



12. ANNEXURE A: STRATEGIC OBJECTIVES: PERFORMANCE AGAINST TARGETS

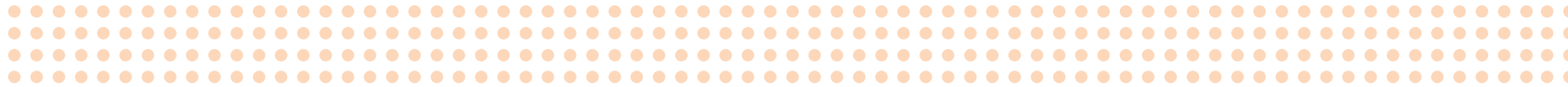
NCR: PERFORMANCE AGAINST TARGETS

1 APRIL 2008 TO 31 MARCH 2009

REGISTRATION & COMPLIANCE MONITORING				
#	Strategic Objectives	Target	Actual Performance	Variance for the Period
1.	Finalise registration of all credit provider applicants who have met criteria for registration	Registration is finalised by 30 June 2008.	Currently registered 3690 credit providers that met criteria for registration, out of 4570 approved registrations.	Target Achieved
2.	Increased number of registered Debt Counsellors (DCs)	300 additional DCs registered by March 2009.	498 additional debt counsellors registered.	Target Exceeded by 66% as a result of improved turn-around times and encouragement from education officers during community workshops for people to take debt counselling courses and register as debt counsellors.
3.	Effective compliance monitoring system implemented	3.1 Quarterly compliance monitoring conducted on large credit providers (Fee category 1- 4), and credit bureaux.	Received the required number of quarterly statistical returns on due dates from credit providers and all registered credit bureaux except one.	Target Achieved
		3.2 Annual/Bi-annual compliance monitoring conducted on all registrants.	Language policy proposals: Proposals from 76% of the banks approved (banks constitute >87% of the loan book).	Target Achieved - in terms of value of the consumer credit market covered.
		3.3 Exception reports produced quarterly and submitted to Management Enforcement Committee.	Renewals fees of credit providers: In total R21.79 million was received against a budget of R15.78 million; all credit bureaux paid their fees on time.	Target Achieved Renewal fees received exceeded budget, even though there were a few credit providers in this category that did not pay their fees on due dates; Budget was exceeded by 38% due to some credit providers that reported increased total principal debt.

COMPLAINTS & REDRESS

#	Strategic Objectives	Target	Actual Performance	Variance for the Period
1.	<p>Effective complaints resolution through:</p> <p>Rapid response to 'high profile' complaints (e.g repossession of houses).</p>	<p>1.1 High profile complaints: intervention within 2 weeks.</p>	<p>11 high profile complaints were received and attended to within the prescribed timeframes.</p> <p>House repossessions and sales in execution by a bank (6 matters); Debt Counsellor acting on behalf of 14 consumers v/s Credit Provider - this matter relates to allegations of reckless lending and unlawful contracts;</p> <p>Set-Off (3matters):</p> <p>Credit providers that, without authorisation, withdrew funds from complainants' savings accounts to pay credit card accounts that were in arrears; and car repossession.</p>	<p>Target Exceeded</p> <p>Turnaround time to intervene averaged 2 days: engage with banks complaint departments on a regular basis; policy developed and is strictly adhered to.</p>
	<p>Improved turn-around times on all complaints.</p>	<p>1.2 40% complaints resolved within 30 days; 40% within 60 days; 20% within 90 days.</p>	<p>1646 complaints were logged: 1379 complaints were resolved (84%) and 267 are WIP (16%).</p> <p>1379 resolved complaints: all resolved within the stipulated time frames except 25(1%) which were resolved after 90 days due to the following: some related to bridging finance disputes over interpretation of fee sections which had to be referred to a legal advisor and others related to a credit provider who had relocated and it took some time to locate this party.</p>	<p>Target Achieved</p>
	<p>Effective cooperation with Ombuds schemes, Provincial Consumer Affairs Offices, ADR Agents.</p>	<p>1.3 Meetings to be held monthly with provinces and quarterly with Ombuds.</p>	<p>Training sessions and meetings were held with all Provincial Consumer Affairs Offices; all Ombuds; The National Consumer Tribunal and the DTI Consumer Directorate.</p>	<p>Target Achieved</p>
2.	<p>Call centre: increasingly Offering effective quality advice to consumers.</p>	<p>Call drop of less than 15%.</p>	<p>The call centre experienced 103,794 calls offered and 87403 handled. The call drop rate averaged 11.2%.</p>	<p>Target Exceeded</p>



INVESTIGATIONS & PROSECUTIONS				
#	Strategic Objectives	Target	Actual Performance	Variance for the Period
1.	Visible enforcement against high profile abusive practices	<p>High profile cases eg. where 1 000 consumers are affected.</p> <p>Average turnaround time is 6 months to mandate, conclude investigations and obtain report.</p>	<p>The cases dealt with in this period, included the following amongst others:</p> <p>Investigated a credit provider that provides credit to approximately 16 000 consumers. This resulted in refunds to and returning of vehicles to some consumers. Issues related to incorrect debt enforcement procedure, unlawful fees and hidden costs. Formal undertakings were received from the credit provider;</p> <p>The registration of a credit provider, operating mainly from the Northern Cape with 11 branches and servicing >9000 consumers, was cancelled by the Tribunal upon application by NCR;</p> <p>Judgment was obtained in respect of another credit provider and R1.27million reimbursed to consumers;</p> <p>Debt Counsellor: The Tribunal confirmed the consent order in this matter which affects 1300 consumers. An investigation was conducted to ascertain whether the debt counsellor should be allowed to receive and distribute monies. The debt counsellor was instructed to apply to operate as a Payment Distribution Agency (PDA).</p> <p>In most cases, turnaround times were met.</p>	Target Exceeded
2.	Effective enforcement in priority areas including: (a) Housing; (b) Credit bureaux; (c) Debt counsellors; (d) Micro -lenders; (e) Non – Registrants	<p>Effective action in each of the priority areas: there must be a change in behaviour and increased awareness of issues.</p>	<p>Compliance achieved in the following areas:</p> <p>Micro lenders: consumers supplied with pre-agreements; contracts used are NCA-compliant; non-retention of bank cards and pin numbers; non-granting of multiple loans instead of one loan, and charging of fees and costs on these multiple loans; making full disclosure to consumers; ceased use of a preferred payment system.</p> <p>Debt Counsellors: time frames as set out in the NCA; making use of accredited Payment Distribution Agents.</p> <p>Non-registrants: applied for registration with the NCR as credit providers.</p> <p>There was significant publicity in printed media, TV and radio following investigations and prosecutions.</p>	Targets Achieved

INVESTIGATIONS & PROSECUTIONS (continued)

3.	Effective enforcement in priority issues: a) Significant consumer loss e.g housing and vehicles; b) Abusive, fraudulent, misleading practices; c) Advertising direct marketing and pre-agreement disclosure; d) Interest and fee limitations e) Non-registrants	Effective action in each of the priority areas: there must be a change in behaviour and increased awareness of issues.	<p>Abusive, fraudulent, misleading practices Investigations conducted into micro lenders' retention of bank cards and pins and use of blank process documents. Compliance notices were issued. In most cases, compliance achieved;</p> <p>Registration of a micro lender that retained cards and pins cancelled by the Tribunal;</p> <p>An investigation was conducted into a registered credit provider that was making use of a preferred payment system in contravention of Section 90 (2) (m) of the NCA. A written undertaking to cease making use of this illegal system and to comply with the NCA was received from credit provider;</p> <p>Rustenburg Blitzkrieg: Combined exercise with the SAPS and the Provincial Consumer Affairs Desk resulted in three micro lenders being arrested for retention of bank cards and pins;</p> <p>Chatspore Financial Services: Refunds made to complainants; In total 17 complainants received R1.27 million. The credit provider has ceased operating.</p> <p>Non-registrants Instructional letters were sent to pawnbrokers to register. In one case, the pawnbroker is now fully registered.</p> <p>Pre-agreement disclosure Instructional letters sent to some credit providers to supply consumers with pre-agreement statements and quotations. They formally responded to say they are now compliant.</p> <p>Interest and fee limitations Instructional letter sent to a credit provider to offer consumers the option of paying the initiation fee separately, as set out in the NCA. Formally responded to say it is now compliant.</p>	Target Achieved
4.	Regular referrals to the National Consumer Tribunal (NCT)	Between 8 – 20 small cases completed: 60% success rate.	7 cases at Tribunal (NCT) - Credit Provider: Judgment and consent order obtained; Debt Counsellor: consent order obtained; Credit provider: Judgment in interlocutory application; Two credit providers: Judgment obtained and one credit provider's registration cancelled; Debt Counsellor: instructed to apply to operate as a Payment Distribution Agent. 100% success rate at Tribunal.	Target Exceeded



EDUCATION & COMMUNICATION				
#	Strategic Objectives	Target	Actual Performance	Variance for the Period
1.	Consumer education -increase national awareness of specific protective measures in the National Credit Act	1.1 30 000 individuals to attend NCA workshops.	37 873 attended.	Target Exceeded
		1.2 R40m Advertising Value Equivalent (AVE); 100 radio interviews; 12 TV interviews.	AVE: R 43.3m; Radio 256; Television 73.	Targets Exceeded Huge media coverage largely due to special campaigns that were ran with the Consumer Protection Forum, DTI and sector regulators.
		1.3 Awareness increased by 15%.	Impact Assessment was conducted.	Target Achieved Assessment results: a general improvement of awareness levels regarding the NCR and the NCA since the 2008 survey, although awareness levels among the low-income consumers are still low. The increase in awareness levels is about 15%; NCR regarded as supportive with regards to Compliance and Reporting.

DEBT COUNSELLING				
#	Strategic Objectives	Target	Actual Performance	Variance for the Period
1.	Support the implementation of debt counselling	1.1 On-site support to 100 DCs and 300 attended follow up course.	209 on-site support; 976 attended follow up courses on the restructuring system; the new industry rules; and practical training.	Target Exceeded Capacity increased by enlisting the services of outside parties to complement NCR internal resources.
	Resolution of uncertainty on court processes	1.2 Declarator order applied for and follow up steps taken.	The case was heard at the Pretoria High Court in March 2009 and still awaiting judgment; Draft regulations submitted to the DTI addressing challenges regarding court processes. Awaiting publication of the draft regulation for comment; Further engagements and meetings held with magistrates to find interim solutions.	Target Achieved Outside the control of the NCR.
	Resolution of uncertainty on fees	1.3 Debt counselling fee guidelines finalised and implemented by March 09.	Fee guidelines were published and incorporated as part of the conditions of registration for debt counsellors.	Target Achieved
	Effective implementation of payment distribution system	1.4 Four Payment Distribution Agencies (PDAs) appointed and functional.	A total of 6 PDAs were approved but 4 are operational.	Target Achieved

RESEARCH & STATISTICS

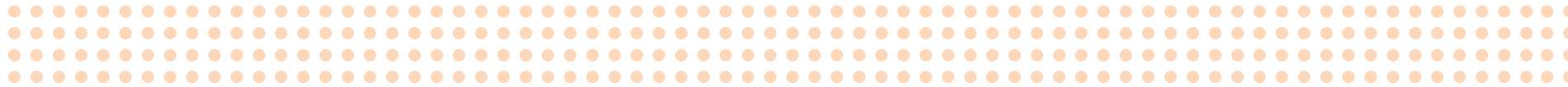
#	Strategic Objectives	Target	Actual Performance	Variance for the Period
1.	Credible credit provider and debt counsellor statistics to be published within acceptable time frames	1.1 Debt Counselling statistical information to be published by the third quarter.	Not yet done.	Target Not Achieved Main focus was on the analysis and publishing of credit provider statistics.
		1.2 Credit provider statistical information: 1 st report to be published by May 2008 and subsequent reports within 4 months from deadline of data submission.	First Consumer Credit Report published in February 2009 and successfully launched on 24 March 2009. The report covered quarters ended Dec 2007, March 2008 and June 2008.	Target Achieved The 1st report published in February 2009 covered 3 reporting quarters, instead of only 1, and its finalization was hampered by poor data quality. Training sessions were held with banks on statistical returns and there is significant improvement in the quality of information submitted.
2.	Progress in achieving priority research objectives	2.1 Research to be conducted into cost of and access to finance.	Report submitted and media release issued and presentations made to credit providers in Gauteng and Western Cape.	Target Achieved
		2.2 Over -indebtedness research to be conducted.	Econometrix was appointed in December 2008 to design a model which would provide indicators on levels of indebtedness.	Target Achieved
		2.3 Access to finance in priority areas including SMME finance, housing finance, rural finance, low Income and historically disadvantaged people, and structure, ownership and competitive conditions in credit market (longer-term).	SMME finance: a research report by PERC considered access to SMME finance and was launched at a workshop with credit providers. The other research work on housing finance, rural finance, etc., should commence in July 2009 and be completed by October 2009.	Target Not Achieved The study depends on statistical information from credit providers, which was delayed due to poor quality data; in addition, other projects related to debt counselling (identified as a key risk area) took priority.



CREDIT INFORMATION				
#	Strategic Objectives	Target	Actual Performance	Variance for the Period
1.	Credible credit bureaux statistics to be published within acceptable time frames	Credit bureaux statistical information to be published within 1,5 months of submission deadline.	The Credit Bureaux (CB) Monitor containing quarters ended March, June and September 2008 data was released after the deadline to publish; subsequent CB monitors were published on time.	Target Not Achieved Due to - sign off of statistical information had to be formalised; holiday periods; and limited resources in terms of staff capacity.
2	Enforce credit bureaux compliance	2.1 Data cleansing audits processed and follow-up action implemented (NCA 73).	Issues of non-compliance discussed with auditors and credit bureaux included - inadequate and outdated systems, policies and procedures; inconsistent procedures to manage consumer disputes; incorrect information loaded on consumer profiles. Issues were also presented to the Credit Provider Association (CPA).	Target Achieved
		2.2 Complete S73 process and compliance audits and special investigations into areas of concern.	No special investigation was required: The Credit Bureaux letters of undertaking were a form of commitment that issues of non compliance would be addressed.	Target Achieved Depending on the issues identified in the March 2009 reports, the NCR Credit Information department may recommend further investigation into some issues of non-compliance.
3.	National Credit Register ('the Register') to be established	3.1 Service provider for the technical design of the Register to be appointed by July 2008.	Digiata was appointed to review the Saratoga deliverables. The report was submitted to the NCR.	Work-in-Progress The service provider will only be appointed in the first half of 2009.
		3.2 The Register is to be operational early in 2009.	The project plan has been revised and the Register will only be operational (i.e. enquiries made from the data) partially in 2011 and fully in 2012.	Work-in-Progress All stakeholder buy-in was required prior to detailed operational issues being addressed.
4.	Management of the National Loans Register (NLR) handed over to a separate legal entity	A legal entity is to take over management of the NLR, by July 2008.	Operational management of the NLR was handed over to the National Loans Register Management Committee (NLRMC) (which consists of representatives from the Credit Provider Association (CPA), Micro Finance of South Africa (MFSa) and the NCR).	Target Achieved

HUMAN RESOURCES

#	Strategic Objectives	Target	Actual Performance	Variance for the Period
1.	Recruitment and retention of highly skilled and committed staff	1.1 Conduct a benchmarking exercise for remuneration packages twice a year, to ensure remuneration policy keeps in line with labour market trends, and rewards individual performance.	Two compensation benchmarking exercises were conducted for salary increases and bonus payments using reports from 21 st Century, PE Corporate and a survey on institutions similar to NCR (other regulators and institutions in the financial services sector).	Target Achieved
		1.2 Turnaround time for recruitment should be 3 months.	Two recruitment exercises were conducted in May 2008 and February 2009. In both instances, the majority of the jobs were not filled within 3 months.	Target Not Achieved The turnaround time could not be met as the NCR HR department was understaffed. A part-time interim HR Manager and Senior HR Officer were appointed mid-July 2008.
		1.3 10% staff turnover.	There were 12 resignations and 1 dismissal. The total staff turnover is therefore 19%.	Target Not Achieved Exit interviews revealed some of the reasons for the resignations: better offer elsewhere (in certain deserving cases NCR was able to counter-offer); dissatisfaction with organisational environment (open plan arrangement and distance from home).
2.	Increase staff knowledge & competence	2.1 Facilitate regular briefings on the NCA and offer relevant professional skills training.	Departmental briefings were facilitated by the various departments throughout the year.	Target Achieved
		2.2 At least 60% of staff to undergo formal training by March 2009.	61% employees attended formal training.	Target Achieved
3.	Ensure high morale, loyalty and job satisfaction	Ongoing attention to ensure high morale, loyalty and job satisfaction of staff and management, including employee wellness programme, staff function, management development programme and training events.	A number of activities took place during the year: Team building session; Wellness programmes; the NCR and NCA anniversary celebrations; 702 walk the talk; management breakaway; diversity management workshops; a year-end function; a number of regulatory bodies were invited to an information-sharing session.	Target Achieved



FINANCE				
#	Strategic Objectives	Target	Actual Performance	Variance for the Period
1.	Implementation of procedures for effective Public Finance Management Act (PFMA) compliance	1.1 Unqualified audit opinion.	Clean audit report and no management letter points.	Target Exceeded
		1.2 No significant PFMA compliance issues.	Internal and external audit has confirmed this.	Target Achieved
2.	Expenditure monitored and within budgets	2.1 Reliable monthly management accounts produced, submitted to management and monitored.	Management accounts are produced by 15 th of each month. Management accounts are reviewed by CFO, Financial Controller and COO.	Target Achieved
		2.2 Expense budget variance of less than 5% allowed.	<p>Income The NCR exceeded fee income targets by 15.4% - actual received was R25.1million and budgeted income was R21.7million.</p> <p>Expenses Total expenditure incurred was under budget by 26.78%. The major contributors are: Personnel costs; Information technology; Professional fees; Stakeholder communication expenses; Debt relief costs.</p>	<p>Income Target Exceeded Due To: Increased registration from credit providers in the higher fee categories; and an increase in principle debt of registrants.</p> <p>Expenses Target Not Achieved Due To: Due to the high vacancy rate, legal fees (declarator matter only being heard by the high court in March 2009). Savings were achieved in IT repairs and maintenance, the annual report and outsourced investigations.</p>
3.	Ensure sufficient funding to achieve operational targets	3.1 Shortfalls reported to Exco, Audit Committee, and Board.	Report to the relevant committees and board.	Target Achieved
		3.2 Alternative funding identified or expenditure adjustments made to accommodate funding shortfalls expected from 2010, when the accumulated surplus is exhausted.	<p>As part of the 1 year strategic plan and 3 year rolling business plan, the NCR has requested additional funding.</p> <p>Funding from USAID for special projects has been obtained.(Refer to note16 of the Annual Financial Statements).</p>	Target Achieved
		3.3 Timely information to Exco and Board..	Information submitted to relevant committees and board timeously.	Target Achieved
4.	Effective IT systems and support	98% system up-time.	99% system up-time.	Target Achieved

RP154/2009
ISBN: 978-0-621-38742-1