Increase in administrative expenses

- 11.1 Computer expenses and software licenses are higher due to the increase in software licenses that are required as a result of the development of the Case Management System and the ICT support required to secure the ICT systems from external threads.
- **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 previous financial year.
- 11.3 A security service provider was appointed to provide a security guard in order to ensure that the NCT's offices are more secure and that the movement of ICT assets is tracked in an attendance register.
- 11.4 Venues and facilities are higher due to the implementation of motion courts that were held in venues outside Pretoria. This resulted in venues and facilities being procured to accommodate the motion courts and other hearings that were held outside of the NCT's offices. The NCT also hosted the African Dialogue Conference in conjunction with other entities that are part of the Council of Trade and Industry Institutions (COTII). The Regulator for Compulsory Specifications (NRCS), the National Conumer Commission and the Companies and Intellectual Property Commission (CIPC) each reimbursed the NCT R100 000 for the expenses incurred on their behalf. The reimbursements were set-off against the expenses incurred by the NCT for hosting the conference. Also refer to Note 18.4, Note 18.6 and Note 20.1.

		31 March 2017	31 March 2016
		R	R
12.	OTHER OPERATING EXPENSES		
	Amortisation (refer to Note 12.1)	354 251	257 049
	Assets impaired	10 076	-
	Assets written off	52 379	34 799
	Consulting fees (refer to Note 12.2)	2 111 341	1 019 864
	Courier costs, postage and stamps	147 574	71 471
	Depreciation (refer to Note 12.1)	1 003 991	823 347
	Insurance	212 608	220 829
	Internet costs and 3G connectivity	103 209	154 142
	Lease rentals on premises and parking (refer to Note 19.1)	2 085 668	2 124 650
	Recording, transcription, interpreters, witnesses and translation services (refer to Note 12.3)	593 250	176 754
	Rentals — Equipment and furniture	19 222	-
	Repairs and maintenance (refer to Note 12.5)	118 239	17 386
	Telephone and fax	230 215	241 486
	Travel and accommodation (refer to Note 12.4)	4 888 593	2 771 102
	Utilities – Water, electricity, rates and taxes	779 391	806 754
		12 710 007	8 719 633

Increase in other operating expenses

- **12.1** Amortisation and depreciation is higher due to the increase in the value of property, plant and equipment and intangible assets. Also refer to Note 2 and Note 3.
- 12.2 Consulting fees are higher due to an increase in recruitment fees to assist the NCT in filling vacant positions at a senior level, legal opinions that were obtained to assist the NCT with proposed changes 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 and general human resources review as well as a 5-year review conducted in terms of section 36(1) of the National Credit Act (Act No. 34 of 2005).

12. OTHER OPERATING EXPENSES (Continued)

- **12.3** Recording, transcription, interpreters, witnesses and translation services are higher mainly due to the NCT translating its Rules and the Manual as required by the Promotion of Access to Information Act (Act No. 2 of 2000) into all 11 official languages of South Africa.
- **12.4** Travel and accommodation are higher due to the implementation of motion courts and other hearings that were held in other locations than the NCT's offices and outside Gauteng. This has resulted in travelling being undertaken to those locations by Tribunal members as well as support staff. Also refer to Note 18.5 and Note 18.6.

	31 March 2017	31 March 2016
	R	R
12.5 Repairs and maintenance		
Furniture and fittings	650	200
Office equipment	470	-
Computer equipment	60 449	7 000
Leased assets	56 670	10 186
	118 239	17 386

13. AUDIT FEES

External audit fees

783 075	828 093
---------	---------

14. PART-TIME TRIBUNAL MEMBERS' COSTS

		2017		2016		
	Members' fees, etc.	Travelling expenses	Total costs	Members' fees, etc.	Travelling expenses	Total costs
BC Dumisa (Deputy Chairperson)	1 255 238	65 688	1320 926	603 786	30 305	634 091
PA Beck	1 029 119	29 659	1 058 778	644 714	14 489	659 203
X May	619 364	21 622	640 986	332 155	18 210	350 365
HFN Sephoti	37 218	-	37 218	76 038	4 534	80 572
T Woker	530 557	28 955	559 512	536 076	14 869	550 945
FK Manamela	685 655	41 998	727 653	335 486	13 713	349 199
YT Carrim (resigned 15 August 2016)	46 902	329	47 231	166 632	2 147	168 779
L Best	390 207	20 189	410 396	282 649	6 000	288 649
JM Maseko	1 150 681	45 787	1196 468	784 193	33 178	817 371
DR Terblanche (from 10 November 2016)	520 977	26 639	547 616	-	-	-
FK Sibanda	666 994	14 414	681 408	432 509	-	432 509
	6 932 912	295 280	7 228 192	4 194 238	137 445	4 331 683

FOR THE YEAR ENDED 31 MARCH 2017

14. PART-TIME TRIBUNAL MEMBERS' COSTS (Continued)

14.1 Increase in part-time tribunal members' cost

The huge increase in the caseload coupled with the teething problems on the CMS experienced during the first few months of the 2015/16 financial year, have caused a backlog in cases to be adjudicated on as at the end of the previous financial year. This backlog as well as new filings received were substantially addressed through motion courts during the 2016/17 financial year, hence the increase in fees paid to part-time Tribunal members. The Minister has also approved an increase to the daily rate paid to part-time Tribunal members effective from 1 April 2016. All the part-time Tribunal Members are paid at the same daily rate. The differences in the amounts paid to individual members are due to their availability to attend to matters before the Tribunal. Also refer to Note 18.1, Note 18.6, Note 20.2.2 and Note 20.2.3.

		24 Manuala 2047	24 Manuala 2040
		31 March 2017	31 March 2016
		К	R
15.	EMPLOYEE-RELATED COSTS		
	Senior management emoluments (refer to Note 15.1)	7 741 899	8 200 291
	Fulltime Tribunal members' emoluments (refer to Note 15.2)	3 426 239	3 172 924
	Other staff emoluments	9 443 005	8 963 437
	Other staff leave paid	19 954	111 004
	Other staff performance bonuses for previous performance period	1162 890	784 324
	Subtotal for payments made to permanent staff and interns	21 793 987	21 231 980
	Student workers (Contingent pool of temporary employees)	266 166	987 462
	Temporary staff emoluments	1 365 141	497 304
	Employer's contribution to statutory levies	130 470	242 255
	Movement in accrual for leave pay	(48 104)	539 846
	Movement in provision for performance bonuses	(65 126)	485 228
	Total for employee-related costs	23 442 534	23 984 075
	15.1 Senior management emoluments	7 741 899	8 200 291
	Executive Chairperson (DR Terblanche: 7.5 months in current year)	1 605 050	2 058 772
	Annual remuneration	1 099 289	1 727 369
	Performance bonus for previous performance period	324 745	313 403
	Leave paid out due to ending of contract	170 039	-
	Other fringe benefits	10 977	18 000
	Chief Operating Officer (M Bosch)	1722 748	1 649 789
	Annual remuneration	1 463 892	1 387 091
	Performance bonus for previous performance period	243 856	247 698
	Other fringe benefits	15 000	15 000
	Chief Financial Officer (WP Strauss)	1 646 404	1 614 868
	Annual remuneration	1 383 129	1 331 807
			00.040
	Acting allowance while the COO was on maternity leave	-	33 816
	Acting allowance while the COO was on maternity leave Performance bonus for previous performance period	251 275	235 957

15. EMPLOYEE-RELATED COSTS (Continued)

	31 March 2017	31 March 2016
	R	R
ICT Manager (BX Nomvete)	1 249 651	1 171 794
Annual remuneration	1 068 778	1 014 253
Performance bonus for previous performance period	168 873	145 541
Other fringe benefits	12 000	12 000
Registrar (A Burger: 2 months in current year)	466 623	1 030 768
Annual remuneration	175 833	1 018 768
Performance bonus for previous performance period	117 031	-
Leave paid out due to resignation	171 759	-
Other fringe benefits	2 000	12 000
Acting Registrar (P Moodley: 11.5 months in current year)	676 899	-
Annual remuneration	555 191	-
Acting allowance while the Registrar position was vacant	110 208	-
Other fringe benefits	11 500	-
Human Resources and Facilities Manager (CM Selepe: 10 months in prior year)	-	674 300
Annual remuneration	-	594 481
Performance bonus for previous performance period	-	69 819
Other fringe benefits	-	10 000
Acting Human Resources and Facilities Manager (M Nel: 6 months in current year)	374 524	-
Annual remuneration	-	-
15.2 Fulltime Tribunal members' emoluments	3 426 239	3 172 924
Fulltime Tribunal Member (HV Devraj)	1743 064	1 681 428
Annual remuneration	1 463 188	1 406 176
Performance bonus for previous performance period	267 876	263 252
Other fringe benefits	12 000	12 000
Fulltime Tribunal Member (JR Simpson)	1 683 175	1 491 496
Annual remuneration	1 422 795	1 251 285
Performance bonus for previous performance period	248 380	228 211
Other fringe benefits	12 000	12 000

FOR THE YEAR ENDED 31 MARCH 2017

15. EMPLOYEE-RELATED COSTS (Continued)

	31 March 2017	31 March 2016
	R	R
15.2 Evponso allowances included under travelling costs		
15.3 Expense allowances included under travelling costs		
Executive Chairperson (DR Terblanche)	21 063	37 555
Fulltime Tribunal Member (HV Devraj)	42 937	31 483
Fulltime Tribunal Member (JR Simpson)	41 614	24 823
Chief Operating Officer (M Bosch)	14 632	9 493
Chief Financial Officer (WP Strauss)	10 404	13 435
ICT Manager (BX Nomvete)	5 020	1 125
Registrar (A Burger)	-	2 409
Acting Registrar (P Moodley)	8 559	-
Acting Human Resources and Facilities Manager (M Nel)	444	-
Expense allowance paid to senior management	144 673	120 323
Expense allowance paid to other staff	187 394	136 059
Total expense allowance paid to employees	332 067	256 382

15.4 Decrease in employee-related costs

Employee related costs are lower due to a number of vacancies that have been vacant for a substantial part of the 2016/17 financial year. Some of these positions such as the Registrar, the HR and Facilities Manager (filled with a contracted resource) are at an EXCO level, while some middle management positions were only filled towards the end of the 2016/17 financial year.

16. FINANCE COSTS

Finance leases	34 840	50 341
	34 840	50 341

17. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES

Net surplus for the year	1 002 361	7 630 256
Adjusted for:	1 390 411	1 650 764
Amortisation	354 251	257 049
Depreciation	1 003 991	823 347
Assets impaired	10 076	-
Assets written off	52 379	34 799
Finance costs — Finance leases	34 840	50 341
Movement in provisions — Employee related costs	(65 126)	485 228
Operating surplus before working capital changes	2 392 772	9 281 020
Changes in Working Capital	27 043	618 947
Decrease/(increase) in accounts receivable	394 435	(878 075)
(Increase) in inventory	(19 498)	(22 980)
Increase in accounts payable	(347 894)	1 520 002
Cash generated in operations	2 419 815	9 899 967

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 was published in the Strategic Plan. This amount was determined to be R300 178 for the financial year that ended on 31 March 2017.

18.1 Roll-over / Additional funding required

By the time that the budget for 2016/17 was prepared, the NCT did not anticipate it would have such a huge surplus at the end of the 2015/16 financial year. Due to teething problems experienced with the implementation of the Case Management System (CMS) in the previous financial year, the allocation of cases to part-time Tribunal members could not happen through the CMS during the first few months of the 2015/16 financial year. The huge increase in the caseload coupled with the teething problems on the CMS have caused a backlog in cases to be adjudicated on as at the end of the previous financial year. The low spending on adjudication costs in 2015/16 has resulted in a much larger surplus being realised during that year to be rolled over to the 2016/17 financial year as was approved by National Treasury. Also refer to Note 14.1 and Note 28.

18.2 Income from exchange transactions

This income comprises mainly of filing fees received from filing parties for cases brought before the Tribunal. The budget for 2016/17 was prepared on the assumption that case numbers for 2016/17 will increase by around 60% while the actual case numbers for 2016/17 increased by just under 23% from the previous financial year. As of 4 February 2016 the filing fee for debt rearrangement matters increased from R100 to R200 per case. This increase came through after the budget for 2016/17 was already submitted and approved.

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 was already explained in Note 18.1 above, there were more funds on investment than was anticipated. This resulted in the interest earned on investment to be higher than what was budgeted for. The NCT also manages its cash flow to ensure that surplus funds are invested in a way that maximises interest earned on these funds. The effective rate of interest that that was earned on surplus funds invested with the South African Reserve Bank in the Corporation for Public Deposits (CPD) Account was on average one percentage point higher than what was applicable during the 2015/16 financial year. Also refer to Note 6.

18.4 Administrative expenses

Most of the administrative expenses per line item are underspent due to the implementation of cost savings measures and efficiency gains. Computer expenses are mainly underspent due to ICT support being provided in-house by the ICT staff. Venues and facilities are significantly overspent due to the implementation of motion courts and other hearings that were held in locations other than at the NCT offices. This has resulted in venues being procured to accommodate the motion courts that were held in locations outside of the NCT's offices and which was 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. The NCT also hosted the African Dialogue Conference in conjunction with other entities in that are part of the Council of Trade and Industry Institutions (COTII) that costed more than what was budgeted for. Also refer to Note 11.4 and Note 18.6.

FOR THE YEAR ENDED 31 MARCH 2017

18. PRESENTATION OF BUDGET INFORMATION (Continued)

18.5 Other operating expenses

Most of the other operational expenses per line item are overspent due to the more than anticipated increase in the caseload that resulted in higher operational costs. Travel and accommodation are significantly overspent due to the implementation of motion courts and other hearings that were held in other locations than at the NCT's offices. This has resulted in travelling being undertaken to those locations by Tribunal members and support staff that was not provided for at the time that the budget was prepared. 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. Consulting fees are also overspent due to an increase in recruitment fees to assist the NCT in filling vacant positions at a senior level, legal opinions that were obtained to assist the NCT with proposed changes to its founding legislation, an ICT vulnerability review that was conducted to ensure that our ICT systems are secured as well as a five-year review conducted in terms of section 36(1) of the National Credit Act (Act No. 34 of 2005), all of which were not budgeted for. Also refer to Note 12.4 and Note 18.6.

18.6 Tribunal Members' costs

Although case numbers increased by more than what was budgeted for, fees paid to part-time Tribunal members were lower than budget. This can mainly be attributed to the implementation of the motion courts that has resulted in part-time Tribunal members now being paid for adjudicating on approximately 32 debt rearrangement agreement matters per day compared to 12 that was budgeted for as well as the grouping of cases together on one day in order to hear more than one matter on the same day. 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 not budgeted for, hence resulting in an overall saving in the total cost of adjudication. Also refer to Note 11.4, Note 12.4 and Note 14.1.

18.7 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. In some instances positions were advertised and interviews held for up to three times before a suitable candidate could be appointed. Internal appointments of staff into higher positions have also caused positions into which those staff members were appointed to become vacant. All of these factors together with the cancellation of the Group Life tender has resulted in employee related costs being significantly underspent. Also refer to note 15.4.

18.8 Capital expenditure

The capital expenditure budget is overspent mainly due to the implementation of the space planning project and the development of the case management system. These projects are financed out of the approved roll-over funds but as the NCT is not allowed to do reserve accounting, this expenditure cannot be allocated directly to the accumulated surplus at the beginning of the financial year.

31 March 2016	31 March 2017
R	R

19. COMMITMENTS

19.1 Operating leases – Buildings

Lease payments under operating leases recognised in the surplus/(deficit) for the year	2 085 668	2 124 650
Future minimum lease payments		
Payable within one year	2 618 387	2 059 223
Payable after one year	7 404 104	5 658 493
	10 022 491	7 717 716

The operating lease relates to the Centurion office building premises used by the NCT. The lease agreement entered into is effective from 1 September 2014 and ends on 31 August 2020 as per an addendum to the principle lease agreement that was entered into during March 2017. The NCT was able to negotiate a lower monthly rental and an extension of the lease agreement with one year. The lower rental spread over a longer lease period resulted in a positive impact on the straight lining lease accrual at the end of the accounting period. The addendum signed during March 2017 includes additional office space to be occupied from 1 June 2017 in order to accommodate the growth in the NCT's operations.

19.2 Operating leases - Office equipment

The operating leases for office equipment were purely incidental and relate to capitalised leases of photo copiers that had expired and where the supplier of the new equipment was out of stock and the old equipment had to be used on a month to month rental basis while the NCT awaited the delivery of the new equipment. The monthly rental was paid at a fixed amount of R1 746 and R5 023 per month for the respective photo copiers.

19.3 Finance leases – Office equipment

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

FOR THE YEAR ENDED 31 MARCH 2017

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:

Department of Trade and Industry (the dti) - Grant received

National Consumer Commission (NCC)

- Reimbursement of African Dialogue expenses

Companies and Intellectual Property Commission (CIPC) - Reimbursement of African Dialogue expenses

National Regulator for Compulsory Specifications (NRCS)

- Reimbursement of African Dialogue expenses

31 March 2016	31 March 2017
R	R
46 029 000	46 151 000
-	100 000
-	100 000
-	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

National Credit Regulator (NCR) – Sister entity within the dti group of entities and part of COTII

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.

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)

-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-

FOR THE YEAR ENDED 31 MARCH 2017

20. RELATED PARTIES (Continued)

	31 March 2017	31 March 2016
	R	R
20.2.2 Accounting Authority		
DR Terblanche (Executive Chairperson until 9 November 2016) Aggregate remuneration	1 605 050	2 058 772
DR Terblanche (Executive Chairperson until 9 November 2016) Reimbursement of purchases	-	10 050

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

BC Dumisa (Acting Executive Chairperson from 10 November 2016)	552 476	
Aggregate remuneration	332 470	-

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

20.2.3 Part-time Tribunal Members

BC Dumisa (Deputy Chairperson until 9 November 2016) Aggregate fee for services rendered	768 450	634 091
PA Beck Aggregate fee for services rendered	1 058 778	659 203
X May Aggregate fee for services rendered	640 986	350 365
HFN Sephoti Aggregate fee for services rendered	37 218	80 572
T Woker Aggregate fee for services rendered	559 512	550 945
FK Manamela Aggregate fee for services rendered	727 653	349 199
YT Carrim (Resigned 15 August 2016) Aggregate fee for services rendered	47 231	168 779
L Best Aggregate fee for services rendered	410 396	288 649
JM Maseko Aggregate fee for services rendered	1 196 468	817 371
DR Terblanche (From 10 November 2016) Aggregate fee for services rendered	547 616	-
FK Sibanda Aggregate fee for services rendered	681 408	432 509

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

20. RELATED PARTIES (Continued)

	31 March 2017	31 March 2016
	R	R
20.2.4 Fulltime Tribunal Members and key Management		
HV Devraj (Fulltime Tribunal Member) Aggregate remuneration	1743 064	1 681 428
HV Devraj (Fulltime Tribunal Member) Reimbursement of purchases	9 201	6 201
JR Simpson (Fulltime Tribunal Member) *Aggregate remuneration*	1 683 175	1 491 496
JR Simpson (Fulltime Tribunal Member) Reimbursement of purchases	12 017	5 795
M Bosch (Chief Operating Officer and Registrar) Aggregate remuneration	1722 748	1 649 789
M Bosch (Chief Operating Officer and Registrar) Reimbursement of purchases	466	778
WP Strauss (Chief Financial Officer) Aggregate remuneration	1 646 404	1 614 868
WP Strauss (Chief Financial Officer) Reimbursement of purchases	1 408	3 116
BX Nomvete (ICT Manager) Aggregate remuneration	1 249 651	1 171 794
BX Nomvete (ICT Manager) Reimbursement of purchases	250	-
A Burger (Registrar) Aggregate remuneration	466 623	1 030 768
A Burger (Registrar) Reimbursement of purchases	-	250
P Moodley (Acting Registrar) Aggregate remuneration	676 899	-
P Moodley (Acting Registrar) Reimbursement of purchases	75	-
CM Selepe (Human Resources and Facilities Manager) Aggregate remuneration	-	674 300
M Nel (Acting Human Resources and Facilities Manager) Aggregate remuneration	374 524	-
M Nel (Acting Human Resources and Facilities Manager) Reimbursement of purchases	5 033	-

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

20. RELATED PARTIES (Continued)

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

	31 March 2017	31 March 2016
	R	R
M Bosch (Chief Operating Officer and Registrar) (UIF refund and travelling expenses)	21 532	18 328
A Burger (Registrar) (UIF refund)	-	22 482
HV Devraj (Fulltime Tribunal Member) (Travelling expenses)	(1 225)	(3 740)
JR Simpson (Fulltime Tribunal Member) (Travelling expenses)	(1 670)	(4 237)
P Moodley (Acting Registrar) (Travelling expenses)	(2 194)	-
WP Strauss (Chief Financial Officer) (Travelling expenses)	-	(470)
DR Terblanche (Executive Chairperson and part-time Tribunal Member) (Fees and travelling expenses)	(115 191)	(3 187)
PA Beck (Part-time Tribunal Member) (Fees and travelling expenses)	(23 169)	(51 498)
L Best (Part-time Tribunal Member) (Fees and travelling expenses)	-	(19 356)
YT Carrim (Part-time Tribunal Member) (Fees and travelling expenses) (Resigned 15 August 2016)	-	(43 679)
BC Dumisa (Part-time Tribunal Member and Acting Executive Chairperson) (Fees and travelling expenses)	(31 007)	(58 201)
FK Manamela (Part-time Tribunal Member) (Fees and travelling expenses)	(69 196)	(45 459)
JM Maseko (Part-time Tribunal Member) (Fees and travelling expenses)	(37 779)	(64 319)
X May (Part-time Tribunal Member) (Fees and travelling expenses)	(18 059)	(3 248)
HFN Sephoti (Part-time Tribunal Member) (Fees and travelling expenses)	-	(74 487)
FK Sibanda (Part-time Tribunal Member) (Fees and travelling expenses)	(114 978)	(88 056)
T Woker (Part-time Tribunal Member) (Fees and travelling expenses)	(17 343)	(23 982)

FOR THE YEAR ENDED 31 MARCH 2017

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.

	31 March 2017	31 March 2016
	R	R
Financial assets		
Loans and other receivables	18 760 843	18 745 978
Trade and other receivables (refer to Note 5)	601 281	995 716
Cash and cash equivalents (refer to Note 6)	18 159 562	17 750 262
Financial liabilities		
Trade and other payables	5 023 338	5 371 232
Trade and other payables (refer to Note 8)	3 064 540	3 318 766
Accruals (refer to Note 8)	1 958 798	2 052 466

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.

FOR THE YEAR ENDED 31 MARCH 2017

21. FINANCIAL INSTRUMENTS (Continued)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
At 31 March 2017			
Finance leases (refer to Note 7)	122 628	95 569	-
Trade and other payables (refer to Note 8)	5 023 338	-	-
	5 145 966	95 569	-
At 31 March 2016			
Finance leases (refer to Note 7)	186 405	58 815	-
Trade and other payables (refer to Note 8)	5 371 232	-	-
	5 557 637	58 815	<u>-</u>

31 March 2017	31 March 2016	
R	R	

21.1 Financial risk management (continued)

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)	18 159 562	17 750 262
	18 159 562	17 750 262

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	601 281	995 716
Cash and cash equivalents — B rating (Standard and Poor's)	18 159 562	17 750 262
	18 760 843	18 745 978

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

Credit quality of financial assets

	18 760 843	18 745 978
Cash and cash equivalents neither past due nor impaired	18 159 562	17 750 262
Trade and other receivables neither past due nor impaired	601 281	995 716

Notes to the Annual Financial Statement Continued

FOR THE YEAR ENDED 31 MARCH 2017

21. FINANCIAL INSTRUMENTS (Continued)

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

	31 March 2017	31 March 2016
	R	R
Impact of changes in accounting estimates		
(Increase) in net surplus	(282 713)	-
Increase in property, plant and equipment	282 713	-
	-	-

In the current financial year management re-assessed the remaining useful lives of property, plant and equipment after evaluating the physical condition of these assets as well as other changes such as the ways in which these assets are used and contractual obligations attached to these assets. The useful lives of intangible assets were also reviewed after evaluating the expected time that these assets will deliver value to the NCT. This has resulted in changes being made to the estimated remaining lives of leasehold improvements and internally generated software by increasing the remaining useful life of leasehold improvement by 12 months and the useful life of internally generated software to be between 3 to 5 years as a result of the modular development of the Case Management System. During the previous financial year no changes were made to the useful lives of any property, plant and equipment as well as intangible assets. The effect of this revision has decreased the depreciation charges for the current financial year and increased the depreciation charges for future periods by R282 713 (2016: RNiI). Also refer Note 2 and Note 3.

There was no impact on the Cash Flow Statement

Notes to the Annual Financial Statement Continued

FOR THE YEAR ENDED 31 MARCH 2017

23. FRUITLESS AND WASTEFUL EXPENDITURE

Management has not identified any fruitless and wasteful expenditure in the years ended 31 March 2017 and 31 March 2016.

24. IRREGULAR EXPENDITURE

	31 March 2017	31 March 2016
	R	R
Opening Balance	-	-
Add: Irregular expenditure	136 857	-
	136 857	-
24.1 Analysis of expenditure awaiting condonation per age classification		
Current Year	136 857	-
Prior Year	-	-
	136 857	-

24.2 Detail of irregular expenditure

Irregular expenditure to the amount of R136 857 was identified in the current year. This was as a result of a bid being awarded based on a 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 for their consideration and approval.

25. EVENTS AFTER THE REPORTING DATE

Management has not identified any irregular expenditure in the years ended 31 March 2017 and 31 March 2016.

26. GOING CONCERN

Management has carried out an assessment of the Tribunal's ability to continue operating as a going concern and concludes that the organisation will 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 financial statements, the following accounting standards of Generally Recognised Accounting Principles (GRAP) were in issue, but not yet effective:

	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	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

Management believes that the adoption of these standards in future periods will have no material impact on the financial statements of the NCT.

Notes to the Annual Financial Statement Continued

FOR THE YEAR ENDED 31 MARCH 2017

28. CONTINGENT LIABILITIES

There is a contingent liability that comprises a claim by a service provider for ICT design specification services in excess of the R68 400 that was deemed a fair value by the NCT. The claims put forward by the service provider amount to R273 600. Management is confident in their valuation of the services rendered to the NCT.

There is also a contingent liability that comprises the accumulated surpluses as at 31 March 2017. A request for the retention of the previous year's accumulated surplus of R14 906 974 has been approved by National Treasury. A request to retain the retained surplus as at 31 March 2017 will be submitted to National Treasury. The accumulated surplus as at 31 March 2017 is summarised in the table below. Also refer to Note 18.1.

	31 March 2017
	R
Surplus brought forward from 2011/12 and earmarked for the case management system and space planning	3 490 587
Surplus for 2012/13 rolled over to 2013/14 to fund operational expenses in that year	2 479 693
(Deficit) for 2013/14 funded out of rollover funds from 2012/13	(1 462 608)
Surplus for 2014/15 rolled over to 2015/16 to fund operational expenses in that year	2 769 046
Surplus for 2015/16 rolled over to 2016/17 to fund operational expenses in that year	7 630 256
Surplus for 2016/17 rolled over to 2017/18 to fund operational expenses in that year	1 002 361
Accumulated surplus	15 909 335
Reconciliation of accumulated surplus	
Surplus brought forward from 2011/12 and earmarked for the case management system and space planning	3 490 587
Surplus rolled over to 2017/18 to fund operational expenses in that year	12 418 748
Accumulated surplus	15 909 335

29. CAPITAL COMMITMENTS

During the year under review the NCT awarded a bid to the amount of R388 840 for the development of a website and intranet for the NCT. Development costs will be incurred in the next financial year.

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.







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 in a number of boards, including being the Chairperson of the KwaZulu-Natal Provincial Planning Commission, a member of the Council for Medical Schemes, and is a Board Member of the KwaZulu-Natal Liquor Authority, and its former Deputy Chairperson of the Ethekwini Local Committee. 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 also serves on the Council of the University of Zululand.



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, Diane Terblanche has been the Executive Chairperson of the National Consumer Tribunal since its inception until November 2016. Diane 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 Diane'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.



MS YASMIN CARRIM

Qualifications: BSc, LLB and Higher Diploma in Education (University of Cape Town)

Ms Carrim is an admitted attorney of the High Court of South Africa and serves as a fulltime member of the Competition Tribunal of South Africa and part-time member of the NCT. Ms Carrim is Chairperson of the Board of Soul City Institute and is a member of the National Association of Democratic Lawyers (NADEL) and the Women's Legal Centre.



PROF. JOSEPH MASEKO

Qualifications: PhD Management (UK); MPhil Labour Law (University of Johannesburg; Advanced Diploma in Labour Law (Randse Afrikaanse Universiteit); Graduate Diploma in Company Direction (GIMT); Advanced Diploma in Management; Diploma in Personnel Management; Certificate in O&M; Certificate in Psychometric Testing; Certificate in Training of Trainers; Certificate in Debt Counselling (University of Pretoria); Certificate in Curriculum Design (University of Cape Town); Certificate in Management Development Programme (University of the Witwatersrand; Certificate in Law and Mediation (TPU)

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 one of his key focus areas, and in 2014 he was appointed by the United Nations Industrial Development Organisation to draft, compile and present consumer protection legislation and regulations for Swaziland. The drafted Act and regulations are currently with the Ministry of Commerce, Industry and Trade for parliamentary submission. Prof Maseko is a Tribunal Member and has also served as a member of the Mpumalanga Consumer Affairs Court. 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, a consulting firm based in Mpumalanga and Gauteng.

He has been appointed Chairperson of the Human Resources Governance Committee of the National Consumer Tribunal for the past three years or so. He has also been appointed to chair disciplinary hearings of the NHBRC (National Home Builders Registration Council) since November 2015, and serves on the panel of mediators in the Land Reform Programme of the Department of Rural Development and Land Reform.



MR XOI FLA 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 Services Parole Board and is involved in a number of NGOs and CBOs.



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), a non-executive director of the Tshwane Economic Development Agency and a co-founder of Hekima Advisory. The Wits Law School often invites Mr Sibanda as a guest lecturer on Competition Economics.



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. Dr Best chairs the NCT ICT Governance Committee and makes a significant input into the NCT through her insight into, and keen interest in the role of consumer protection in sustainability and contributing towards the achievement of the global sustainable development goals.



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 she served the Legal Resources Centre, the Housing Consumer Protection Trust and the Black Sash, amongst others, for many years. She is currently Chairperson of the Social Assistance Appeals Tribunal, a Director at the

Ombudsman for Banking Services, a member of the Office of Disclosure of the Department of Human Settlements, a Council Member of the South African Council of Planners and an associate member of INSITE, an organisation focusing on social and economic development of communities. She is also a practicing attorney at Beck-Paxton Attorneys.



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 in many conferences in South Africa, 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 and presently serves as the Chairperson of the Financial Services Ombuds Council and 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: BJuris and LLB (Unisa)

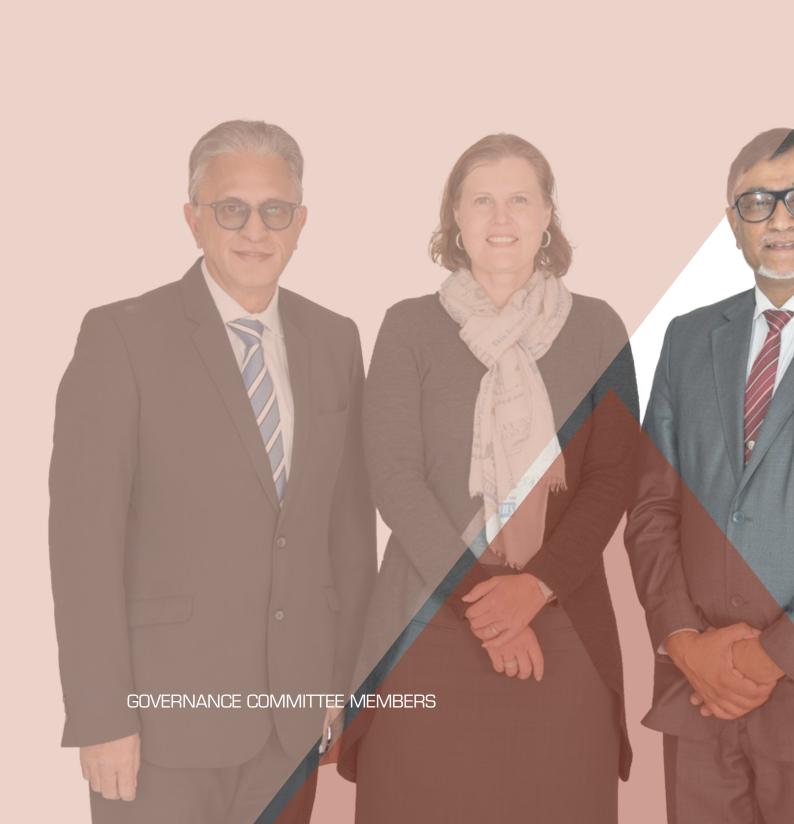
Adv. Simpson's career has seen him rise through the ranks of the legal system over a period of 10 years, from State Prosecutor in the Department of Justice, to Magistrate and then as an admitted advocate in private practice. His quest for renewed challenges led him to take on the positions of Manager 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.



national consumer tribunal





ANNEXURE B GOVERNANCE COMMITTEE MEMBERS' RÉSUMÉS

AUDIT AND RISK COMMITTEE



MR AMFEN AMOD

Qualifications: BComm (Unisa), MBA (University of Cape Town, CIA(IIA), CRMA(IIA), CGSA(IIA), CD (SA) IODSA

Mr Amod is a Governance expert, and has a background of diverse experience and skills. He has a B Com degree and a financially-oriented Master's degree in Business Administration. He is also a Chartered Director, issued by the Institute of Directors. He is a member of the Institute of Internal Auditors (IIA) as well as a member of the Institute of Directors

(IoD). He is currently the Chairperson of the Department of Energy's Audit Committee, Chairperson of the NCT's Audit and Risk Committee, the Chairperson of the Railway Safety Regulator Audit and Risk Committee, a member of National Treasury's Audit Committee and a member of the Department of Defence's Audit Committee.



MS JANICE MEISSNER

Qualifications: B Com (Acc) (Unisa), BCompt (Hons) CA (SA)

Ms Meissner is a qualified Chartered Accountant and member of the South African Institute of Chartered Accountants (SAICA), Institute of Internal Auditors (IIA) and Institute of Directors (IoD). She has 14 years' post-qualification experience encompassing three years' external audit and ten years specialising in internal audit and risk management within a consulting environment. She has extensive experience in the governance areas addressed in King III, providing expert level insight on governance issues and

the synergies between the different assurance providers as well as eight years' experience at a Director/Partner level. Ms Meissner is for the past three years a professional non-executive director and serves on various audit committees. During the financial year under review, she served as a member of the Audit and Risk Committee of the NCT, as well as in the audit committees of the Gauteng Provincial Department, NERSA, Department of Correctional Services, IEC and FoodBev Seta.



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.

ICT GOVERNANCE COMMITTEE



MR BUSA MKHIZE

Qualifications: BA Computer Science (University of Maine, Orono, USA), MBA (University of Cape Town)

Mr Mkhize is a business management and IT consulting executive with particular interest in technology-based new venture creation. He spent almost a decade working for a global consulting firm, providing high end services to a securities exchange, a number of banking and capital markets companies in South Africa and Singapore, a leading Dutch airline and government departments in South Africa. In 2005, he founded Inkanyezi Renaissance Group, which

has a particular focus in information technology-based services provision. He currently leads large scale broadband deployment initiatives and the commercialisation of existing state owned telecoms infrastructure assets to help advance the national broadband agenda. He currently serves as an IT governance specialist in the Audit and Risk Committee of the University of Zululand as well as a member of the IT Governance Committee of the National Consumer Tribunal.

HR GOVERNANCE COMMITTEE



PROF. SESH PARUK

Qualifications: BA (University of Natal), Hons Psychology (University of Durban Westville), MA Clinical Counselling Psychology (UPE), PhD Psychology (University of Fort Hare)

Prof. Paruk is a woman of many talents and has more than twenty years of executive leadership experience as well as providing strategic advice to top leaders. She was awarded an Extraordinary Professorship by the University of the North West for her long-standing contribution to the use of the social sciences as a vehicle towards societal transformation. She was, inter alia, the strategic driver of the National "Face of Aids Campaign" and the first senior female leader in the Republic of South Africa's nuclear energy sector. She has also served on several high-ranking boards. Sesh further served as the 1st Executive: HR at the Parliament in South Africa, driving the transformation and capacity building agendas. During this time, she led several strategic delegations to SADC, PAP, Inter Parliamentary

Union and other global platforms to accelerate technical exchange programmes.

Prof. Paruk is a registered Clinical and Counselling Psychologist and has served as Head of Department of Psychology at the University of Zululand. Her expertise following her varied exposure relates to Enterprise Leadership, Integration & Synthesis, Management of Complexity, Leveraging Organisational Performance Excellence, & in-depth exposure to the whole human capital value chain. She currently serves on the HR Governance Committee of the NCT as well as the Editorial Board of the Electronic Newsletter "Trailblazer". In her spare time, she volunteers as a member of the Global Girl Up Campaign.









MS MARELIZE BOSCH - CHIEF OPERATIONAL OFFICER

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

Through hard work and her passion for law, Ms Bosch worked her way up from Candidate Attorney to Partner of a law firm in a very short period of time. She also qualified as a conveyancer during this period. She then advanced to legal advisor and after fulfilling the post of a Senior Legal Advisor at a financial service provider, she joined the NCT in

June 2011 as Head: Legal Services. She became the Registrar of the Tribunal during 2012 and was appointed as COO of the NCT in May 2014. Ms Bosch attends all governance committee meetings, as well as operational meetings in her official capacity. In addition, she is a member of EXCO and the Chairperson of the ICT Steering Committee.



MR WILLEM STRAUSS - CHIEF FINANCIAL OFFICER

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- SA Campus (Cum Laude)

Mr Strauss not only completed his studies for law, but also qualified as a Charted Accountant. He was also a part-time lecturer at the University of the Free State and had a lengthy tenure at the Auditor–General of South Africa

first as Audit Manager and then as Senior Manager before he joined the NCT in September 2011 as Chief Financial Officer. He is a member of the Finance Committee as well as a member of EXCO.



MR BAX NOMVETE - ICT MANAGER

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 Steering Committee.



MR PRENESEN MOODLEY - ACTING REGISTRAR

Qualifications: LLB (University of KwaZulu Natal)

Mr Moodley obtained his law degree and gained valuable experience over a period of nine years while practising as an attorney at various law firms in KwaZulu-Natal. He lectured in Law of Evidence, Business Enterprise Law and Law of Ethics for a period of two years at Varsity College in collaboration

with the University of the Free State. He first joined the NCT in the capacity of Senior Case Analyst in 2015 and was promoted to the position of Acting Registrar in April 2016. He is a member of EXCO as well as a committee member of the ICT Steering Committee.



MS MARI-LIZE NEL - INTERIM HR AND FACILITIES MANAGER

Qualifications: B.SocSci Psychology (University of Pretoria), Honours degree (Industrial Psychology)(North West University)(Cum Laude), Masters degree (Industrial Psychology) (UNISA)

After obtaining her B SocSci Degree in Psychology, Ms Nel obtained her Honours as well as a Master's degree in Industrial Psychology. She is also registered as a Psychometrist with the Health Professions Council of South Africa (HPCSA). She worked in various industries

in senior HR roles, her last being HR Manager at a legal entity. Ms Nel joined the NCT in October 2016 in the capacity of Interim HR and Facilities Manager. She is a member of EXCO as well as Chairperson of the Employee Representative Forum.

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

Votes	
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