

National Credit Regulator

ANNUAL REPORT 2011/2012

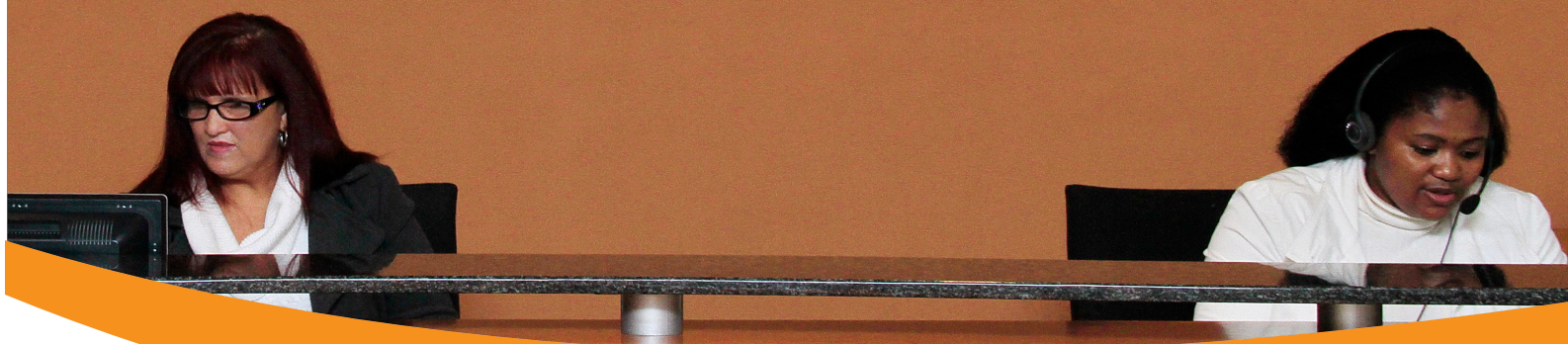
Contents

Contents	Page
PART 1: General Information	5
Minister's Foreword	7
Chairperson's Statement	8
CEO's Overview	11
Highlights of the Year	13
Vision, Mission and Values	14
Legislative Mandate	14
Overview of Operating Conditions and the Credit Market	15
PART 2: Performance	17
Strategic Objectives of the NCR	18
Activity: Credit Information and Research	18
Activity: Statistics	23
Activity: Registrations and Compliance	27
Activity: Debt Counselling	29
Activity: Complaints, Investigations and Enforcement	31
Activity: Consumer Education and Communication	34
PART 3: Report of the Audit and Risk Management Committee	39
PART 4: Corporate Governance	43
Corporate Governance	44
Accounting Authority's Report	49
Report of the Auditor General	52
Statement of Responsibility	56
PART 5: Annual Financial Statements	57
PART 6: Human Resources Oversight Report	87
PART 7: Acronyms and Abbreviations	91
PART 8: Annexures	93
Annexure A: Summary of Curriculum Vitae of NCR Board members	
Annexure B: Annual Performance Report	

PART 1: GENERAL INFORMATION



National Credit Regulator





Minister's Foreword

It is important to note from the onset, the key milestones that have been achieved by the National Credit Regulator (NCR) since its establishment. This annual report reflects these achievements.

The NCR has, without a doubt, played a significant role in influencing a change in consumer behaviour and creating awareness of consumer rights enshrined in the National Credit Act (NCA). The Department of Trade and Industry lauds the achievements and performance of the NCR thus far.

The Department is pleased that the NCR was able to proactively identify shifts in credit granting patterns i.e. move from mortgage loans to unsecured credit.

The NCR has successfully implemented the Learnership Programme. This has resulted in some of the learners who participated in the programme being absorbed into formal employment with the NCR. The programme is going to continue in the next financial year. This move by the NCR is applauded for diversifying skills and creating more jobs.

Improvements made in consumer education and enforcement are worth noting. The government is the biggest employer in the country with an estimated 1.6 million employees. In order to reach out to government employees, NCR embarked on a new consumer education campaign of printing key messages relating to the NCA on payslips of government employees. This will go a long way towards decreasing debt levels and over-indebtedness amongst government employees. On the enforcement front, the NCR conducted raids on credit providers who were targeting vulnerable consumers and retaining their identity documents, bank cards, and pension cards. A number of these credit providers were arrested and prosecuted. We appreciate the support of the law enforcement agencies and the National Prosecuting Authority of SA in helping the NCR to make the raids a success.

Much still needs to be done to address challenges faced by consumers in rural and remote parts of the country. The NCR was proactive and innovative in identifying relevant platforms to reach this part of the population. We are particularly impressed with the Soul City television series project and the NCR's involvement with the Contralesa (Congress of Traditional Leaders of South Africa) and the Department of Trade and Industry roadshows to rural communities.

I would like to commend the NCR's Board, management and staff on their hard work and commitment to ensuring that the NCR delivers on its mandate.



Honourable Dr Rob Davies, MP
Minister of Trade and Industry,

Chairperson's Statement

The National Credit Regulator (NCR) continues to shine in its role as the consumers' champion in these tempestuous economic times.

The credit industry in South Africa continues to face unprecedented challenges and scrutiny. Although the global economic meltdown had little primary impact in South Africa, it nevertheless caused a contraction in the granting of credit and resulted in greater stress to over indebted consumers.

The year under review saw a build-up in mortgage arrears coupled with a continued contraction in the granting of housing loans. This results in not only fewer buyers and debt stressed borrowers being unable to sell their properties, but a decline in housing construction and back logs to housing delivery.

It is therefore not surprising that over the last few years South Africa has seen a shift from home loans to consumer credit. Currently, South African credit providers extend more consumer credit than housing loans. This has implications for South Africa's future economic growth, particularly given the possibility of a double dip recession elsewhere in the world.

In this environment, the NCR commissioned research on the increase of unsecured personal loans in South Africa's credit market. The final report will be issued shortly. The research is work in progress that serves as a platform from which to further investigate factors that are relevant in understanding the high growth that has been reported in the granting of unsecured personal loans.

In the midst of these challenges, the NCR continues to regulate the South African credit industry. The NCR's role in regulating debt restructuring and counselling has successfully mediated the process of debt stress and created an orderly mechanism for over indebted consumers to restructure payment of their indebtedness. The NCR can be justifiably proud of having registered 2033 debt counsellors and the positive steps it has taken in establishing a functional debt counselling system with a full set of guidelines.

Identifying misconduct and enforcing compliance with the National Credit Act is always a challenge and one that the NCR did not shy away from during the year under review. The NCR carried out raids on micro-lenders



in various parts of the country. Recent court cases have weakened the ability of the NCR to regulate the process of debt stress and it will be necessary to amend the National Credit Act in the future.

The NCR performs an important role in developing and augmenting knowledge of the South African consumer credit industry through its publications, statistics and research projects. The NCR's Consumer Credit Market Report and Credit Bureaus Monitor are highly respected publications in the credit industry.

If knowledge equals power, then education is the best representation that consumers will have to enforce their rights. The NCR continues to achieve its consumer education mandate through its extensive consumer awareness programmes, which include the dissemination of information through various media. For example, the NCR braced the television space by sponsoring the Soul City series in the year under review.

In its relatively short existence, the NCR has radically overhauled the regulation of the credit industry in South Africa. The NCR aims to ensure that the credit industry is efficient, professional, equitable and lawful. The NCR has raised the bar concerning the enforcement of credit legislation in South Africa and has successfully changed the behaviour of credit providers through its enforcement actions in the courts and the National Consumer Tribunal.

None of the NCR's achievements during the year under review would have been possible without the dedication of the NCR staff. In particular, I would like to thank the Chief Executive Officer, Nomsa Motshegare, and her management team for steering the NCR ship through a period of transition. I pledge the Board's continued guidance and support for their endeavours in regulating the credit industry in South Africa.

I would also like to thank the previous Board members, whose term of office came to an end towards the end of 2011, for their contribution towards the work of the NCR and wish them well in the future. I welcome the new Board members and look forward to working with them.

I also pledge the Board's continued commitment to strengthening the NCR's relationship with both the Department and Minister of Trade and Industry and all those who are committed to ensuring a financially strong, well governed and viable credit sector in South Africa's financial services landscape.



Trevor Bailey
Chairperson: National Credit Regulator



CEO's Overview

Delivering the benefits of the National Credit Act to the consumers and to the credit industry of South Africa.

The National Credit Regulator (NCR) was established on 1 June 2006 to implement the National Credit Act (34 of 2005) which came into effect exactly a year later. The purpose of the Act is to promote and advance the social and economic welfare of South Africans; promote a fair, transparent, competitive, sustainable, responsible, efficient, effective and accessible credit market and industry; and to protect consumers. We at the NCR believe that we have made good progress on delivering the benefits envisaged in the Act to consumers and to the credit industry for the good of all South Africans.

Allow me to summarise the NCR's achievements over the past financial year, in terms of the primary areas of its mandate.

Registration of credit providers, credit bureaus and debt counsellors

As activities of the NCR greatly hinge on the registration of the relevant players in the credit market, I am proud to report that the total number of credit providers registered with the NCR as at 31 March 2012 stood at 4 971. The NCR registered 705 of these during the 2011/12 financial year.

No new credit bureaus were registered so the number still stands at 11 as in the previous financial year, while the number of registered debt counsellors stood at 2 033, as at 31 March 2012. During the year under review, the NCR finalised a Code of Conduct for credit providers and debt counsellors, which all registered parties and prospective registrants will be required to subscribe to in order to register and stay registered.

The NCR developed and implemented a compliance framework for reviewing credit bureau compliance with the NCA.

Consumer awareness and education

Creating awareness and educating the public continues to be an area of priority and through various initiatives the NCR managed to reach more consumers during this reporting period than in the past. To broaden our reach, we took to the airwaves with the Soul City TV series that boasts more than 50% of the total TV viewership in South Africa.

In another bold and innovative move, we introduced a credit education campaign aimed at those working in the public service. The details of how we are reaching some 1.6 million government employees directly via their payslips is contained in the highlights section of this report.

The NCR's relationship with organisations such as the National Consumer Forum (NCF), the Financial Services Board (FSB), the Congress of Traditional Leaders of South Africa (CONTRALESA), and Provincial Consumer Affairs directorates, amongst others, proved valuable in keeping the public informed.

Good relations with the media – radio, print and television – ensured that the NCR activities remained in the public eye throughout the year. Most coverage was of a positive nature and worth some R120 million in advertising value equivalent (AVE) terms.

Furthermore, the NCR embarked on road shows, conducted workshops, and enhanced content on its website.

Debt counselling

During the year under review, the NCR invested considerable time and resources to ensure that debt counsellors are fully capacitated with the knowledge, skills, resources, and support structures necessary to service over-indebted consumers. The Regulator also implemented the new debt counselling fee structure as endorsed in the previous financial year.

Complaints handling and resolution

Since inception, the NCR has received 457 570 calls at its call centre, out of these 68 571 were received in the year under review. The resolution of these complaints resulted in more than R 600 000 being refunded to consumers.

Investigations and enforcement action

Various enforcement actions of the NCR were successful in cases ranging from fraud to micro lending offences, debt counselling contraventions, credit provider misconduct and credit bureau non-compliance. We experienced a significant increase in the number of investigations from 68 in the previous financial year to 197 in the year under review. A total number of 106 investigations were also completed in this period. We believe the increase is due to a greater awareness among the public who no longer shy away from complaining against wrong doing or bad service. We are particularly pleased to report that our raids on micro lenders nationwide yielded good results. In cooperation with the South African Police Service (SAPS) we managed to counteract serious misconduct in micro lending – more details on *Raids on microlenders*: follow in this annual report.

Statistics on credit market

During the year under review, the NCR successfully produced four editions each of the *Consumer Credit Market Report* and the *Credit Bureau Monitor*, which highlighted trends of significance. As at 31 December 2011, consumers in South Africa owed credit providers R1.30 trillion in household debt. South Africans are increasing their borrowing especially in unsecured credit. Gauteng continues to top the borrowing figures, while consumers in other provinces enjoyed increased access to credit in the 2011/12 financial year.

Research

The NCR undertook four research initiatives in the year under review. These were:

- a national survey on the cost of and access to credit;
- a survey in three provinces on the Alternative Dispute Resolution (ADR) market;
- a review of the national study conducted by Unisa's Bureau of Market Research into household indebtedness and
- a literature review of existing research into the extent of access to credit for small and medium sized enterprises.

Human capital

A competent and motivated workforce formed the backbone of the NCR throughout the 2011/12 financial year. Despite the skills shortage experienced nationwide, the NCR managed to secure some of the human capital it requires and managed to build a formidable team of professionals. As at 31 March 2012 the NCR staff complement comprised 124 permanent employees, 3 employees on fixed-term contracts and 6 temporary employees. Employment equity targets are constantly being pursued.

Finding people with expertise and knowledge of the credit industry and new credit legislation has been particularly challenging. A graduate learnership programme was implemented in partnership with the BANKSETA to increase the pool of talent for the industry and for the NCR.

Finance and audit

The NCR receives its funding from registration fees and parliamentary appropriation. Indicative of the quality of its financial management and internal cost management is the fact that the NCR has consistently received an unqualified audit report since its inception.

Conclusion

I would like to thank the Department of Trade and Industry and the NCR Board for their support and guidance. I thank the NCR management and staff for their commitment and dedication and also extend my gratitude to all stakeholders and service providers. With this level of commitment, the NCR can continue playing its role as an efficient and effective institution in the service of the South African public.



Nomsa Motshegare
Acting Chief Executive Officer

Highlights of the year

NCR sponsors Soul City TV series

The NCR was approached by the Soul City Institute and the World Bank to sponsor the 11th Soul City TV Series. In return, the NCR got the opportunity to use the platform to disseminate financial literacy messages to viewers. Soul City reaches approximately more than 50% of the total viewers in South Africa with its edutainment approach. The NCR found the platform appealing to reach its target audience across the country.

The 13 episodes sponsored by the NCR, focused on educating viewers about spending wisely, monitoring spending patterns, managing debt, keeping a clean credit record, consumers' rights and responsibilities, financial planning and lodging complaints.

Raids on micro lenders

Throughout the year under review, the NCR, in collaboration with SAPS, carried out a number of raids on micro lenders who operate illegally and/or use illegal collection methods, in various parts of the country. These operations had a high success rate in counteracting contraventions of Section 133 of the National Credit Act (NCA), which in a nutshell prohibits credit providers from retaining personal documents such as bank and pension cards as a collection method or to intimidate/coerce/abuse borrowers in any way.

Raids in the North West Province - Suspects were arrested in Jouberton and criminal cases opened.

Raids in the Northern Cape - The two-day raids in March 2012 were carried out in Petrusville, Colesberg, Noupoot and De Aar. Documents that were recovered and returned to their rightful owners included 620 bank cards, 577 pension cards, 114 identity books and 6 consumer cards. Numerous premises belonging to micro lenders were searched and a large number of suspects were arrested and charged.

Raids in Eastern Cape - These raids were carried out on 11 and 12 October 2011 in Motherwell, KwaZakhele and Zwide townships outside Port Elizabeth. A number of micro lenders were arrested, convicted and sentenced in the Port Elizabeth Magistrate's Court. More than 300 documents that were recovered included bank cards, pension cards and identity documents.

Government Payslip Consumer Education Programme

With government being the biggest employer in the country, the NCR launched a special education programme targeted at the estimated 1.6 million people employed in the public sector. Since June 2011, the NCR has been using government employee payslips as a channel to educate government employees. Messages printed on the payslips focus on how to cap or avoid indebtedness, where to find assistance for over-indebtedness, how to save, and on the role and mandate of the NCA and the NCR. This project was implemented in response to reports of over-indebtedness and inability to properly manage debt by some government employees.

Learnership Programme – a first for the NCR

The NCR became involved in a learnership programme for the first time in its history. The programme forms part of a BANKSETA initiative to increase the pool of skills for the industry by giving unemployed graduates the opportunity to gain practical on-the-job training. Ten graduates completed their Debt Recovery Learnership Programme at the NCR with great success.

Consumers prefer Alternative Dispute Resolution (ADR)

The NCR decided to investigate the ADR sector to, amongst others, gain an understanding of how alternative dispute resolution agents operate, who they render services to, what their services cost, and what their value is to consumers and to the broader credit market. The geographical scope of the study included Gauteng, Limpopo and Northern Cape provinces.

The survey found that although most credit disputes arise from agreements with credit providers, consumers prefer to consult alternative dispute resolution agents such as legal practitioners and legal insurance firms before consultation with credit providers and other statutory bodies.

South Africans are relying more on unsecured credit

According to research conducted by the NCR, unsecured credit comprises 24.58% or R26.45 billion of all new credit granted for the quarter ended December 2011. Unsecured credit is mainly driven by the banks whose loan sizes and loan terms have increased. Of about 38.3 million active credit accounts reported by credit providers, 61.98% are for credit cards, store cards and overdrafts.

Vision, Mission and Values

Vision

"To promote a South African consumer credit market that is fair, transparent, accessible and dynamic."

Mission

To support the social and economic advancement of South Africa, by:

- regulating for a fair and non-discriminatory market for access to consumer credit; and
- promoting responsible credit granting, use and effective redress.

Values

1) Service excellence: We strive for service excellence that exceeds the expectations of all stakeholders.

2) Integrity: We are committed to honesty and integrity without compromise.

3) Empowerment: We strive for empowerment in the consumer credit market and we are also committed to employee empowerment.

4) Good corporate governance: We strive to be a model of good corporate governance at all times.

Legislative Mandate

In terms of the National Credit Act, Act No. 34 of 2005, the NCR was established with the following legislative mandate:

- To promote a fair and non-discriminatory marketplace for access to consumer credit and for that purpose to provide for the general regulation of consumer credit and improved standards of consumer information.
- To promote and support the development, where the need exists of a fair, transparent, competitive, sustainable, responsible, efficient, effective consumer credit market and increase participation of historically disadvantaged persons, low-income persons and communities, and remote, isolated or low-density populations and communities in the end-user credit market.
- To conduct research and propose policies to the Minister in relation to any matter affecting the consumer credit industry, including but not limited to proposals for legislative, regulatory or policy initiatives that would improve access to credit for persons contemplated above.

Overview of Operating Conditions and the Credit Market

A high-level assessment was undertaken to identify the most significant developments in the external and internal environment that are likely to influence or impact the NCR over the next several years. First, a brief synopsis of the state of the credit market:

The total of new credit granted for the 12 months ended December 2011 amounted to R372.34 bn compared to R287.76bn for the same period in 2010. This represents an increase of 29.4%. The value of the outstanding debtor's book increased by R107.51bn for the quarter ended December 2011 when compared to the quarter ended December 2010. The value of the debtors book at the end of December 2011 was R1.30 trillion consisting of 38.30 million accounts. For the quarter ended December 2011, the total rand value of new credit granted was R107.60 bn with mortgages comprising R29.31 bn (27.24%). Unsecured credit grew steadily to R26.45 bn (24.58% of total credit granted) since the quarter ended December 2007. This suggests that credit providers are increasing their market share in unsecured lending led mainly by the banks, that have increased their loan sizes to approximately R150,000 and with maximum loan terms of 84 months.

Applications for registration of credit providers has stabilised. A total of 4 971 credit providers with 38 736 branches, 11 credit bureaus and 2 033 debt counsellors are now registered with the NCR. As at March 2012, over 286 857 consumers applied for debt review and an estimated 110 000 cases remain under "active" debt review. On average, 6 000 consumers apply for debt counselling per month.

The following external developments were identified as the key trends or issues that are likely to affect the work of the NCR:

Uncertainty in the regulatory regime

The next period will be marked by a degree of uncertainty in the regulatory regime, which stems from three major developments.

Firstly, there is increasing uncertainty regarding institutional roles and responsibilities as a result of overlapping jurisdictions between several agencies playing a role in the regulation of the credit market. For instance, the role of the National Consumer Commission (NCC) and its relationship with the NCR will have to be streamlined over time as the NCC becomes fully operational. In addition, engagements with the Financial Services Board (FSB) and the NCC is necessary to ensure that roles and responsibilities are not duplicated.

Secondly, references have been made to the introduction of the "Twin Peak" model of regulation that calls for the establishment of only two regulators for regulating market conduct and the integrity of the financial system respectively. While these discussions are likely to continue for some time before any policy decisions are taken, a measure of uncertainty is nevertheless introduced into the regulatory environment.

Thirdly, recent legal decisions against the NCR have highlighted the gaps in the NCA. These gaps would need to be addressed through possible amendments to the NCA which would require the support of the Department of Trade and Industry (*dti*).

Increasing complexity and sophistication

Increasing consumer awareness and knowledge leads to increasingly complex and sophisticated issues being raised with the NCR. Whilst the initial cases related to the NCA focused on establishing the procedural aspects of the law, the matters now being challenged are substantive due to the expanding body of knowledge, which also contributes to the increasing complexity. The traditional channels through which credit providers offer their products are becoming blurred as product and channel innovation takes place. All of these developments, in turn, require improved knowledge by the NCR to effectively respond to, and address the matters being raised.

Stakeholder management

Effective stakeholder management is critical to NCR business. Without effective stakeholder management, the organisation faces the risk of becoming irrelevant. Therefore, the NCR needs to build effective stakeholder management capability to ensure that it influences the stakeholders in its environment and directs them towards compliance with the NCA. This will require a process of engagement with a wide range of stakeholders over the next several years and the NCR may consider institutionalising specific forums for this kind of engagement.

Market stability

The numbers of credit providers and debt counsellors registered with the NCR have stabilised over the last year. The patterns and seasonality of credit demand are now also well established. The relative predictability in the number of registrants enables the NCR to plan more effectively.

The following internal developments were identified as the key issues that are likely to affect the work of the NCR:

Processes, systems and structure renewal

The organisation has recently completed a business process re-engineering exercise aimed at assessing the effectiveness of its current processes and making changes to bring about increased levels of effectiveness and efficiency. The business process re-engineering exercise has however, highlighted a number of systems and structural issues that also require renewal. These are major change processes which will consume staff and other resources in the short and medium-term as the organisation grapples with changing both its systems and structure, to align with its proposed strategy and newly formulated processes.

Leadership change

A new Board has been appointed with effect from 26 October 2011 and is chaired by Mr T.A. Bailey.

Staff capacity

Ensuring that the organisation has the requisite staff capacity to meet its objectives will remain a challenge, both in the short and medium-term. At present, the NCR has not yet appointed its full complement of staff members. At the same time, there is a limited pool from which to recruit the specialised skills required by the NCR. This situation is further exacerbated by the NCR being regarded as a "training ground" by industry players that recruit staff from the organisation by offering them salaries that are sometimes difficult to match in the public sector. Amongst other initiatives to mitigate this, the NCR established a learnership programme which was successfully implemented.

Knowledge intensity

The NCR is expected to provide guidance to stakeholders on the developments and trends in the credit market. The organisation is expected to be the centre of knowledge and expertise on the credit market. Therefore, the knowledge produced in the organisation needs to be managed in such a way that it is available for planning, prioritisation and implementation purposes.

In addition to the external and internal environmental trends and issues, the need to ensure strategic alignment to priorities of government was taken into account in formulating the strategic priorities of the NCR.

PART 2: PERFORMANCE



Strategic Objectives of the NCR

The strategic objectives of the NCR are:

- Promote increased access to credit through responsible credit granting.
- Protect consumers from abuse and unfair practices in the consumer credit market and address over-indebtedness.
- Continually enhance a consumer credit market regulatory framework.
- Monitor and improve NCR's effectiveness in fulfilling its mandate.

The NCR renders the following services:

- Registering credit providers, credit bureaus and debt counsellors, and monitoring their conduct.
- Educating and creating awareness of the protection that the NCA offers.
- Researching the credit market and its trends.
- Monitoring access to credit and the cost of credit to identify factors that may undermine access to credit, competitiveness in the credit market and consumer protection.
- Advising government on policy and legislation.
- Receiving and investigating complaints and ensuring that consumer rights are protected.
- Enforcing the NCA and taking action against parties who contravene it.

Activity: Credit Information and Research

Purpose

Market intelligence, in the form of research and credit bureau statistics, is gathered to assist the NCR in effectively executing its regulatory mandate.

Measurable objectives

- To monitor the compliance of registered credit bureaus with the provisions of the NCA, particularly with regard to sourcing, storing, and disseminating natural persons' and juristic persons' credit information.
- To report on the performance of the consumer credit as reported to the NCR by registered bureaus.
- To undertake both statutory and adhoc research initiatives to inform the NCR and its key stakeholders of market developments and issues.

Performance and key achievements

The NCR produces quarterly credit bureau monitor reports from data collected from registered credit bureaus. Credit bureaus create consumer credit profiles based on credit information received from credit providers, courts and utility service providers. Regular research projects are undertaken as required by the NCA.

Credit information

The intergration of the National Loans Register (NLR) data with Credit Provider Association (CPA) data "Project Evolution", was launched in October 2011 by the credit providers and credit bureaus. This project is complex and is anticipated to take two and a half years as scorecards and decision processes within all credit providers are affected.

The National Register of Credit Agreements will be developed as a component of the enterprise wide Information Communication Technology (ICT) system within the NCR. It is intended to serve as a statistical instrument for information on the consumer credit market and not as a credit-vetting tool.

Credit Bureau Compliance

A bureau compliance framework was developed and implemented for bureaus, which includes on-site inspections and “know your registrant” visits aimed at measuring the extent of compliance with the prescripts and spirit of the NCA in more detail than that which was done previously. In addition, one proactive compliance assurance investigation was initiated to further gauge compliance within a credit bureau.

In terms of credit bureau compliance one of the primary challenges is ensuring that credit bureaus continually operate within the prescripts of the NCA, particularly in terms of the conditions under which credit bureaus load, manage, maintain, sell and provide consumer credit reports and data. The application of the credit bureau compliance framework together with proactive compliance assurance investigations is intended to address this challenge.

Credit Bureau Statistics

The NCR published four editions of the *Credit Bureau Monitor* to keep relevant stakeholders informed about trends and developments in the consumer credit market. This information is derived from the mandatory statutory reports which credit bureaus submit to the NCR and includes information about financial obligations which are beyond the typical credit agreements reported by credit providers. For example, information about cellular and municipal accounts and insurance premiums are included. This accounts for the variance between the number of accounts reported by registered credit providers and the credit bureaus.

Statistics South Africa (Stats SA) estimated the mid-year population at 50, 59 million for 2011. In considering the South African credit universe, it is necessary to view the number of consumers recorded on the bureau system in relation to the number of consumers who are credit active, in terms of the total national population as estimated by Stats SA. As at December 2011, 81.6% of the adult population had credit records at credit bureaus, and of this population of 41.27 million consumers, 46.9% were credit-active.

Trends evident for the period ended December 2011 include:

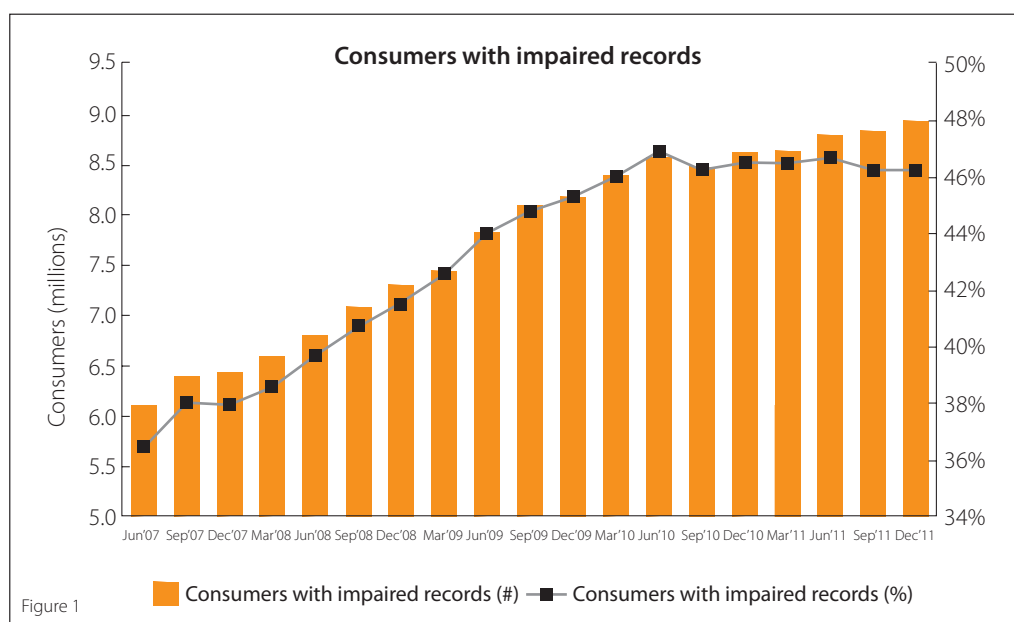
- The number of consumers with impaired records as at December 2011 stood at 8.93 million, which is 46.2% of the credit-active consumers. There was a 0.3% decrease in the percentage of consumers falling in this category, compared to December 2010.
- The number and percentage of accounts in good standing has been increasing over the past four quarters of 2011. The number has increased by 2.7 million in December 2011 when compared to December 2010. The number of credit enquiries (i.e. companies requesting to see credit profiles of consumers) has been increasing quarter-on-quarter, and reached 285.95 million in December 2011. This was a 10.7% increase when compared to September 2011 and a 61.9% increase when compared to December 2010.

Key challenges and proposed solutions

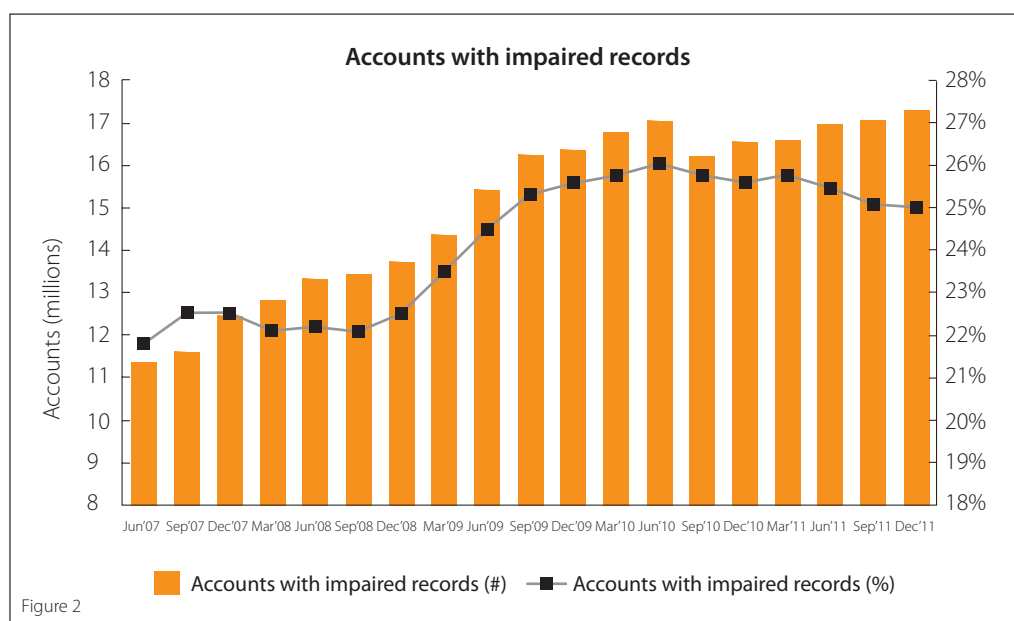
Trends evident in the credit performance reported by bureaus indicate that the financial well being of consumers is stressed and the need exists to move more consumers into a position where they are able to keep abreast of their payment obligations. The rising volume of enquiries made by credit providers (285.95 million for the December 2011 quarter) reflects the level of activity aimed at consumers, who will require considerable restraint, to only take on credit that they can afford and truly need. In contrast to this, the low volumes in the uptake of credit reports by consumers (1,2 million since June 2007 to December 2011) points to the lack of consumer comprehension in recognising and appreciating the value of sound credit performance and actively managing personal credit profiles.

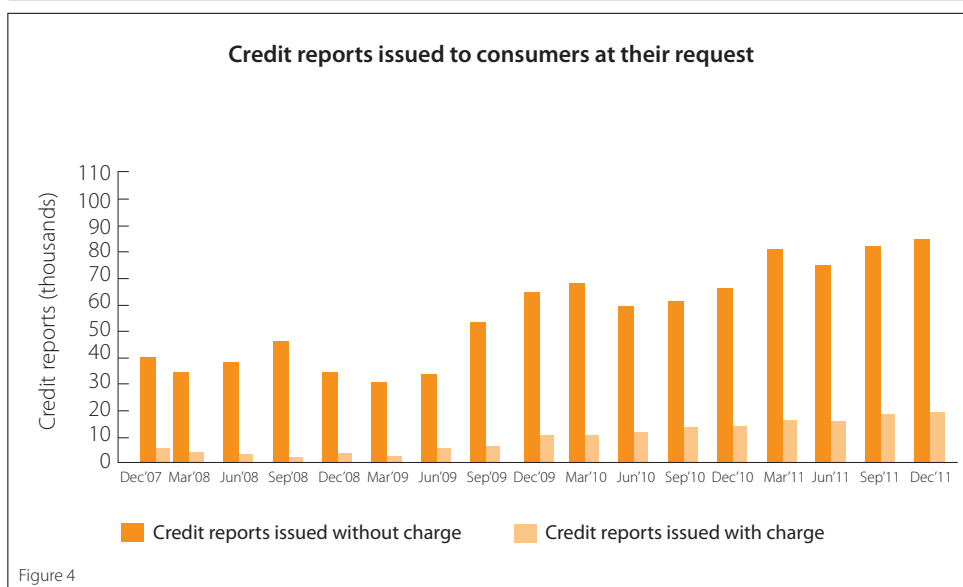
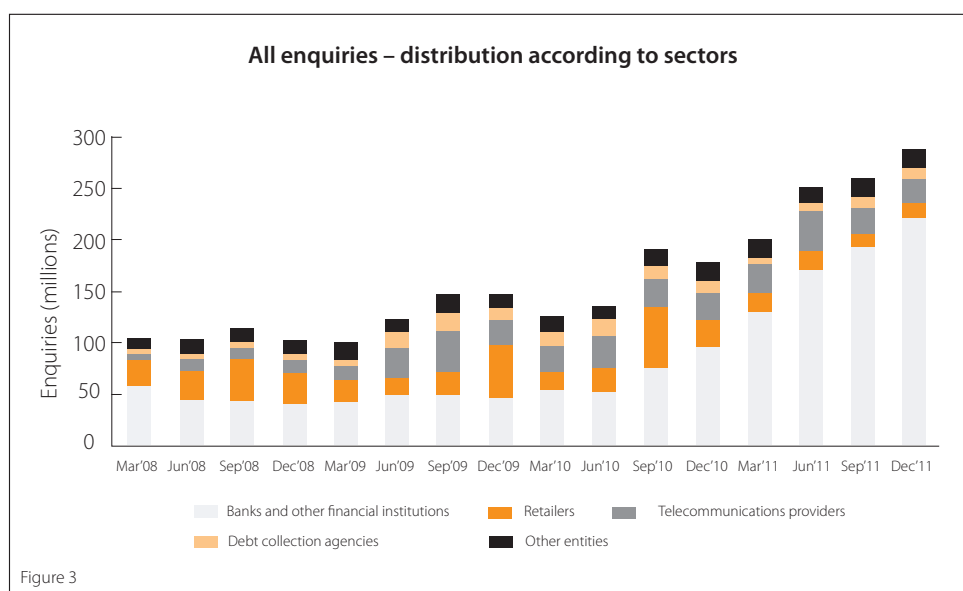
Extensive communication and education of both the supply and demand sides of the market is necessary to create a balance in the uptake and use of credit and to ensure appropriate behaviours in terms of market practice and payment performance.

The graphs below depict the trends evident for the credit market up to the quarter ended December 2011.

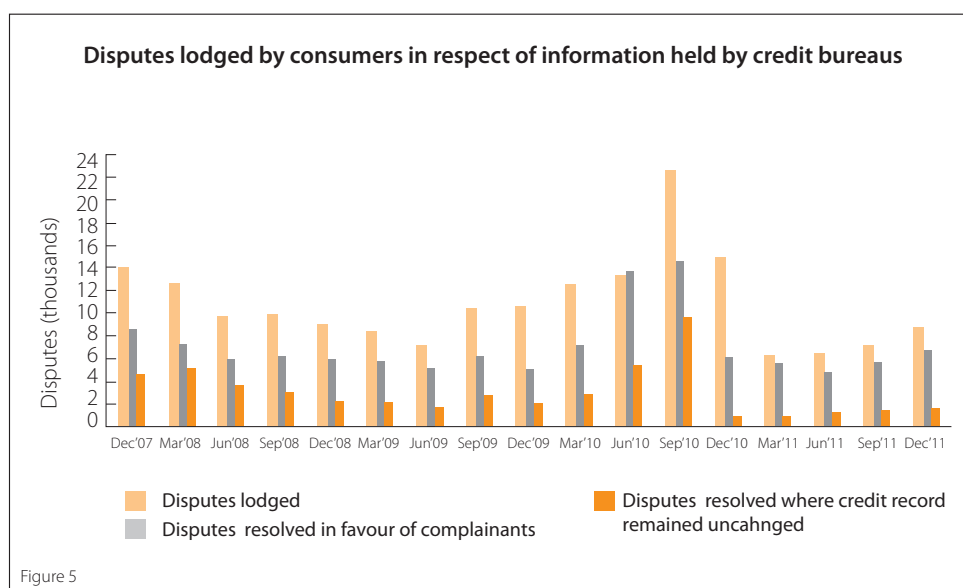


Note: Consumers are categorised by the performance of their accounts and just one account with an impaired status will result in the consumer falling into the impaired category, whilst in the instance of accounts, each account is categorised and counted by its individual payment performance and is reflected accordingly.





Since June 2007 to December 2011 only 1,2 million consumers have accessed their credit bureau reports. This emphasises the challenge the NCR and the credit industry has in addressing consumer credit bureau and financial education.



Research

The NCR undertook four research initiatives during the year under review. These were:

- a national survey on the cost on and access to credit;
- a survey in three provinces on the Alternative Dispute Resolution (ADR) market;
- a review of the findings of the national study conducted annually by UNISA's Bureau of Market Research into household indebtedness; and
- a literature review of existing research into the extent of access to credit for small and medium sized enterprises.

Overall scope and findings overview:

The Cost of and Access to Credit in South Africa

This study was executed in terms of Regulation 45 of the NCA, which requires the NCR to make recommendations to the Minister of Trade and Industry with respect to the cost of and access to credit in cycles of no more than three years. Market practices relating to interest calculations, service and initiation fees and the extent of access to credit for particular sectors of the market were explored.

Key findings indicate that the price of credit products in the credit sector has fallen in tandem with the reduced repo rate, which is at its lowest in three decades. The fixed pricing of fees imposed by the NCA has had great impact on both smaller as well as larger credit providers. However, the larger credit providers enjoy greater scales of operation and product diversity than the smaller credit providers, allowing for the mitigation of the restriction. Many macro factors have also contributed to the evident structural shift in the credit market from secured credit lending to unsecured credit loans.

Alternative Dispute Resolution (ADR) market

The primary objective of this research project was to examine the structure of the ADR market including the operations, services and processes of the various categories of service providers. In addition, the research investigated the dispersion and profile of customers of various ADR agent categories as well as fees payable and consumer value perceptions.

The research indicates that consumers would rather take matters related to credit agreement disputes to ADR agents for resolution than to law enforcement agencies. There is a general preference on the part of the consumers to pay for the services and there is a related expectation that the ADR agent would resolve the credit dispute in favour of the consumer. Other findings of the research study include the following:

- Choice of ADR agents is chiefly informed by perceived capacity, process correctness, accessibility, professionalism and fees payable. The need for a quick fix solution is a key motive and agreements with ADR agents are expected to be relatively more generous;
- Consumers generally expect ADR agents to "take over" their disputes once they initiate contact. The resolution process typically involves contacting the ADR agent, lodge a query, submit required documentation and wait for investigation and response;
- The cost structure constitutes a larger part of what consumers pay for ADR services, particularly when the ADR is a legal practitioner. The not for profit organizations and industry expert bodies offer resolution services for free;
- Some dispute resolution challenges identified include lack of education and knowledge about credit industry dynamics. In addition consumers do not seem to appreciate the need to stay committed to the full resolution process; and
- Although there are many concerns associated with ADR agents, disposition towards ADR agents is generally high. A vast majority of respondents confirmed they would recommend ADR service providers that assisted them in credit dispute resolution. This means that the ADR service is largely seen as effective by consumers.

Household Indebtedness in South Africa

The NCR worked with University of South Africa's Bureau for Market Research, which conducts an annual review of the levels, patterns, causes and consequences of over-indebtedness in South Africa to understand developments in these areas.

The survey revealed that the average South African household income is under pressure from rising direct and indirect taxes and other financial pressures, including energy and food prices. It is evident that households incur financial liabilities to finance current consumption as a consequence of rising financial pressures. Thus resulting in the crowding-out of capital expenditure. The growth in unsecured credit is becoming a significant component of household liabilities.

Small and Medium Enterprises Access to Credit in South Africa

This was a review of secondary existing research to determine what has already been established and written on SME access to credit, to support the NCR in its mandate to protect “juristic persons” as defined by the NCA.

The review outcomes indicate the need for the development and centralisation of statistics on small businesses and the need for other related data to improve policy interventions and support programmes. Additionally, that differentiated support schemes and incentives need to be made accessible to small enterprises and should be aligned with their business value chains.

Activity: Statistics

Purpose

Provide statistics on the consumer credit market for the protection of consumers and for the benefit of industry players, policy-makers, stakeholders, consumers and the country as a whole.

This is encapsulated in Section 16 of the NCA: “... to increase knowledge of the nature and dynamics of the consumer credit market and industry, and to promote public awareness of consumer credit matters... monitor and report on trends in the market.”

Measurable objectives

To continually analyse and process data so that meaningful statistics can be compiled and disseminated on a regular basis; identify trends and ensure that the statistical information is communicated to all the relevant parties.



Performance and key achievements

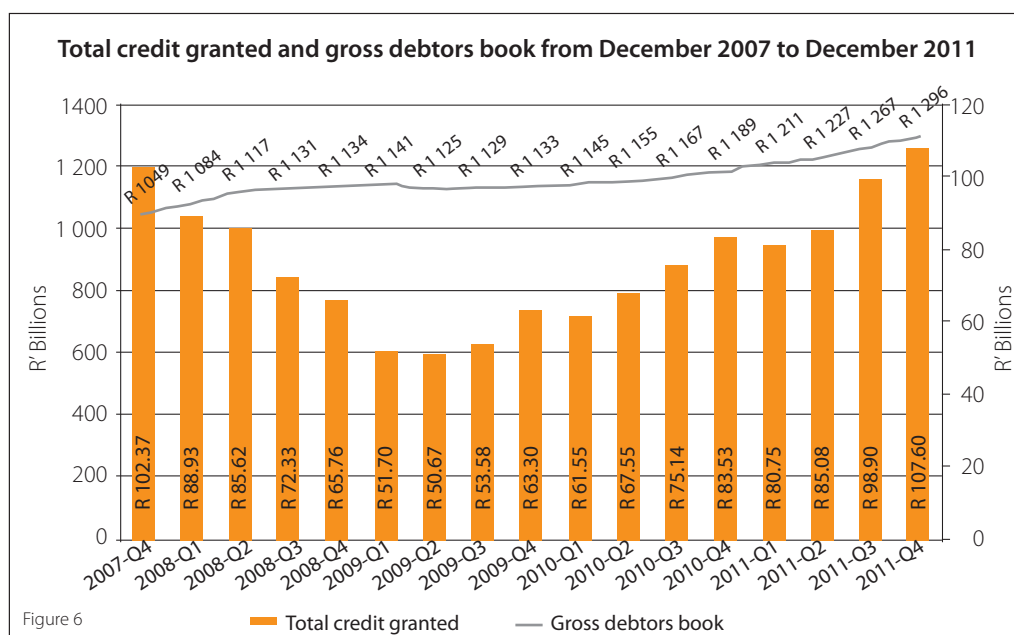
The NCR produces the *Consumer Credit Market Report* on a quarterly basis. The report is based on data collected from the largest credit providers in South Africa, which account for more than 95% of the consumer credit market. During the year under review, the NCR successfully produced four issues of the *Consumer Credit Market Report* and highlighted trends of special significance.

The statistics clearly showed dramatic changes in the credit climate: lending institutions such as banks have made a fundamental market shift – from focusing on providing home loans (mortgages), they have moved to focusing on providing other types of unsecured credit such as personal loans.

Having noticed the increase in unsecured loans, the NCR invited key stakeholders to share their views on the growth of the unsecured credit market. Thereafter, the NCR met with National Treasury and the Registrar of Banks to inform them of the market shift and the growth in unsecured loans.

The NCR explored the reasons for the growth of the unsecured loans market and the purposes for which consumers are using these loans. In February 2012, the Regulator commissioned Compliance and Risk Resources Pty (Ltd) to conduct this research. The findings and the comprehensive report will be published in due course.

Some of the data and insights gained from the statistics published in the various issues of the *Consumer Credit Market Report* in 2011/12 include the following:

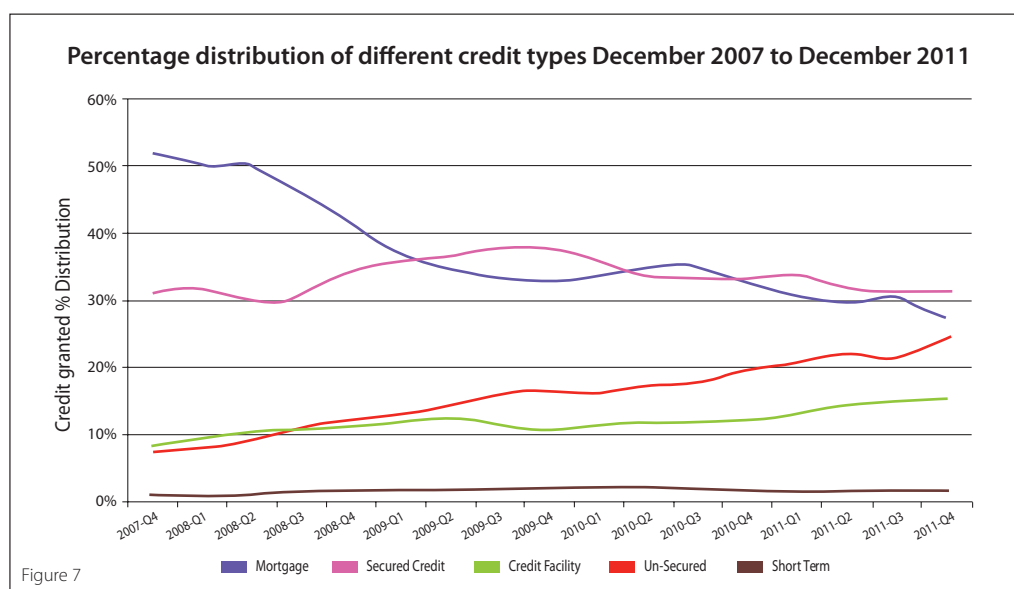


South Africans are borrowing more

For the 12 months ended December 2011, the total value of new credit granted amounted to R372.34 billion compared to R287.76 billion in 2010. This represents an increase of 29.40%, or R84.58 billion. The value of the outstanding debtors book increased by 9.04% or R107.51 billion over the same period. The total value of the debtors' book as at December 2011 stood at R1.30 trillion comprising 38.30 million accounts.

South Africans are relying more on unsecured credit

Unsecured credit, mainly in the form of personal loans, made up 24.58% or R26.45 billion of all new credit granted for the quarter ended December 2011. It is mainly driven by the banks whose loan sizes and loan terms have increased. Of about 38.3 million active credit accounts, 61.98% are credit cards, store cards and overdrafts. When compared to the last quarter of 2007, mortgages fell from constituting 51.88%, or R53.14 billion of all new credit granted to 27.24%, or R29.31 billion. The mortgage market continues to decline as a percentage of total new credit granted. The figure below shows where the most credit was channelled from 2007 to 2011.



Gauteng still borrowing the most, but borrowing less

For the 12 months ended December 2011, Gauteng province received 46.40% or R172.77 billion of new credit granted, followed by the Western Cape and KwaZulu-Natal provinces with 13.73% and 12.69% respectively, see table below.

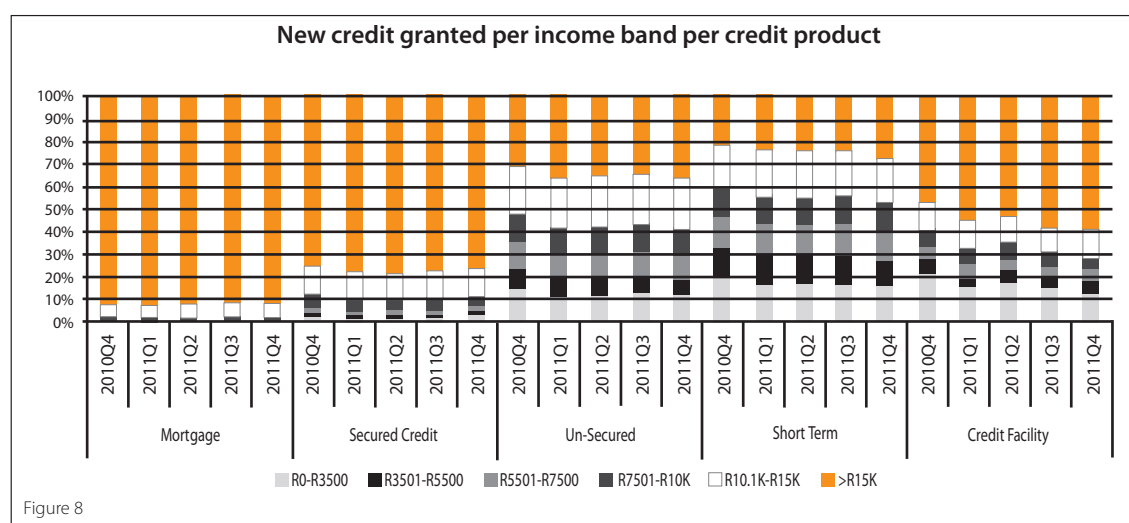
Provincial distribution of new credit granted between January 2008 and December 2011

Province	2008	2009	2010	2011	% share 2008	% share 2009	% share 2010	% share 2011
Eastern Cape	17 268 287 370	13 717 391 825	18 569 594 611	24 717 599 238	5.52%	6.26%	6.45%	6.64%
Free State	11 166 404 333	8 426 138 766	11 553 184 344	14 957 494 099	3.57%	3.84%	4.01%	4.02%
Gauteng	154 105 842 200	100 203 319 967	129 553 285 643	172 767 566 365	49.29%	45.70%	45.02%	46.40%
Kwa-Zulu Natal	36 392 230 035	28 182 329 789	37 776 799 779	47 251 337 445	11.64%	12.85%	13.13%	12.69%
Limpopo	9 250 893 494	7 804 705 121	10 740 698 702	13 890 678 673	2.96%	3.56%	3.73%	3.73%
Mpumalanga	17 495 910 074	13 049 931 850	17 465 553 860	22 738 887 810	5.60%	5.95%	6.07%	6.11%
Northern Cape	4 391 345 253	3 585 486 065	4 559 164 864	7 169 238 531	1.40%	1.64%	1.58%	1.93%
North West	10 821 620 444	8 573 010 715	12 063 890 446	15 279 268 534	3.46%	3.91%	4.19%	4.10%
Western Cape	47 607 913 782	33 024 107 115	42 815 755 423	51 106 631 431	15.23%	15.06%	14.88%	13.73%
Other	4 141 008 204	2 679 127 741	2 663 309 192	2 456 708 762	1.32%	1.22%	0.93%	0.66%
total new credit granted	312 641 455 189	219 245 548 954	287 761 236 864	372 335 410 888	100.00%	100.00%	100.00%	100.00%

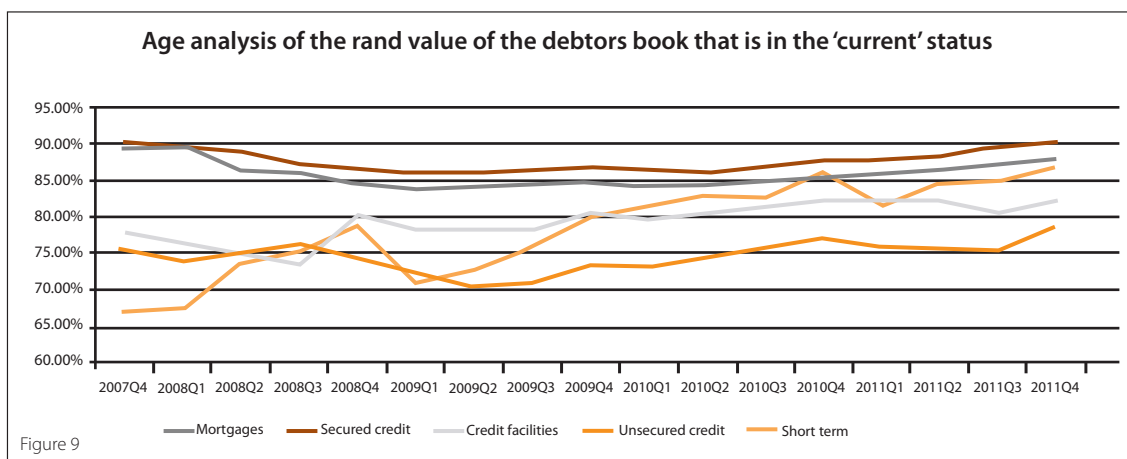
(Table 1)

For the 12 months ended December 2011, mortgages granted amounted to R109.80 billion of which 92.54% (R100.59 billion) went to consumers earning more than R15,000 per month. Consumers earning less than R15,000 per month received 7.46% (R8.11 billion) of all mortgages granted. (Mortgage granted to juristic persons is included in the total credit granted, but was excluded when reporting in respect of gross monthly income of individuals).

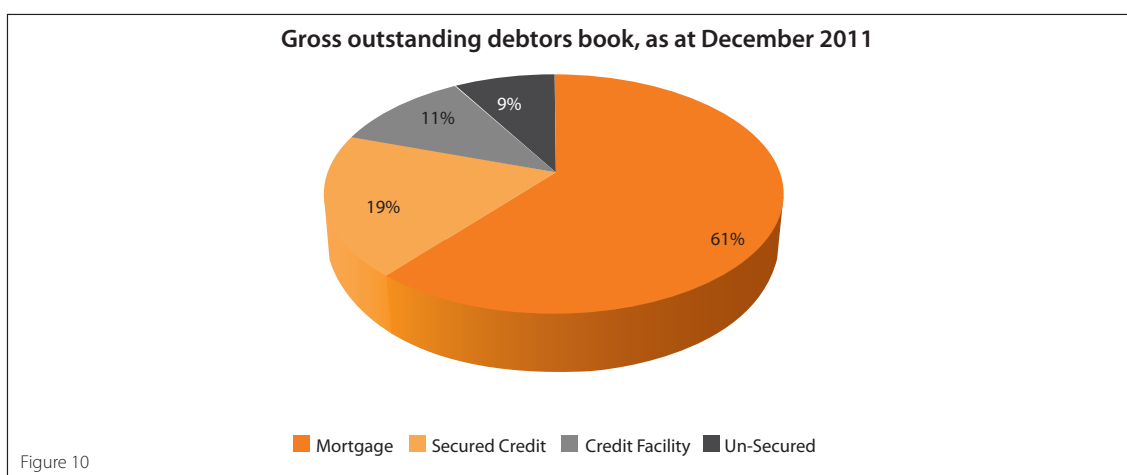
Secured credit which is dominated by motor vehicle finance and furniture transactions accounted for R118.58 billion for the 12 months ended December 2011. Of this amount, 77.72% (R90.84 billion) went to consumers earning more than R15,000 per month. Consumers who earn less than R15,000 per month received 64.28% of unsecured credit, 74.92% of short-term credit and 43.39% of credit cards, store cards, bank overdrafts and revolving credit in terms of the rand values.



As at December 2011, the performance of all credit types that are in the “current status” have improved. Mortgages and secured credit have performed better than the unsecured lending products. For the period ended December 2011, 87.99% of mortgages and 90.13% of secured credit were up to date in terms of the rand value.



As at the end of December 2011, 61.03% or R791.11 billion of the outstanding debtors books comprised of mortgages. Secured credit, mainly consisting of motor vehicles loans, constituted 19.29% or R250 billion of the debtors book.



Other significant statistics published by the NCR during 2011/12

- Consumers in South Africa owed credit providers R1.30 trillion in household debt
- A total of 87.86% or R1.138 trillion of the outstanding debt is owed to the major retail banks.
- There are about 38.3 million credit active accounts, of which 61.98% represents credit cards, store cards and overdrafts.
- New credit granted has increased from R287.76 billion for the 12 months ended December 2010 to R372.34 billion in December 2011, representing an increase of 29.40%.
- The number of credit applications rejected for the 12 months ended December 2011 was 13.56 million, representing a rejection rate of 45%. The rejection rate for the 12 months ended December 2010 was 41%.
- Most mortgages are granted to higher earners - on average 93% of all new mortgages were granted to individuals earning more than R15 000 per month (in terms of the rand value of credit granted).

The performance of all credit types that are in the current status has improved, and the number of accounts falling into arrears has decreased. For the period ended December 2011, 87.99% of mortgages and 90.13% of secured credit were up to date based on the rand values.

Key challenges and proposed solutions

The NCR still faces challenges in obtaining information from smaller credit providers and credit insurance companies as well as from debt counsellors. Though they submit some of the information required, the quality of the information needs to be improved. Workshops will be held to assist the smaller industry players with completing the relevant NCR return forms.

Activity: Registrations and Compliance

Purpose

To register credit providers, credit bureaus and debt counsellors and ensure that these bodies and individuals comply with national credit legislation.

The NCR is also mandated to establish and maintain relevant registries accessible to the general public.

Measurable objectives

- To register new entrants to the consumer credit industry and monitor the registered and active credit providers and debt counsellors in the country. This includes collecting relevant information and documentation as well as registration and renewal fees.
- To monitor the activities and documentation of registered credit providers and debt counsellors to ensure they comply with the National Credit Act.

Performance and key achievements

For operational reasons, registrations and compliance is divided into two sections.

Registration

The total number of credit providers, credit bureaus and debt counsellors registered since inception stands at 4 971, 11 and 2033 respectively.



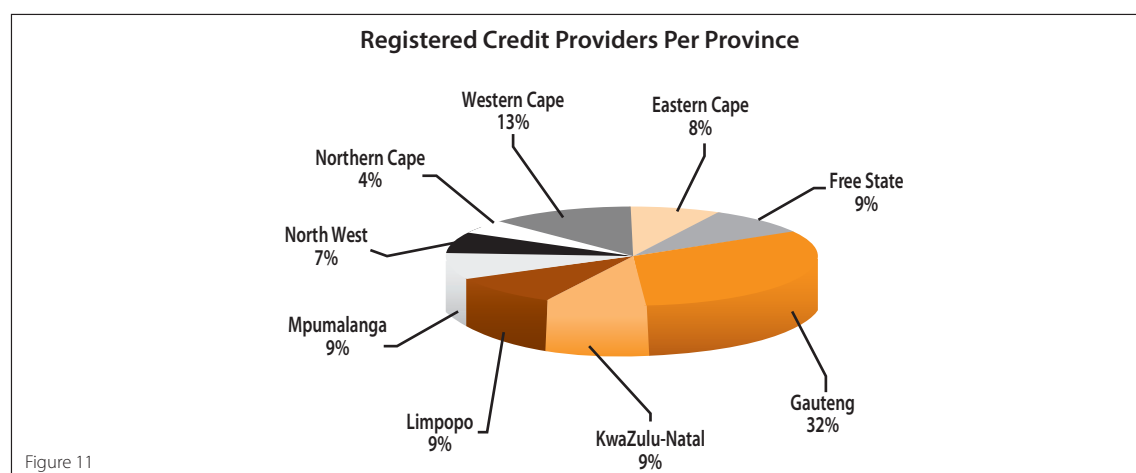
Once a credit provider, credit bureau or debt counsellor is registered, an annual renewal fee is payable. Annual fees collected during the year under review amounted to R21.77 million, an increase of 1.5% on the previous year and close to the annual target set at R22 million.

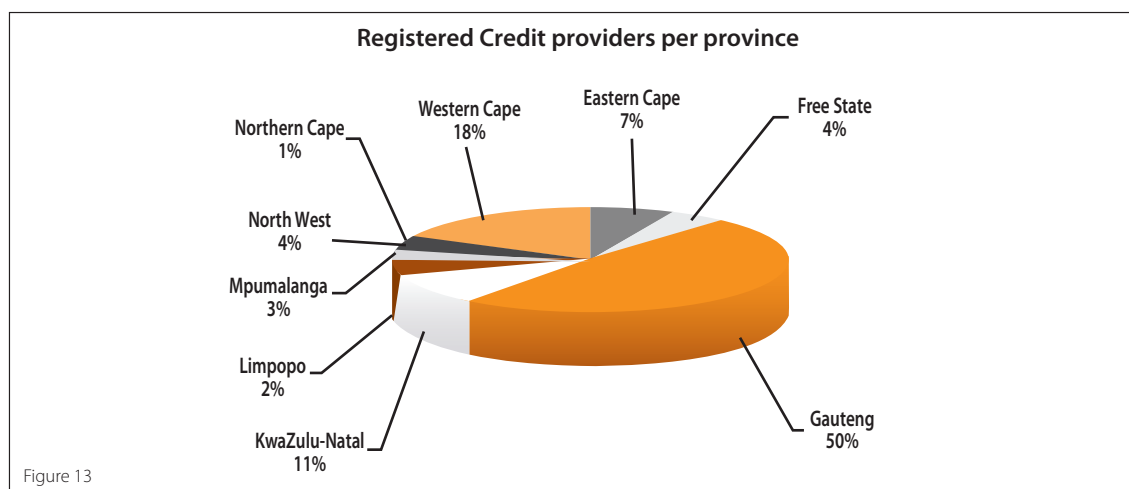
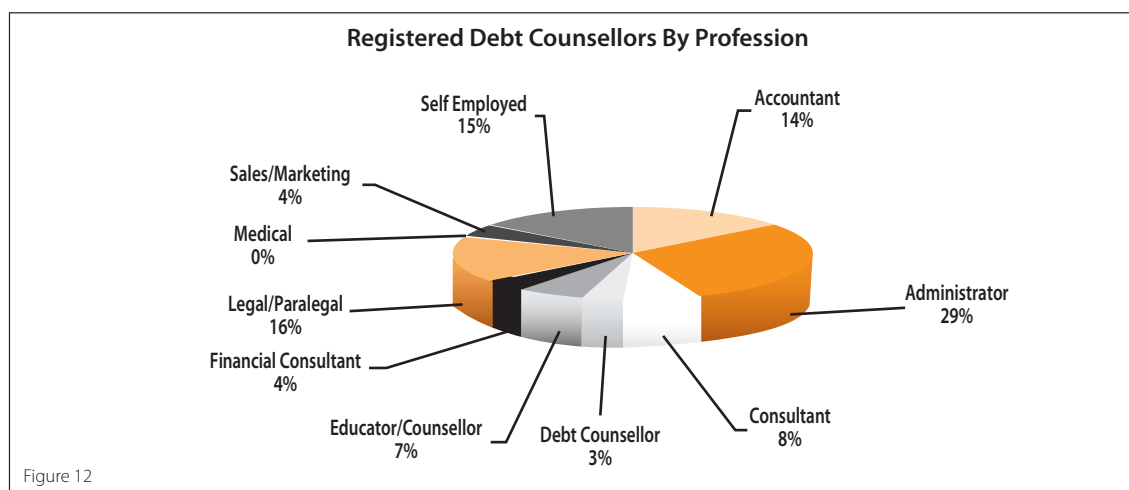
Compliance

The NCR monitors compliance by reviewing the returns and compliance reports submitted by credit providers. Cases of non-compliance are reported to the Management Enforcement and Complaints Committee (MECC). During the year under review, the NCR exceeded its target of the number of credit providers reviewed.

The NCR also finalised a Code of Conduct for credit providers and debt counsellors, which all registered parties and prospective registrants are required to subscribe to.

A language policy was devised and implemented as required by section 63 of the NCA. Furthermore, the Compliance Team assisted and monitored registrants to ensure that all credit documentation was modified and could be read in understandable and plain language (in all eleven official languages). The project was run over a two-year period and is being closely monitored.





Key challenges and proposed solutions

Of the 2 033 registered debt counsellors, only about 900 are active. The rest cannot be located with the information they provided during registration, which is an indication that many have “thrown in the towel”. This has happened mostly in rural areas, and can be attributed to lack of competence or interest in providing effective debt counselling. It could also point to the fact that many had registered with the notion that debt counselling would be “easy money”.

In terms of compliance, it has become problematic to monitor the compliance of micro lenders. Many registered parties do not know what is expected of them and do little to prove that they comply with the set requirements. To counter this, the NCR has implemented a ‘loyal customer’ campaign and plans to increase the intensity of its road show programme.

Compliance monitoring would also become easier by means of information sharing with other regulators like the FSB, Competition Commission and South African Revenue Services (SARS). The NCR has started strengthening relations with these bodies.

Activity: Debt Counselling

Purpose

Ensure that the debt counselling mechanism functions as envisaged in the National Credit Act to rehabilitate over-indebted consumers as a measure to counteract poverty and underpin a sustainable economy in South Africa.

Measurable objectives

- To monitor compliance of debt counsellors with the Act, conditions of registration and set guidelines by the NCR, as well as to offer training and support where needed;
- To resolve issues of non-compliance with the assistance of the NCR's Investigation and Enforcement Department;
- To monitor compliance of payment distribution agencies with service level agreements entered into with the NCR; and
- To conduct an assessment on the state of debt counselling, to identify trends, changes and recommend appropriate interventions.



Performance and key achievements

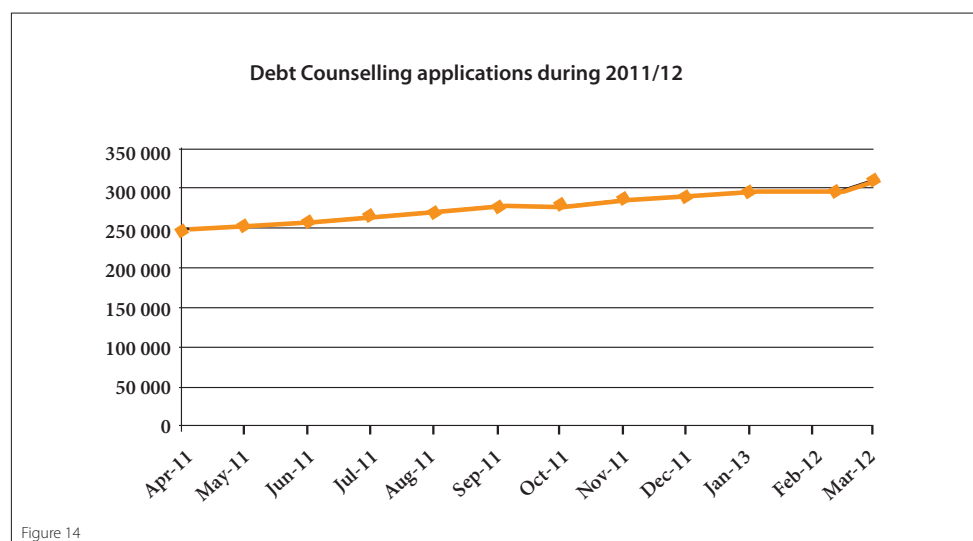
By 31 March 2012, there were 2 033 registered debt counsellors on the NCR database and a total of 309 429 consumers had applied for debt counselling since inception.

Applications from consumers requiring debt counselling are received at an uneven rate with statistics showing a decline in the rate of new applications over the past year. An average of 5 700 new applications for debt counselling per month were processed compared to the previous year's average of 6 000 per month.

The NCR has, however, noted an increase in the number of consumers making payments regularly through Payment Distribution Agencies (PDAs); from about 63 000 in April 2011 to over 79 000 in March 2012. PDAs are accredited by the NCR to collect and distribute debt counselling funds on behalf of consumers to credit providers.

The following is a summary of significant statistics as at 31 March 2012:

- 309 429 was the total number of debt counselling applications since inception;
- an estimated 189 143 consumers are actively participating in debt counselling process;
- 41 180 court orders were granted and 38 001 matters were still on the court roll;
- 1 010 consumers have been issued with clearance certificates;
- 989 debt counsellors were registered with accredited payment distribution agencies and approximately 102 229 consumers logged with the PDAs. Around 71% of these consumers are paying regularly; and
- R2.8 billion was distributed to credit providers.



Payment Distribution Agencies

PDAs are tasked with collecting money from consumers and distributing this to credit providers in accordance with restructuring agreements. Four PDAs: Hyphen, Consumer Protection Excellence, National Payment Distribution Agency and DC Partner are providing this service. Funds disbursed increased considerably over the past year. Although there are still challenges, improvements were noted from the periodic audits conducted by the NCR on these entities.

During the year under review PDAs distributed R2.81 billion to creditors, an increase of R329 million for 2011/12 financial year. A total amount of R6.2 billion has been disbursed by PDAs since the implementation of PDAs in March 2008.

Payments distributed by PDAs over the past two financial years

Year 10/11	Amount Distributed to Credit Providers	Year 11/12	Amount Distributed to Credit Providers
Apr-10	R 165 232 422	Apr-11	R 225 846 600
May-10	R 182 292 810	May-11	R 230 366 923
Jun-10	R 192 014 094	Jun-11	R 228 263 065
Jul-10	R 186 059 695	Jul-11	R 240 044 920
Aug-10	R 207 498 017	Aug-11	R 244 044 412
Sep-10	R 214 421 940	Sep-11	R 235 773 471
Oct-10	R 213 731 499	Oct-11	R 239 540 739
Nov-10	R 226 015 925	Nov-11	R 247 296 412
Dec-10	R 231 022 116	Dec-11	R 231 193 078
Jan-11	R 204 674 492	Jan-12	R 221 116 048
Feb-11	R 234 586 917	Feb-12	R 237 701 251
Mar-11	R 224 354 121	Mar-12	R 228 860 074
Total	R 2 481 904 052	Total	R 2 810 046 999

(Table 2)

Debt counsellor monitoring

The NCR visited a total of 412 debt counsellors nationally. During these visits NCR representatives assessed compliance with the Act and conditions of registration and offered support and guidance especially to those newly registered debt counsellors who were still uncertain of the process. Where severe non-compliance was identified, matters were referred to the NCR's Investigation and Enforcement Department.

The NCR also implemented the new debt counselling fee structure. This was after a review made by economic policy and research company Feasibility (Pty) Ltd to ascertain whether the fees are adequate for debt counsellors to deliver a service.

Training of debt counsellors and magistrates workshops

The NCR continued to offer support to debt counsellors through practical training.

- 14 training sessions were conducted with an attendance of 339 debt counsellors;
- Four road shows were conducted in four provinces where debt counselling processes and issues were discussed by relevant stakeholders;
- The debt counselling training course for aspirant debt counsellors was reviewed and extended from five to ten days to include task team recommendations, recent case law, codes of conduct and the Magistrate Court Act and Rules. The course is offered by NCR accredited training institutions; and
- Five magistrates workshops were conducted on the application of the NCA in debt counselling cases.

Key challenges and proposed solutions

Factors that to a large degree impacted on the optimal performance of the process are the legislative framework and interpretation of the NCA by the courts.

The NCR commissioned the University of Pretoria to assess the current state of debt counselling focusing on:

- progress made since the preceding reports and identifying trends that have developed since the 2009 report;

- the impact of the new rules, standardised outputs and process flows emanating from the Task Team recommendations; and
- the impact of the Supreme Court of Appeal judgments on sections 86(10), 86(2), 129 and 103(5) of the Act.

The assessment informs NCR to determine further appropriate methods of intervention. Some of the findings are:

- Industry guidelines impacted positively on the debt review industry with notable improvements in consensual debt resolution;
- Compliance with timelines to the provision of information and responses to proposals have increased, although problems are still experienced with some credit providers;
- There are still problems experienced in the Magistrates' courts such as long waiting periods, lack of consistency between courts, incomplete court applications; untrained debt counsellors, magistrates and attorneys, etc;
- Interpretation of NCA by the courts on sections 129; 86 (2); 86 (10); 86 (11) and 103 (5), has to a very large extent brought an end to the uncertainty created by previous, often conflicting judgments.

Activity: Complaints, Investigations and Enforcement

Purpose

Ensure compliance with the NCA by monitoring the credit market, receiving complaints, investigating contraventions and taking various compliance enforcement actions.

Measurable objectives

- To receive, evaluate and resolve consumer complaints against credit providers, credit bureaus and debt counsellors who contravene the NCA;
- To fulfil an advisory role in terms of:
 - protecting consumers against discrimination in credit granting;
 - protecting consumers against punitive measures imposed by credit providers;
 - ensuring that consumers have access to required information; and
 - referring consumers to relevant bodies or agencies that will assist in resolving disputes.
- To counteract illegal practices through enforcement action - from issuing compliance notices, to referring matters to, and appearing before the National Consumer Tribunal. In fulfilling this role, the NCR ensures that it is independent, impartial and objective.



Performance and key achievements

For operational purposes, there are two sections, namely the Complaints Section and the Investigations & Enforcement Section.

Complaints handling and resolution

The NCR is responsible for receiving, evaluating and resolving consumer complaints against credit providers, credit bureaus and debt counsellors who contravene the NCA. Since inception, the NCR has received 457 570 calls at its call centre of which 68 571 were received in the year under review.

As the NCA promotes informal resolution of disputes, some of the complaints and enquires were referred to the Provincial Consumer Affairs Offices and Ombud Schemes for informal resolution without the NCR interfering in, or adjudicating those disputes.

R34m refunded thanks to NCR

THE National Credit Regulator (NCR) has received 443 828 calls since its inception.

This is according to its acting CEO Nomsa Motshegare, who was speaking at a debt management and savings outreach programme in Soweto on Monday.

Motshegare added that the NCR had recorded over a million hits on its website since it was launched and it had also received 12 080 complaints from consumers and resolved 97% of these.

"The NCR has conducted 654 investigations, making those cases where consumers stood to lose their homes a priority," she said.

A total of 55 compliance notices were issued and 30 cases were referred to the National Consumer Tribunal (NCT).

"During 2010/2011, R34-million was refunded to consumers due to interventions by

tor."

In terms of debt counsellors, 146 had been investigated.

"By analysing consumer complaints, as well as investigations and court judgments, we can start identifying contentious issues and exploring new ways to combat over-indebtedness via legislative and non-legislative means," Motshegare added.

She said an informed consumer was a protected one, which is why the NCR had an extensive consumer awareness programme in place.

"We conduct workshops for trade unions, NGOs, tribal authorities, companies etc.

"The NCR also works closely with the Consumer Protection Forum, which comprises of other regulatory bodies and the nine provincial consumer affairs offices."

She added that the NCR also engaged with debt counsellors,

providers and the National Debt Mediation Association; as well as the South African Savings Institute in matters dealing with consumer credit.

South Africa's consumer presently owed credit providers around R1.27-trillion.

Mortgages represented 62% and the balance consisted of vehicle finance, store and credit card debt and personal loans.

Consumers classified to be in good standing currently represented 53.8%, while the number of consumers with impaired records had slightly improved.

The number, however, was still too high, added Motshegare.

Furthermore, the NCR had registered 4 815 credit providers, 2 023 debt counsellors and 11 credit bureaus.

Of the total 12 310 complaints received the NCR investigated 1 740 formal complaints (complaints within the NCR's jurisdiction) and resolved 1 664 (95.63%) thereof. Of these, 28% were resolved within 30 days; 37% within 60 days; 24% within 90 days and 11% after 90 days.

Of all the complaints received, 698 were classified as ordinary complaints. This category includes complaints regarding high interest rates, failure to provide account statements, the cancellation of holiday club membership and other similar issues. The balance of 1 042 were debt counselling complaints, which included, but were not limited to non-issuance of notification to credit providers,

non-distribution of funds, and unprofessional conduct of debt counsellors. The balance of complaints received were referred to relevant institutions. These are complaints that fall outside the ambit of the NCA.

The resolution of these complaints resulted in more than R600 000 being refunded to consumers. Sixteen notices of non-referral were issued to complainants in matters deemed frivolous or vexatious, or which did not fall within the ambit of the NCA.

Relationships with other role players - Section 15 of the NCA obliges the NCR to promote informal resolution of disputes by referring disputes to certain institutions. The NCR had meetings with the KwaZulu-Natal and Western Cape Provincial Consumer Affairs Offices to discuss challenges in implementing the NCA, training needs, co-operative arrangements and compliance enforcement challenges. Meetings were also held with the Credit Ombudsman, Ombudsman for Banking Services, Ombudsman for Long-Term Insurance and the Short-Term Insurance Ombudsman.

The NCR is a member of the Consumer Protection Forum (consisting of Provincial Consumer Affairs Offices and relevant regulators) and NCR attended meetings of the Forum's Compliance Committee held quarterly during the year under review.

Workshops relating to the NCA and the complaints resolution process were also conducted with various credit providers. The workshops have impacted positively on dispute resolution time frames.

Capacity building - Two call centre service evaluations were conducted, one internally and one by an external service provider. NCR call centre agents were assessed on product knowledge, telephone etiquette and professionalism. The reports were positive, identifying only minor areas of improvement. Continuous training on the Act is taking place to improve effectiveness and efficiency.

Investigations and Enforcement

The NCR had reasonable successes with the investigations it conducted and experienced a significant increase in the number of investigations from 68 in the previous financial year to 197 in the year under review. A total of 106 investigations were also completed during this period. The increase can be attributed to a greater awareness among the public who no longer shy away from complaining against wrong doing or bad service. It follows logically therefore that, as the total number of complaints increase, so too do the number of complaints that give rise to more in-depth investigation.

Opperman vs Boonzaaier and others

The NCR was cited as the fourth respondent in this matter. The applicant entered into various credit agreements without being a registered credit provider. In terms of sections 40 and 89 the agreements are unlawful and must be declared void and the credit provider must be ordered to forfeit all purported rights to recover the debt. In the event of the consumer being unjustifiably enriched then those rights are to be forfeited to the state in terms of section 89 of the NCA. The applicant contended that section 89 is unconstitutional. The matter was heard on 5 March 2012 in the Western Cape High Court and judgement was reserved.

NCR vs Standard Bank

The NCR instituted action against Standard Bank in respect of increased home loan administration fees entered into under the Usury Act.

The NCR contended in this regard that Standard Bank is bound by the maximum administration fees as stipulated under the Usury Act to retain protection of borrowers against exorbitant interest charges.

The High Court held in favour of Standard Bank in that Standard Bank is not bound by the maximum administration fees under the Usury Act. The NCR's application for leave to appeal to the Supreme Court of Appeal (SCA) was granted on 8 March 2012. The matter will proceed in the SCA.

Key challenges and proposed solutions

A shortage of staff in relation to the number of cases requiring enforcement caused a backlog during the year under review. Ideally the NCR should have in its employ the correct mix of inspectors and legal advisors. This imbalance is being attended to by recruiting legal advisors as well as inspectors in applicable numbers. It is a slow process as the skills required are of a specialised nature.

Activity: Consumer Education and Communication

Purpose

Implement education information measures to create public awareness of the provisions of the Act.

Measurable objectives

- To educate the public on consumer rights enshrined in the NCA;
- To inform and update the public on new developments affecting consumers in the market;
- To create awareness of channels of communication available to consumers for lodging complaints;
- To educate the public about the role and mandate of the NCR, NCA and issues pertinent to consumers; and
- To devise suitable tools of communication to reach different target audiences and effectively communicate with them on consumer issues.

Performance and key achievements

In the year under review the NCR embarked on a number of consumer education initiatives.

National Youth Literacy Conference

Young people form a key part of the NCR consumer education drive. In the financial year under review, the NCR together with the South African Savings Institute (SASI) continued to run a National Youth Literacy Campaign aimed at primary and high school learners as well as their educators. Speaking the same messages to educators, the aim was to encourage them to lead by example and continue to educate young people about taking responsibility for their finances. The road show was also used as a platform to introduce the NCR and its mandate to young people across the country.



This campaign was able to reach 287 learners and educators across the country. The road show will culminate in a National Youth Literacy Conference to be held in partnership with the Johannesburg Securities Exchange (JSE), South African Savings Institute (SASI), the South African Reserve Bank (SARB) and the Financial Planning Institute of South Africa on 11 August 2011.

Government Payslip Consumer Education Programme

With government being the biggest employer in the country, the NCR launched a special educational programme which targeted an estimated 1.6 million public sector employees. Since June 2011, the NCR has been using government employee payslips as a channel to educate government employees. Messages printed on the payslips focus on how to cap or avoid indebtedness, where to find assistance for over-indebtedness, how to save, and the role and mandate of the National Credit Act and the National Credit Regulator.

This project was implemented based on feedback received from NCR education officers and through the NCR call centres about high over-indebted levels amongst government employees.

Soul City TV series

The NCR was approached by the Soul City Institute to sponsor the 11th series of Soul City. In return, the NCR got the opportunity to use the platform to carry financial literacy messages to TV viewers. Soul City TV series reaches approximately 50% of the total viewership at a time with its edutainment approach and the NCR found the platform appealing to reach its target audience across the country.

The 13 episodes sponsored by the NCR, focused on educating viewers about spending wisely, monitoring spending patterns, managing debt, keeping a clean credit record, rights and responsibilities of consumers, financial planning and lodging complaints. Through Soul City's broadcasts, the NCR was able to reach a wide target audience including rural and under-served communities.

Soweto Outreach Programme

Members of Parliament, the Honourable X Mabasa and the Honourable U Moiloa from the Diepkloof Parliamentary Constituency Office invited the NCR to collaborate in a community outreach programme in Soweto.

The NCR, together with the NCT, Council for Debt Collectors (CDC), SASI, JSE, was introduced to the community and given an opportunity to speak about consumer matters. The outreach programme was a success and well attended.

NORTH WESTERN BONUS
30 May 2011, p.7

NCR takes consumer education to the people

The NCR as part of executing its mandate is hopping up its drive to educate consumers on the crucial aspects of the National Credit Act (NCA). The general public is encouraged to attend these workshops to deepen their understanding of their rights and responsibilities, says Peter Setou, Senior Manager, Education & Strategy, of consumer watchdog, the National Credit Regulator (NCR).

According to Setou, the workshops reach out to all provinces both urban and rural areas because there is a need to educate consumers and ensure that harmful practices are weeded out of the industry.

"The workshops are meant to educate consumers on the NCA, so that they know their rights and obligations in credit matters," says Setou. These workshops are conducted for different industries such as churches, employers, tribal authorities, trade unions, communities etc.

He adds that given the complexity of some aspects of the Act and in line with its mandate of carrying out education, the NCR is currently conducting these workshops because consumers have to be equipped to make informed choices about their finances.

The workshops are conducted by dedicated Education and Communication Officers who will fan across the country to deliver presentations on the key aspects of the Act.

Setou disclosed that the consumer workshops cover the following:

- NCR's role and responsibilities; The National Credit Act features; Credit Bureau; Over-indebtedness; Budgeting; and Debt Counselling; Spending Wisely during the festive season.

He stressed that the objective of the workshops is to educate people about the NCR and NCA. Should they want workshops, all they have to do is to contact the NCR and an Education and Communication Officer will set up the workshop for them.

The National Credit Act - which was signed into law on March 15, 2006 - is aimed at regulating the credit granting industry, curbing reckless lending and ensuring that consumers are protected from harmful business practices by lenders.

The NCA replaces the Usury Act, the Credit Agreements Act and the Exemption Notice (which regulated micro-lending transactions). It applies to banks, retailers, micro-lenders and all other credit providers.

The Act covers all forms of consumer credit, including bank loans, credit cards, store cards, pawn transactions, furniture finance and motor vehicle finance.

Other key features of the National Credit Act are to ensure that interest and fees are regulated and the advertising and marketing for credit must contain prescribed information on the cost of credit.

Provision is also made in the Act for the registration of debt counsellors and debt restructuring for over-indebted consumers. A consumer who is over-indebted may approach a debt counsellor directly, or he/she may be referred to a debt counsellor by his/her creditor/s or by the magistrate court.

The National Credit Regulator (NCR) was established as the regulator under the National Credit Act and is responsible for the regulation of the South African credit industry. It is tasked with carrying out education, research, policy development, registration of industry participants, investigation of complaints, and ensuring the enforcement of the Act.

Consumer Workshops and Road Shows

A number of consumer education workshops and road shows were conducted during the year under review. The *diti* and Contralesa embarked on a campaign to empower rural communities about the mandate of the *diti* and its agencies. The NCR was invited to be part of the roadshow. These took place in Kuruman and Taung in the Northern Cape and will be rolled out to other provinces in the next financial year. During the roadshow,

consumers were educated on credit issues, the role of the NCR and consumer rights in line with the NCA. It was a great opportunity for the NCR to address challenges faced by consumers in rural communities and under-served communities.

Provincial reach

Below is an outline of provinces reached through workshops and consumer educational messages. These only consist of consumer reach and do not include stakeholder reach.

Statistics of provincial workshops conducted

Provincial reach in percentage of total activities

Province	Reach in %
Northern Cape	3%
Eastern Cape	11%
Western Cape	8%
Free State	4%
Limpopo	12%
North West	8%
Mpumalanga	6%
Gauteng	36%
KwaZulu-Natal	12%

(Table 3)

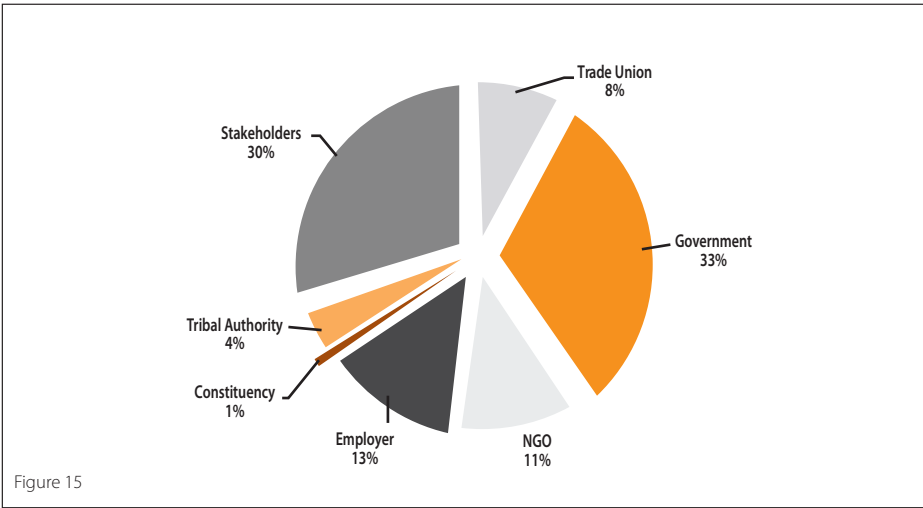


Figure 15

Stakeholder Workshops

Category	Reach
Trade union	24
Government	103
NGO	36
Employer	41
Constituency	3
Tribal authority	12
Stakeholders	85
Total	304

(Table 4)

Communication

Communication forms an integral part of the work of the NCR. In the year under review a number of approaches to effectively communicate with the public through media were explored. These include broadcast interviews on the NCR and the role of the NCA, advertisements placed on a number of channels including online media, TV, radio and print media.

The value of media publicity generated in the year under review amounted to R120 million. The total amount spent on advertising by the NCR amounted to R1.7 million.

Return on Investment (ROI) calculations

Publicity value generated for the NCR was R120 million Advertising Value Equivalent. The total advertising spend was R1.7 million, and the ROI as per advertising spend is 76:1. This calculation is based on an international benchmark from global measurement companies and takes into account that a news story has more credibility than an advert and therefore is more effective at creating goodwill in the reader or target market.

Advertising Value Equivalent (AVE) refers to the monetary value of coverage generated at the rate it would have cost to place an advert of a similar size or length, which becomes the value of publicity exposure generated.

Outline of media coverage received in the year under review

MEDIA COVERAGE	2011	2012	% INCREASE/ DECREASE
Advertising Value Equivalence (AVE)	R121 million	R120 million	0%
Education/print and broadcast consumer adverts & outside broadcasts	64	36	-44%
Print media articles	1 645	1 512	-8%
Television interviews/appearances	99	76	-23%
Radio interviews in all languages	421	405	-4%
Website visitors	201 142	251 526	25%

(Table 5)

Key challenges and proposed solutions

Over the years, reaching target audiences based in townships and rural/remote communities has been one of NCR's biggest consumer education challenges. The NCR continues to explore and try new avenues and strategies for spreading its educational messages.

MOGOL POST/POS
21 Oct 2011, p.4

Joint SAPS, NCR & SASSA operation nets illicit credit providers

In a joint two-day operation the South African Police Service, the National Credit Regulator (NCR), South African Social Security Agency (SASSA) and the National Prosecuting Authority (NPA) have embarked on an operation aimed at clamping down on credit providers who are still hell-bent on employing illegal bullying tactics against vulnerable and unsuspecting consumers.

The operation dubbed "Project Blitzkrieg" primarily focuses on illegal credit providers who are unlawfully retaining pension cards, bank cards, identity documents and personal identity numbers (PIN) of their clients as surety.

As a start they focused on pension payout points in Zwide, KwaZakhele and Motherwell in Port Elizabeth in the Eastern Cape. The second leg of the operation focused on a few credit providers' premises in Motherwell, Zwide, North End Port Elizabeth and New Brighton West.

The operation yielded the following successes:-

- A total of six people known as 'Skoppers' were arrested;
- Police also found the suspects in possession of an accumulative number of over 60 pension cards, ID books and notebooks and 297 bank cards and pin numbers.

"This is certainly not the last of our operations in this regard", said Jan Augustyn, Manager for Investigations & Enforcement at the NCR. "Such operations

will later be extended to other parts of the country, mainly in rural communities where we believe people are more vulnerable and easily exploited", added Augustyn.

"Meanwhile the NCR's education division will continue to educate consumers on their rights and obligations and provide advice on how to lodge complaints", added Augustyn.

SASSA has also advised consumers not to leave their pension cards with micro lenders as they will not get out of the debt cycle and will battle to get their grants if they do not have their pension cards. "If consumers in and around the mentioned areas have left their cards and documents with micro lenders, they are advised to contact the Directorate Priority Crimes Investigations: Eastern Cape immediately where their cards can be retrieved," says Vuyolwethu Bukula, Senior Manager at SASSA, Eastern Cape Region.

The National Commissioner has praised the team for their efforts, citing crimes against women and children, particularly pensioners as one of the priorities of the SAPS. "The joint operational team will continue to arrest and prosecute these micro lenders who persist on exploiting vulnerable people", said National Police Commissioner General Bheki Cele.

"Since its inception, the National Credit Regulator has through complaints and enforcement action secured refunds to consumers of approximately R41 million depending on the nature/merits of the applicants' case" said Augustyn.

Raids on micro lenders - throughout the year under review, the NCR in collaboration with the SAPS carried out a number of raids on microlenders in various parts of the country. These operations had a high success rate in counteracting contraventions of Section 133 of the NCA which in a nutshell prohibits credit providers from retaining personal documents such as bank and pension cards as a collection method or to intimidate/coerce/abuse borrowers in any way.

Raids in the North West Province - Suspects were arrested in Jouberton and criminal cases opened.

Raids in the Northern Cape - The two-day raids in March 2012 were carried out in Petrusville, Colesberg, Noupoot and De Aar. Documents that were recovered and returned to their rightful owners included 620 bank cards, 577 pension cards, 114 identity books and six consumer cards. Numerous premises belonging to micro lenders were searched and a large number of suspects were arrested and charged.

Raids in Eastern Cape - These raids were carried out on 11 and 12 October 2011 in Motherwell, KwaZakhele and Zwide townships outside Port Elizabeth. A number of micro lenders were arrested, convicted and sentenced in the Port Elizabeth Magistrate's Court. More than 300 documents that were recovered these included bank cards, pension cards and identity documents.

Other enforcement action: The NCR assisted the SAPS with an investigation in Willowmore in the Eastern Cape. A total of 10 people were arrested for contravening Section 133 of the NCA. These cases have not yet been finalised.

Legal matters: Eleven matters were referred to the National Consumer Tribunal (NCT) of which six were successfully dealt with and five are still pending. The case of *NCR vs Venda Finance Credit Provider* stood out as a precedent was set. This was the first case in which an administration fine was imposed.

The NCR took eight matters to the High Court and two were finalised with rulings in favour of the NCR.

High profile cases

Sebola vs Standard Bank

Mr and Mrs Sebola never received section 129 notice (required procedures before debt enforcement) as it was delivered to an incorrect post office. The Registrar of the South Gauteng High Court granted default judgement against them in favour of Standard Bank without their knowledge. They applied for the judgement to be rescinded which was refused by the high court and the full bench. They subsequently appealed to the Constitutional Court (CC).

The CC ordered for the papers to be served on the NCR and the Banking Association of South Africa (BASA). Thereafter the Socio Economic Rights Institute of South Africa (SERI) also applied to be joined as *amicus curiae* (a friend of the courts). In the High Court, Standard Bank relied on the mere dispatch of the Notice as sufficient to comply with the requirements of section 129 notice. The NCR argued that section 129 (1)(a) should be interpreted so that its notice requirement is *prima facie* satisfied only when the credit provider shows that it has taken the steps necessary to have brought the notice to the attention of the consumer acting reasonably. The matter was heard on the 14th of February 2012 and judgement was reserved.

PART 3: REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE



Report of the Audit and Risk Management Committee for the year ended 31 March 2012

The Report of the Audit and Risk Management Committee was prepared in accordance with Treasury Regulations 27.1.7 and 27.1.10(b) and (c) for public entities issued in terms of the Public Finance Management Act (Act No.1 of 1999) (PFMA).

The National Credit Regulator (NCR) is listed as a national public entity in Schedule 3A of the PFMA. The Audit and Risk Management Committee met four times during the year under review. Three (3) meetings were attended by former committee members and one by the new committee members. The composition of the committee and attendance at meetings is set out below:

Former committee members until September 2011

Name	17 May 2011	20 June 2011	16 August 2011
Ms Tryphosa Ramano (Chairperson)	In attendance	In attendance	Apology made
Mr N Mashiya	Apology made	Apology made	Apology made
Mr Coceko Pakade	In attendance	In attendance	In attendance

(Table 6)

New committee members from October 2011

Name	17 Feb 2012
Ms Tryphosa Ramano (Chairperson)	In attendance
Mr Jay Pema	In attendance
Ms Constance Nxumalo	Apology made

(Table 7)

The Audit and Risk Management Committee is a sub-committee of the Accounting Authority of the NCR. The committee operates in accordance with the terms of its charter which has been approved by the Accounting Authority. The overall objective of the committee is to assist the NCR's Accounting Authority to discharge its duties relating to the safeguarding of assets; the development and maintenance of adequate systems and controls; assessing the going concern status; the review of auditing and accounting processes; the review of financial information and the preparation of annual financial statements. During the year under review, the committee fulfilled its responsibilities in compliance with its terms of reference.

Other persons who attended the Audit and Risk Management Committee meetings regularly include the internal auditors, representatives from the Auditor-General (AG), the Chief Executive Officer (CEO), the Chief Operations Officer (COO), the Risk Officer (RO) and the Chief Financial Officer (CFO).

Risk Management

Effective risk management is fundamental to the activities of the NCR.

We seek to achieve an appropriate balance between conformance and performance in our activities, and continue to build and enhance the risk management capabilities that assist in delivering on our mandate. The essence of the NCR's risk management is the protection of its reputation. Responsibility and accountability for risk management resides at all levels within the NCR, from the Board and cascades to the managers.

The assessment, evaluation and measurement of risk is an ongoing process that is integrated into the activities of the NCR. This process includes identifying risks and taking corrective action where required.

The internal audit function provides an independent assessment of the adequacy and effectiveness of the overall risk management and reports to the Board through the audit committee.

The Auditor-General has a statutory duty to report its independent opinion on the NCR's financial statements.

The primary risk to which the NCR is exposed and which it manages is operational risk.

This is the risk of loss of reputation resulting from inadequate or failed internal processes, people and systems or from external events. This includes legal risk.

Risk assessments are an integral part of the overall risk management process and cover the key components of identification, assessment and management of risk. The NCR uses key risk indicators to monitor exposures to key risks identified in the risk assessment process.

Internal Audit Function

The Audit and Risk Management Committee is charged with the responsibility to oversee the internal audit function. The role of the internal auditors is to provide support to management and the Audit and Risk Management Committee in fulfilling their responsibilities. The internal audit function provides an independent and objective evaluation of the NCR's system of internal control and any significant risks brought to the attention of management and the committee have been resolved. The internal audit function is outsourced to SizweNtsalubaGobodo.

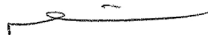
Financial Statements

The Audit and Risk Management Committee has reviewed and evaluated the financial statements of the NCR for the year ended 31 March 2012 and is satisfied that they comply with the requirements of the PFMA, and that the basis of preparation is in accordance with Generally Recognised Accounting Practice (GRAP). The going concern principle was adopted in preparing the financial statements.

The committee, at its meeting of 21 May 2012, recommended the financial statements to the NCR's Accounting Authority for approval.



T Ramano
Chairperson



N Motshegare
Acting Chief Executive Officer

PART 4: CORPORATE GOVERNANCE



Corporate Governance

The NCR's Accounting Authority subscribes to principles of good corporate governance and business practices. The principles of honesty, fairness, integrity, responsibility, accountability and transparency guide all its decisions and activities. The Accounting Authority believes that the pillars of corporate governance should not be confined to the Accounting Authority, but should be the basis of all decisions made at all levels at the NCR.

The NCR strives to balance the pursuit and achievement of business objectives and compliance with the principles of good governance.

In determining good corporate governance and business practices, the Accounting Authority is guided by:

- Government protocol and corporate governance.
- The Public Finance Management Act No 1 of 1999 (PFMA) and supporting National Treasury Regulations.

The Board of the National Credit Regulator

The NCR is governed by a Board.

The term of office of the following board members expired on 19 September 2011:

Chairperson

Adv Pansy Tlakula

Designated Members

Ms Zodwa Ntuli (Department of Trade and Industry)

Mr Nkosana Mashiya (Department of Finance)

Ms Sindisiwe Ngxongo (Department of Human Settlements)

Mr Coceko Pakade (Department of Social Development)

Other Members

Mr Mandla Maleka

Mr Manie van Schalkwyk

Mr Tim Store

The current Board members were appointed in November 2011:



Current Board Members: Standing from left , Mr Dube Tshidi, Mr MacDonald Netshitenzhe and Mr Kariem Hoosain. Seated, Mr Barney Ntlou, Mr Jay Pema and Ms Mercy Mongalo

Absent: Mr Trevor Bailey (Chairperson), Ms Constance Nxumalo and Ms Maleho Nkomo

Chairperson

Mr Trevor Bailey

Deputy Chairperson

Vacant

Designated Members

Mr Dube Tshidi (Department of Finance)

Mr MacDonald Netshitenzhe (Department of Trade and Industry)

Mr Barney Ntlou (Department of Human Settlements)

Ms Constance Nxumalo (Department of Social Development)

Other Members

Ms Mercy Mongalo

Mr Jay Pema

Mr Kariem Hoosain

Ms Maleho Nkomo

The *diti* is finalising the appointment of the remaining Board members.

The Board members are appointed in terms of section 19 of the NCA, which stipulates that the Cabinet members responsible for Finance, Housing and Social Development must each designate a member to the Board.

The Minister of Trade and Industry, Honourable Dr Rob Davies, MP, appoints the Chairperson, Deputy Chairperson and a maximum of six additional members, two of whom must be knowledgeable on consumer matters. Each serves for a period of not more than five years, as determined by the Minister at the time of appointment. Members are required to have applicable knowledge or experience pertaining to the NCA.

The CEO is appointed by the Minister of Trade and Industry in terms of section 23 of the NCA. As *ex officio* member of the Board, the CEO may not vote at Board meetings.

The CEO, who receives internal advice, and is subject to oversight from the Board, is responsible for the functioning of the NCR and is accountable to the Board.

The functions of the Board are defined in section 19 as follows:

- To guide the strategic development of the NCR;
- To oversee and ensure efficient and effective use of resources of the NCR;
- To ensure that the NCR complies with all its legal requirements, and reporting and financial accountability obligations; and
- To provide advice to the CEO concerning the exercise of the functions and powers of the NCR.

The Board may refer any matter concerning the NCR's functions to the Minister of Trade and Industry.

The Board has established a Remuneration Committee, Audit and Risk Management Committee and Policy and Strategy Committee, which are chaired by Mercy Mongalo, Tryphosa Ramano and MacDonald Netshitenzhe respectively. It should be noted that Ms Tryphosa Ramano is an independent person appointed by the Board.

The Board held six meetings during the period under review, while the Policy and Strategy Committee met on two occasions, and the Audit and Risk Management Committee also met four times.

Board attendance

Names	7 April 2011	15 July 2011	25 August 2011	12 December 2011	17 January 2012	28 February 2012
Previous Board Members						
Adv P Tlakula	✓	✓	✓			
M van Schalkwyk	✓	✓	✓			
S Ngxongo	Apology	Apology	✓			
T Store	Apology	Apology	✓			
C Pakade	✓	✓	✓			
M Maleka	✓	✓	✓			
Z Ntuli	✓	✓	Apology			
Current Board Members						
T Bailey				✓	✓	✓
B Ntlou				✓	✓	✓
M Mongalo				Absent	✓	✓
J Pema				✓	✓	✓
D Tshidi				Apology	✓	✓
M Netshitenzhe				Apology	✓	Apology
C Nxumalo				✓	✓	✓
K Hoosain				Not yet appointed	Not yet appointed	Not yet appointed
M Nkomo				Not yet appointed	Not yet appointed	Not yet appointed

(Table 8)

Accounting Authority

The Board which is appointed in terms of section 19(1) of the NCA constitutes the Accounting Authority for purposes of the PFMA.

The NCA determines that the Cabinet Members responsible for Finance, Housing and Social Development may each appoint a member to the Board. The Minister of Trade and Industry appoints the Chairperson, Deputy Chairperson as well as six additional members.

The Accounting Authority is responsible for guiding the strategic direction, which includes approving strategic plans, monitoring performance against strategic objectives and determining policies and procedures that ensure the integrity of the NCR's risk management and internal controls.

The Accounting Authority further ensures that the NCR implements and maintains financial records and systems as required by the PFMA and that the NCR complies with all applicable legislation and regulations.

The members, both collectively and individually, have a right to obtain external independent professional advice on matters pertaining to the NCR at the expense of the NCR.

Structure of the Accounting Authority

To assist in performing its functions, the Accounting Authority has established three committees, the Audit and Risk Management Committee, the Policy and Strategy Committee and the Remuneration Committee.

Each committee has a terms of reference that defines its responsibilities and has been approved by the Accounting Authority.

Audit and Risk Management Committee

The Audit and Risk Management Committee is responsible for:

- The effectiveness of the internal control systems;
- The effectiveness of internal audit;
- The risk areas of the entity's operations to be covered in the scope of the internal and external audits;
- The adequacy, reliability and accuracy of the financial information provided to management and other users of such information;
- Any accounting and auditing concerns identified as a result of internal and external audits;
- The activities of the internal audit function, including its annual work programme, co-ordination with the external auditors, the reports significant investigations and responses of management to specific recommendations; and
- Where relevant, independence and objectivity of the external auditors.

The committee is constituted in terms of section 76(4)(d) and 77 of the PFMA and Regulation 27.1 of the Treasury Regulations. It consists solely of non-executive members and is chaired by Ms Tryphosa Ramano, an independent person, who is not a member of the Accounting Authority.

The NCR CEO, CFO and COO are permanent invitees.

The internal auditors and AG are invited to attend all meetings of the committee and have unrestricted access to the Chairperson and members of this committee.

Audit and Risk Management Committee attendance

Member	17 May 2011	20 June 2011	19 October 2011	17 February 2012
Previous Board Members				
T Ramano	✓	✓	✓	✓
C Pakade	✓	✓	✓	
Current Board Members				
J Pema				✓
C Nxumalo				✓

(Table 9)

Remuneration Committee

The Remuneration Committee consists of non-executive members of the Accounting Authority and is chaired by Ms Mercy Mongalo. It deals with remuneration and benefits of the NCR employees, including the CEO and management.

There were no committee meetings during the period. The function of the committee was performed by the Board.

Policy and Strategy Committee

The Policy and Strategy Committee assists the Accounting Authority regarding the policy and strategic aspects of the duties and responsibilities of the Accounting Authority as set out in section 19 of the NCA.

The committee focuses on the duty of the Accounting Authority to guide the strategic development of the NCR as envisaged in section 19(4)(a) of the NCA and regulatory functions.

The committee is chaired by Mr MacDonald Netshitenzhe.

Policy and Strategy Committee attendance

Member	25 May 2011	23 February 2012
Previous Board Members		
Tim Store	✓	✓
Manie van Schalkwyk	✓	✓
Mandla Maleka	✓	✓
Current Board Members		
MacDonald Netshitenzhe		Apology
Trevor Bailey		✓
Barnie Ntlou		✓

(Table 10)

Accounting Authority's Report

for the year ended 31 March 2012

This report is presented in terms of Treasury Regulation 28.1.1 of the PFMA. The Accounting Authority for the NCR is the Board, as appointed in terms of section 19 of the NCA and section 49(1) and (2)(a) of the PFMA.

1. Nature of Business

The NCR derives its mandate from the NCA. Its mandate is to effectively implement and enforce the NCA as stipulated including the following:-

- Registration of credit providers, credit bureaus and debt counsellors;
- Educating and creating awareness on the protection which the NCA offers;
- Receipt and investigation of complaints and ensuring that consumer rights are protected;
- Enforcement of the NCA; and
- Research and dissemination of information relevant to the credit market.

2. Financial Overview

a. Financial Results

	31 March 2012	31 March 2011
	R	R
Total Income	85,502,583	80,548,212
Expenditure	91,403,162	78,507,307
Net surplus	(5,900,579)	2,040,905
Total Assets	79,597,705	83,844,362
Total Liabilities	33,657,651	32,003,729

b. Financial Performance

Funding received from the *dti* constituted 62.04% (2011: 57.1%) of income for the NCR. Fee income of R26,317,206 (2011: R25,284,793) is the next largest component representing 30.8% (2011: 31.4%) of income.

Personnel costs represent 48.5% (2011: 46.9%) of expenditure with professional fees of R19,990,085 (2011: R14,428,091) amounting to 21.9% (2011: 18.4%). The NCR acquired assets to the value of R2,325,644 (2011: R3,424,561), consisting primarily of computer equipment, leasehold improvements and office equipment.

Accounting Authority's Report

for the year ended 31 March 2012 (continued)

3.

(a) Former Members' Fees from April 2011 to October 2011

Name	Board	Audit and Risk Management Committee	Policy and Strategy Committee	Remuneration Committee	Total (Gross)
	R	R	R	R	R
Adv P Tlakula (Board Chairperson)	14,190	-	-	-	14,190
T Ramano (Audit & Risk Management Committee Chairperson)		43,461			43,461
M Maleka	5,800	-	1,254	1,254	8,308
M van Schalkwyk	7,732	-	3,344	1,672	12,748
T Store	5,434	-	3,344	1,672	10,450
A Osman */ S Mngxongo* (alternate)					
N Mashiya *					
Z Ntuli*					
C Pakade*					
TOTAL	33,156	43,461	7,942	4,598	89,157
* : These members are in the public service and do not qualify for members' fees					

(Table 11)

(b) New Members' Fees from November 2011 to March 2012

Name	Board	Audit and Risk Management Committee	Policy and Strategy Committee	Remuneration Committee	Total (Gross)
	R	R	R	R	R
T Bailey(Board Chairperson)	16,044	-	1,392	-	17,436
T Ramano (Audit & Risk Management Committee Chairperson)		10,894			10,894
M Mongalo	4,350	-		3,152	7,502
J Pema	7,656	1,856			9,512
C Nxumalo*		-			
B Ntlou*					
D Tshidi*					
M Netshitenzhe*					
TOTAL	28,050	12,750	1,392	3,152	45,344
* : These members are in the public service and do not qualify for members fees					

(Table 12)

Accounting Authority's Report

for the year ended 31 March 2012 (continued)

- **Executive Management**

The following staff members comprised the Executive Committee during the period under review, N Motshegare (CEO & COO, TS Pather (CFO) and P Setou (Senior Manager Education and Strategy), J Augustyn (Manager: Investigation), (resigned in Jan 2012) and O Tongoane (Manager: Complaints). The prescribed disclosure of emoluments is reflected in note 21.1 of the financial statements.

- **Materiality Framework**

A materiality framework has been approved.

- **Going Concern**

The NCR is dependent on funding from the dti. At this stage there is no indication that in the next 12 months funding from the dti would cease.

- **Events Subsequent to the Financial Position Date**

The Accounting Authority is not aware of any matter or circumstance occurring between the balance sheet and the date of this report that materially affects the performance of the NCR for the year ended 31 March 2012 or the financial position at that date.

- **Physical Address**

The National Credit Regulator's offices are situated at:-
127 – 15th Road
Randjespark
Midrand

- **Postal Address:**

PO Box 209
Halfway House
1685



T Bailey
Chairperson
29 May 2012

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE NATIONAL CREDIT REGULATOR FOR THE YEAR ENDED 31 MARCH 2012

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the National Credit Regulator set out on pages 60 to 85, which comprise statement of financial position as at 31 March 2012, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP), the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA) and the National Credit Act of South Africa, 2005 (Act No. 34 of 2005), 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.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Credit Regulator as at 31 March 2012, and its financial performance and cash flows for the year then ended in accordance with GRAP and the requirements of the PFMA.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. In accordance with the PAA and the General Notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 103 to 124 of the annual report.
9. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information.

The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

10. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Additional matter

11. Although no material findings concerning the usefulness and reliability of the performance information were identified in the annual performance report, I draw attention to the following matter below.

Achievement of planned targets

12. Of the total number of planned targets, 17 targets were not achieved during the year under review. This represents 29% of total planned targets that were not achieved during the year under review. This is mainly due to the fact that the entity was not fully capacitated during the year under review.

Compliance with laws and regulations

13. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA are as follows:

Annual financial statements

14. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1)(b) of the PFMA. Material misstatements of disclosure items identified by the auditors were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

Internal control

15. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Financial and performance management

16. Management did not prepare accurate and complete financial reports.

Auditor-General

Pretoria
31 July 2012



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Statement of Responsibility

for the year ended 31 March 2012

The Accounting Authority acknowledges that it is responsible for the preparation, integrity and fair presentation of the financial statements of the NCR. In order for the Accounting Authority to discharge these responsibilities, as well as those bestowed on it in terms of the PFMA and other applicable legislation, it has developed and maintains a system of internal controls.

The Accounting Authority's responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices. These controls are implemented by trained personnel and are monitored by management with an independent oversight by the Audit and Risk Management Committee and the Policy and Strategy Committee.

The financial statements are prepared in accordance with Generally Recognised Accounting Practice (GRAP). They are based on appropriate accounting policies consistently applied and supported by reasonable assumptions and estimates.


The Accounting Authority believes that the NCR will be a going concern in the year ahead. The going concern basis has thus been adopted in preparing the financial statements.

The financial statements have been audited by the AG, who was given unrestricted access to all financial records and related data including minutes of meetings.

The financial statements for the year ended 31 March 2012 were approved by the Accounting Authority on 29 May 2012 and are signed on its behalf by:



T Bailey
Chairperson



N Motshegare
Acting Chief Executive Officer

PART 5: ANNUAL FINANCIAL STATEMENTS



Financial Statements

For the year ended 31 March 2012

Contents	Page
Statement of Financial Performance	60
Statement of Financial Position	61
Statement of Changes in Net Assets	61
Cash Flow Statement	62
Summary of Accounting Policies	63
Notes to the Financial Statements	72

Statement of Financial Performance

for the year ended 31 March 2012 (continued)

	Note	31 March 2012 R	31 March 2011 R
Revenue from exchange transactions		28,173,200	26,576,390
Fee revenue	2	27,724,654	26,225,594
Other revenue	3	448,546	350,796
Revenue from non-exchange transactions		53,415,246	49,407,100
Transfer payment - Operational activities	4	53,042,000	46,000,000
Government grants	4	373,246	3,386,836
Other revenue	5	-	20,264
Expenses		91,403,162	78,507,307
Operating expenses	6	27,920,260	24,954,887
Personnel expenses	6	44,360,921	36,791,009
Administrative expenses	6	19,113,083	16,754,450
Finance costs	7	8,898	6,961
Finance income	8	3,914,137	4,564,722
Net surplus/(Deficit) for the year		(5,900,579)	2,040,905

Statement of Financial Position

at 31 March 2012

	Note	31 March 2012 R	31 March 2011 R
ASSETS			
Current assets		70,627,552	74,806,845
Cash and cash equivalents	9	70,324,945	74,246,930
Trade and other receivables from exchange transactions	10	302,607	559,915
Non-current assets		8,970,153	9,037,517
Property, plant and equipment	11	8,334,206	8,202,790
Intangible assets	12	635,947	834,727
Total assets		79,597,705	83,844,362
LIABILITIES			
Current liabilities		33,657,651	32,003,729
Amounts prepaid	13	10,821,941	11,497,774
Deferred annual fees	13	8,913,972	8,676,390
Deferred government grants	4	163,513	536,758
Trade and other payables from exchange transactions	14	6,866,066	6,151,731
Provisions	15	6,320,055	4,458,495
Lease obligation	16	98,683	26,096
Operating lease liability	17	473,421	656,485
Total liabilities		33,657,651	32,003,729
Net Assets			
Accumulated surplus		45,940,054	51,840,633
Total net assets and liabilities		79,597,705	83,844,362

Statement of Changes in Net Assets

for the year ended 31 March 2012

	Notes	Accumulated surplus R	Total R
Balance at 1 April 2010		49,799,728	49,799,728
Net surplus as previously reported		2,040,905	2,040,905
Balance at 31 March 2011		51,840,633	51,840,633
Net deficit for the year		(5,900,579)	(5,900,579)
Balance at 31 March 2012		45,940,054	45,940,054

Cash Flow Statement

for the year ended 31 March 2012

	Note	31 March 2012 R	31 March 2011 R
Cash flows from operating activities			
Cash receipts from applicants and registered entities		28,373,498	28,185,133
Cash paid to suppliers and employees		(86,989,665)	(74,017,953)
Cash absorbed by operations before transfers received		(58,616,167)	(45,832,820)
Transfers received	4	53,042,000	46,000,000
Cash generated from operations	18	(5,574,167)	167,180
Finance costs	7	(8,898)	(6,961)
Finance income	8	3,914,137	4,564,722
Net cash inflows from operating activities		(1,668,928)	4,724,941
Cash flows from investing activities			
Additions to property, plant and equipment	11,12	(2,325,644)	(3,424,561)
Net cash outflows from investing activities		(2,325,644)	(3,424,561)
Cash flows from financing activities			
Increase/ (Decrease) in lease liability		72,587	(73,043)
Net cash inflows/(outflows) from financing activities		72,587	(73,043)
Net increase in cash and cash equivalents		(3,921,985)	1,227,337
Cash and cash equivalents at beginning of the year		74,246,930	73,019,593
Cash and cash equivalents at end of the year	9	70,324,945	74,246,930

Summary of Accounting Policies

for the year ended 31 March 2012

1. Significant accounting policies

The National Credit Regulator (NCR) is a National Public Entity as specified in Schedule 3A of the Public Finance Management Act (PFMA), Act No. 1 of 1999 (as amended by Act 29 of 1999).

The principle accounting policies applied in the preparation and presentation of these financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

1.1 Basis of preparation

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These financial statements are prepared in accordance with the going concern principle and on an accrual basis with the measurement base applied being the historical cost unless stated otherwise.

In applying accounting policies management is required to make various judgements, apart from those involving estimations, which may affect the amounts of items recognised in the financial statements. Management is also required to make estimates of the effects of uncertain future events which could affect the carrying amounts of certain assets and liabilities at the reporting date. Actual results in the future could differ from estimates which may be material to the financial statements. Details of any significant judgements and estimates are explained in the relevant policy where the impact on the financial statements may be material.

1.2 Standards and amendments to standards issued but not effective

The following standards and amendments to standards have been issued but are not effective.

Standard	Summary and impact	Effective date
GRAP 18 – Segment Reporting	This standard establishes principles for reporting financial information by segments. The impact on the financial results and disclosure is considered to be minimal.	Issued by the ASB – March 2005 Effective date - To be determined by the Minister of Finance
GRAP 21 – Impairment of Non-cash-generating Assets	This standard prescribes the procedures that the NCR applies to determine whether a non-cash generating asset is impaired and to ensure that impairment losses are recognised. The impact on the financial results and disclosure is considered to be minimal.	Issued by the ASB – March 2009 Effective date – 1 April 2012

Summary of Accounting Policies

for the year ended 31 March 2012 (continued)

Standard	Summary and impact	Effective date
GRAP 23 – Revenue from Non-exchange transactions	<p>This standard prescribes the requirements for the financial reporting of revenue from non-exchange (grants and transfer payments transactions).</p> <p>The impact on the financial results and disclosure is considered to be minimal.</p>	<p>Issued by the ASB – February 2008</p> <p>Effective date – 1 April 2012</p>
GRAP 24 – Presentation of Budget Information in the Financial Statements	<p>This standard requires a comparison of budget and actual amounts and an explanation for material differences.</p> <p>The impact on the financial results is considered to be minimal. However the impact on disclosure is significant.</p>	<p>Issued by the ASB – November 2007</p> <p>Effective date – 1 April 2012</p>
GRAP 25 - Employee Benefits	<p>The standard prescribes the accounting treatment and disclosure for employee benefits.</p> <p>The impact on the financial results and disclosure is considered to be minimal.</p>	<p>Issued by the ASB – November 2009</p> <p>Effective date - To be determined by the Minister of Finance</p>
GRAP 26 - Impairment of Cash-generating Assets	<p>This standard prescribes the procedures to determine whether a cash generating asset is impaired and to ensure that impairment losses are recognised.</p> <p>The impact on the financial results and disclosure is considered to be minimal.</p>	<p>Issued by the ASB – March 2009</p> <p>Effective date – 1 April 2012</p>
GRAP 104 – Financial Instruments	<p>This standard establishes principles for recognising, measuring, presenting and disclosing financial instruments.</p> <p>The impact on the financial results and disclosure is considered to be minimal.</p>	<p>Issued by the ASB – October 2009</p> <p>Effective date – 1 April 2012</p>
GRAP 105 –Transfer of functions between entities under common control	<p>This standard shall be applied prospectively to a transaction or event that involves a transfer of functions when the transfer date is on or after the initial adoption of the Standard</p> <p>The impact on the financial results and disclosure is considered to be minimal.</p>	<p>Issued by the ASB – To be determined by the Minister of Finance</p>

Summary of Accounting Policies

for the year ended 31 March 2012 (continued)

Standard	Summary and impact	Effective date
GRAP 106 – Transfer of functions between entities not under common control	<p>This standard shall be applied prospectively to a transaction or event that involves a transfer of functions when the acquisition date is on or after the initial adoption of the Standard</p> <p>The impact on the financial results and disclosure is considered to be minimal.</p>	<p>Issued by the ASB – To be determined by the Minister of Finance</p>
GRAP 107 – Mergers	<p>This standard shall be applied prospectively to a transaction or event that involves a merger when the merger date is on or after the initial adoption of the Standard</p> <p>The impact on the financial results and disclosure is considered to be minimal.</p>	<p>Issued by the ASB – To be determined by the Minister of Finance</p>

Standard	Summary and impact	Effective date
*** Improvements to the Standards of GRAP	<p>Improvements are proposed to the following standards of GRAP: GRAP 1-4, 9,13,14,17,19 and 100 as part of the ASB's improvement project.</p> <p>The impact on the financial results and disclosure is considered to be minimal.</p>	<p>Proposed effective date 01 April 2011</p>
<p>***Standards affected by the Improvements Project of the ASB issued in an exposure draft as ED 63 - Improvements to the Standards of GRAP</p>		

Summary of Accounting Policies

for the year ended 31 March 2012 (continued)

1.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are presented using the currency of the primary economic environment in which the NCR operates (functional currency). The functional currency of the NCR and the presentation currency is South African rand (ZAR) and all amounts are stated in nearest rands (R).

(b) Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

1.4 Borrowing costs

Section 66 of the PFMA prohibits the NCR from borrowing unless such borrowing has been effected through the Minister of Finance. Partial exemption to this prohibition has been granted through practice note 5 of 2006 which allows the NCR to enter into certain finance leases.

1.5 Revenue from exchange transactions

Revenue comprises application fees, registration fees, branch fees and national loans register fees. Revenue is recognised when the right to the revenue has been established and is recorded at the following dates:

Application fees	Date of registration/withdrawal/rejection
Registration fee	Recognised over a twelve-month period from date of registration
Branch fees	Date of registration
National loans register fees	Date of service delivery
Replacement certificate fees	Date of invoice

Finance income:

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

Other revenue:

Other revenue is recognised on an accrual basis.

1.6 Leases

Operating leases

Leases that the NCR enters into as a lessee, and where the lessor retains substantially all the risks and rewards of ownership of the underlying asset, are classified as operating leases. Payments made under operating leases are charged against revenue on a straight-line basis over the term of the lease.

Finance leases

Leases where substantially all the risks and rewards of ownership of the underlying asset are transferred to the NCR, are classified as finance leases. Assets held under finance leases are initially recognised as assets at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the Statement of Financial Performance. Contingent rentals are recognised as expenses in the years in which they are incurred.

Summary of Accounting Policies

for the year ended 31 March 2012 (continued)

1.7 Property, plant and equipment

Property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits or service potential associated with the item will flow to the NCR and the cost of the item can be measured reliably. Maintenance and repairs, which neither materially add to the value of assets nor appreciably prolong their useful lives, are expensed during the financial year in which they are incurred.

Leasehold improvements and equipment are depreciated over the period of the lease agreement.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their estimated residual values over their estimated useful lives as follows: (table 1)

Fixed asset class	Average useful life
Computer equipment	3-7 years
Furniture & fittings	10 years
Leasehold improvements	Remaining period of the lease
Machinery	7 years
Office equipment	3-7 years
Leasehold equipment	Remaining period of the lease
Security equipment	3-7 years

The asset's residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at each financial year-end.

If any item of property, plant and equipment is derecognised upon disposal or when no future economic benefits or service potential are expected from its use or disposal, the gain or loss if any (calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the asset) is included in the Statement of Financial Performance in the year the asset is derecognised.

1.8 Provisions

Provisions are recognised when the NCR has a present legal or constructive obligation as a result of past events, for which it is probable that the NCR will be required to settle the obligation, and where a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Statement of Financial Position date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the provision is discounted to the present value of the expected cash flows required to settle the obligation.

1.9 Impairment of non-financial assets

The carrying amounts of material assets (PPE and intangible assets) are reviewed to determine whether there is any indication of impairment at each Statement of Financial Position date or when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss, if any, is recognised for the amount by which the carrying amount of the asset exceeds its recoverable service amount.

If any indication exists, the recoverable service amount is estimated as the higher of an asset's fair value less costs to sell and its value in use.

Summary of Accounting Policies

for the year ended 31 March 2012 (continued)

1.9 Impairment of non-financial assets (continued)

In assessing its value in use, the expected future cash flows from the asset are discounted to its present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

A previously recognised impairment loss is reversed if there has been a change in the estimates used to determine the recoverable service amount, however, not to an amount higher than the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment been recognised in prior years.

1.10 Revenue from non-exchange transactions

Government grants

Government grants received for project purposes are recognised in the Statement of Financial Position as deferred revenue upon receipt when there is reasonable assurance that the NCR will be able to comply with the conditions attached to the grant.

The portion of the grant relating to projects that compensates the NCR for expenses incurred is recognised as revenue in the Statement of Financial Performance on a systematic basis over the same period in which the expenses are incurred.

Transfer payments

Transfer payments for operational activities are recognised as revenue on receipt.

Where appropriate, the NCR will recognise an asset arising from a portion of the transfer when it gains control of resources that meet the definition of an asset and satisfy the recognition criteria.

1.11 Intangible assets

Acquired computer software is initially recognised on the basis of the costs incurred to acquire and bring to use the specific software. Amortisation commences when the asset is available for use. These costs are amortised on the straight line basis to their residual values over their estimated useful lives.

Costs associated with maintaining acquired computer software programmes are recognised as an expense when incurred. Costs that are directly associated with the development of identifiable and unique software, and that will probably generate economic benefits or service potential beyond one year, are recognised as intangible assets.

The amortisation year, the amortisation method and the residual values are reviewed, and adjusted if appropriate at each financial year end.

1.12 Intangible assets

The annual amortisation rate is based on the following estimated useful lives.

Intangible assets	Average useful life
Computer software	5-7 years

An intangible asset may be derecognised either on disposal or when no future service potential is expected from its use or disposal.

Summary of Accounting Policies

for the year ended 31 March 2012 (continued)

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It is recognised in surplus or deficit when the asset is derecognised.

1.13 Related parties

As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Key management is defined as those individuals with the authority and responsibility for planning, directing and controlling the activities of the NCR.

1.14 Employee benefits

Short term employee benefits

The cost of all short term employee benefits is recognised during the period in which the employee renders the related service.

Retirement benefits

The NCR provides retirement benefits for all its permanent employees through a defined contribution provident fund scheme which is subject to the Pension Funds Act, no.24 of 1956 as amended. All the NCR's permanent employees are covered by the provident fund. NCR contributions to the fund are charged against revenue as and when they accrue.

1.15 Financial assets

The NCR classifies its financial assets as financial assets at amortised cost.

Financial assets at amortised cost

Financial assets at amortised cost have fixed or determinable payments and are initially recognised at fair value using trade date accounting and subsequently measured at amortised cost using the effective interest method, less any impairment. Financial assets consisting of trade and receivables are only discounted when the effects of discounting are material and once the initial credit period granted consistent with the terms used in the public sector either through established practices or legislation have elapsed.

1.15.1 Impairment of financial assets

Financial assets are assessed for indicators of impairment regularly. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been negatively impacted.

For financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or obligor; or
- default or delinquency in interest or principal payments; or
- the probability that the issuer will enter bankruptcy or financial re-organisation.

For other financial assets, such as trade receivables, assets assessed not to be impaired on an individual basis are later assessed for impairment on a collective basis.

Summary of Accounting Policies

for the year ended 31 March 2012 (continued)

1.15.1 Impairment of financial assets (continued)

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets except for trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered to be uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

1.15.2 Derecognition of financial assets

The NCR derecognises a financial asset (or where applicable part thereof) using trade date accounting only when:

- the right to receive cash flows from the asset have expired;
- the NCR retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the NCR has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

1.16 Financial liabilities

Financial liabilities which include accounts payable and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Accounts payable and other for payables are only discounted when the effects of discounting are material and once the initial credit period granted consistent with the terms used in the public sector either through established practices or legislation have elapsed.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to their present value.

1.16.1 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same customer on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.16.2 Offset of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position only when the NCR has a legally enforceable right to set off recognised amounts and intends either to settle on a net

Summary of Accounting Policies

for the year ended 31 March 2012 (continued)

basis or to realise the asset and settle the liability simultaneously.

1.17 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in money market instruments, all of which are available for use by the NCR unless otherwise stated.

Notes to the Financial Statements

for the year ended 31 March 2012

1. General information

The National Credit Regulator (NCR) is listed as a national public entity in Schedule 3A of the Public Finance Management Act, No.1 of 1999.

The NCR was established on the effective date of the National Credit Act, No 34 of 2005, being 1 June 2006. The attached financial statements represent the results of operations of the NCR for the year ended 31 March 2012 with comparatives being for the year ended 31 March 2011.

There are no instances of significant judgement other than those required by GRAP.

2. Fee revenue

	31 March 2012 R	31 March 2011 R
Application fees	380,500	248,000
Registration fees	20,094,967	19,926,035
Branch fees	5,679,969	5,024,408
National loans register fees	1,407,448	940,801
Replacement certificates	161,770	86,350
	27,724,654	26,225,594

3. Other exchange revenue

Skills development levies recovered	237,143	207,273
Reimbursements	28,545	13,177
Proceeds from debt counselling exhibition		65,000
Proceeds from insurance claim	172,948	29,576
Proceeds from purchase of register of registrants	910	770
Proceeds from purchase of tender documents	9,000	35,000
	448,546	350,796

Notes to the Financial Statements

for the year ended 31 March 2012 (continued)

	31 March 2012 R	31 March 2011 R
4. Revenue from non-exchange transactions		
4.1 Transfer payment-operational activities		
The DTI contributes to the operational activities of the NCR while also providing funding for specific projects.		
Transferred to the NCR	53,042,000	46,000,000
4.2 DTI funded project		
4.2.1 Debt counsellors		
Balance brought forward at the beginning of the year	284,294	2,169,010
Recognised as revenue	(226,906)	(1,884,716)
Unspent funds at 31 March 2012	57,388	284,294
4.2.2 Debt Counselling support		
Balance brought forward at the beginning of the year	36,024	303,056
Recognised as revenue	(36,024)	(267,032)
Unspent funds at 31 March 2012	0.00	36,024
4.2.3 Debt Counselling task team		
Balance brought forward at the beginning of the year	1,441	1,151,529
Recognised as revenue	(1,441)	(1,150,088)
Unspent funds at 31 March 2012	0.00	1,441
4.3 Learnerships		
Funding received	215,000	300,000
Recognised as revenue	(108,875)	(85,000)
Unspent funds at 31 March 2012	106,125	215,000
Total unspent funds at 31 March 2012	163,513	536,758

Notes to the Financial Statements

for the year ended 31 March 2012 (continued)

	31 March 2012 R	31 March 2011 R
5. Other non-exchange revenue		
Litigation cost award	0.00	20,264
	0.00	20,264
6. Operating expenses, personnel expenses, Administrative expenses		
Operating expenses	27,920,260	24,954,887
Professional fees	19,990,085	14,428,091
Consumer education	2,550,896	2,394,452
Stakeholder communication	1,794,399	1,722,689
Debt relief programme	3,584,880	6,409,655
Personnel expenses	44,360,921	36,791,009
Salaries	38,442,648	32,166,555
Contributions to retirement fund	3,388,341	2,847,918
Medical aid contributions	1,287,220	1,105,325
Temporary staff	1,242,712	671,211
Administrative expenses	19,113,083	16,754,450
Premises and equipment	4,529,998	4,360,631
Communication costs	2,014,539	2,537,210
Information technology	2,892,132	2,375,504
General expenses	3,408,744	3,376,129
Recruitment	1,145,920	896,531
Training	2,075,289	922,557
Other staff costs	653,454	616,972
Depreciation	2,194,228	1,472,498
Amortisation	198,779	196,418
The surplus from operations before finance income is arrived at after taking the following items into account:		
Auditors' remuneration (included in general expenses)		
- External audit	1,488,252	1,143,311
- Interim audit	468,002	384,956
- Annual audit 2010/11	1,020,250	758,355
Board members' fees - Non-executive (included in general expenses)	80,146	115,122
Operating lease payments (included in premises and equipment)	2,242,617	2,325,744
Building	1,429,352	1,429,352
Equipment	813,265	896,392

Notes to the Financial Statements

for the year ended 31 March 2012 (continued)

	31 March 2012 R	31 March 2011 R
7. Finance costs incurred on the lease obligation		
(Refer to note 18)	8,898	6,961
8. Finance income		
Interest earned on call accounts	3,914,137	4,564,722
9. Cash and cash equivalents		
Cash on hand	6,000	6,000
Current account	29,862	29,796
Salaries account	0.00	1,286
Call account	70,289,083	74,209,848
	70,324,945	74,246,930

10. Trade and other receivables from exchange transactions

Accounts receivable	106,733	441,585
Other receivables	118,330	118,330
Expense prepaid	77,544	
	302,607	559,915

Accounts receivable past due but not impaired.
The age analysis of these receivables is as follows:

Less than 2 months	184,277	441,585
--------------------	---------	---------

The fair values of trade and other receivables approximate the above values.

11. Property, plant and equipment

31 March 2012	Cost R	Accumulated depreciation R	Carrying Amount R
Computer equipment	5,226,074	(2,476,273)	2,749,801
Furniture and fittings	2,912,341	(963,889)	1,948,452
Leasehold improvements	276,617	(181,088)	95,529
Machinery	257,113	(189,009)	68,104
Office equipment	2,905,543	(1,041,176)	1,864,367
Leasehold office equipment	2,902,983	(1,622,081)	1,280,902
Security equipment	671,154	(344,103)	327,051
	15,151,826	6,817,619	8,334,206

Notes to the Financial Statements

for the year ended 31 March 2012 (continued)

31 March 2012	Carrying amount at beginning of year R	Additions R	Non-current assets written off R	Depreciation R	Carrying amount at end of year R
Computer equipment	2,908,447	507,482		(666,128)	2,749,801
Furniture and fittings	1,766,907	432,056		(250,511)	1,948,452
Leasehold improvements	22,891	143,294		(70,656)	95,529
Machinery	102,998	-		(34,894)	68,104
Office equipment	1,691,884	534,173		(361,690)	1,864,367
Leasehold office equipment	1,474,665	543,447		(737,210)	1,280,902
Security equipment	234,998	165,192		(73,139)	327,051
	8,202,790	2,325,644		(2,194,228)	8,334,206

31 March 2011	Cost R	Accumulated depreciation R	Carrying Amount R
Computer equipment	4,718,591	(1,810,144)	2,908,447
Furniture and fittings	2,480,285	(713,378)	1,766,907
Leasehold improvements	2,359,536	(884,871)	1,474,665
Machinery	257,113	(154,115)	102,998
Office equipment	2,371,368	(679,486)	1,691,882
Leasehold office equipment	133,324	(110,432)	22,892
Security equipment	505,963	(270,964)	234,999
	12,826,180	4,623,390	8,202,790

31 March 2011	Carrying amount at beginning of year R	Additions R	Non-current assets written off R	Depreciation R	Carrying amount at end of year R
Computer equipment	2,493,710	1,039,910	(43,394)	(581,779)	2,908,447
Furniture and fittings	1,531,420	527,219	(89,547)	(202,185)	1,766,907
Leasehold improvements	764,174	968,028	-	(257,537)	1,474,665
Machinery	137,892	-	-	(34,894)	102,998
Office equipment	1,111,674	848,927	(7,509)	(261,210)	1,691,882
Leasehold office equipment	96,511	-	(7,392)	(66,227)	22,892
Security equipment	303,665	-	-	(68,666)	234,999
	6,439,046	3,384,084	(147,842)	(1,472,498)	8,202,790

Notes to the Financial Statements

for the year ended 31 March 2012 (continued)

	31 March 2012 R	31 March 2011 R
The NCR has fully depreciated property, plant and equipment that are still in use.	6,525	5,569
Proceeds from insurance claim (Included in other exchange revenue. Refer to note 3)		29,576

12. Intangible assets

31 March 2012	Cost R	Amortisation R	Carrying amount R
Computer software	1,641,712	(1,005,765)	635,947
	1,641,712	(1,005,765)	635,947

31 March 2012	Carrying amount at beginning of year R	Additions R	Non-current assets written off R	Amortisation R	Carrying amount at end of year R
Computer software	834,727		(1)	(198,779)	635,947
	834,727		(1)	(198,779)	635,947

31 March 2011	Cost R	Amortisation R	Carrying amount R
Computer software	1,641,712	(806,985)	834,727
	1,641,712	(806,985)	834,727

31 March 2011	Carrying amount at beginning of year R	Additions R	Non-current assets written off R	Amortisation R	Carrying amount at end of year R
Computer software	990,731	40,477	(63)	(196,418)	834,727
	990,731	40,477	(63)	(196,418)	834,727

Notes to the Financial Statements

for the year ended 31 March 2012 (continued)

	31 March 2012 R	31 March 2011 R
Intangible assets (continued)		
The NCR has fully depreciated intangible assets that are still in use.	5,474	5,370

13. Amounts prepaid and deferred annual fees

Amounts prepaid	10,821,941	11,497,774
	10,821,941	11,497,774

Amounts prepaid represent fees received in respect of applicants awaiting registration and fees received in advance from registrants renewing their registration.

Deferred annual fees	8,913,972	8,676,390
----------------------	------------------	------------------

Deferred annual fees represent fees received from applicants where the registration period falls over into the next financial period.

14. Trade and other payables from exchange transactions

Trade payables	4,703,244	4,045,066
Accruals	2,055,085	1,863,389
International conference account	-	135,539
Refunds due to lenders	107,737	107,737
	6,866,066	6,151,731

The majority of trade payables are due and payable within 30 days from the reporting date. The fair values of trade and other payables approximate the above values.

15. Provisions

Provision for legal fees

Balance at the beginning of year	3,297,055	2,691,000
Legal fees paid	(2,277,263)	(2,019,230)
Utilised/reversed during the year	(40,698)	(321,757)
Provision made for the year	4,469,949	2,947,042
Balance at end of the year	5,449,043	3,297,055

The NCR is involved in ongoing litigation which is payable within the next 6 to 12 months.

Notes to the Financial Statements

for the year ended 31 March 2012 (continued)

Provision for bonuses

Balance at the beginning of year	1,161,440	907,449
Bonuses Paid	(4,560,157)	(3,949,552)
Utilised/reversed during the year	(343,771)	(459,916)
Provision made for the year	4,613,500	4,663,459
Balance at end of the year	871,012	1,161,440
	6,320,055	4,458,495

Bonuses are performance based and subject to evaluation with the timing being certain but the amount not.

16. Lease Obligation

Interest bearing liabilities		
Lease obligation	98,683	26,096
	98,683	26,096

Reconciliation

	Payable within twelve months R	Payable within two to five years R	Payable thereafter R	Total R
Leased office equipment				
Future minimum lease payments	79,401	26,471		105,872
Finance costs	(6,640)	(549)	-	(7,189)
Present value of minimum lease payments	72,761	25,922	-	98,683

17. Operating lease liability

	31 March 2012 R	31 March 2011 R
Property	342,409	488,741
Equipment	44,502	112,014
Billboard	86,510	55,730
	473,421	656,485

Notes to the Financial Statements

for the year ended 31 March 2012 (continued)

	31 March 2012 R	31 March 2011 R
18. Reconciliation of surplus to cash generated from operations		
Surplus for the year	(5,900,579)	2,040,905
Adjustments for:		
Depreciation	2,194,228	1,472,498
Amortisation	198,779	196,418
Increase/(Decrease) in provisions	1,861,560	860,046
(Decrease)/Increase in deferred operating lease costs	(183,064)	(42,885)
Increase/(Decrease) in accruals	191,698	461,435
Non-current assets written off	-	147,905
Finance costs	8,898	6,961
Finance income	(3,914,137)	(4,564,722)
	(5,542,617)	578,561
Adjustments for working capital changes:		
Increase/(Decrease) in trade and other receivables	257,309	(369,997)
Increase/(Decrease) in trade and other payables	658,178	1,073,070
Increase/(Decrease) in amounts prepaid by applicants	(811,372)	2,051,504
(Decrease)/Increase in deferred annual fees	237,581	(79,122)
Decrease in deferred funding from the DTI	(373,246)	(3,086,836)
	(5,574,167)	167,180

19. Commitments

19.1 Lease commitments in respect of operating lease agreements:

	Payable within twelve months R	Payable within two to five years R	Payable thereafter R	Total R
Building	804,206	2,383,142	-	3,187,348
Equipment	99,974	237,284	-	337,258
Billboard	221,702	661,232	-	882,934
	1,125,882	3,281,658	-	4,407,540

Operating lease commitments consist of leases for the office building, billboard and various items of office equipment. The building and billboard rental contracts escalate at 6, 5 % and 7% per annum respectively on the lease anniversary and both expire on 31 August 2013. The equipment leases have duration of 5 years with no option of renewal. One item of equipment contained an escalation clause of 15% per annum.

The operating lease costs have been straight-lined over the period of the lease and a deferred operating lease expense has been raised. The deferral will amount to nil at the end of the lease term.

Notes to the Financial Statements

for the year ended 31 March 2012 (continued)

20. Financial instruments

The NCR's financial instruments consist primarily of trade and other receivables, cash and cash equivalents, and trade and other payables.

Categories of financial instruments

	31 March 2012 R	31 March 2011 R
Financial assets	70,627,552	74,806,845
Loans and receivables (including cash and cash equivalents)	70,627,552	74,806,845
Liabilities	4,703,244	4,288,702
Trade liabilities at amortised cost	4,703,244	4,288,702

Financial risk management objectives

The NCR's Finance function provides services to the organisation, and monitors and manages the financial risks relating to the operations of the NCR, through analysing the organisation's degree and magnitude of risks. In the ordinary course of business, the NCR is exposed to a number of risks as described below.

Credit risk

Credit risk represents the potential loss to the NCR as a result of unexpected defaults or unexpected deterioration in the credit worthiness of counterparties. The NCR's credit risk is primarily attributable to its receivables. However, this risk is minimal as the NCR only registers applicants when payment has been received. Typically, applicants pay up-front in respect of registration, so annual fees due at any time are limited, as these are received in advance. Revenue is accrued as described in the applicable accounting policy. The carrying amount of trade receivables represents the NCR's maximum exposure to credit risk.

With regard to credit risk arising from the other financial assets, which comprise cash and cash equivalents, the NCR's exposure arises from a potential default of the counterparty where credit rating is constantly monitored, with a maximum exposure (R70,324,945) to the carrying amount of these instruments. The institution in which funds have been placed is monitored on a quarterly basis to assess any potential risks. Cash and cash equivalents are only placed with banking institutions with an AA credit rating.

Market risk

Interest rate risk

This is mainly attributable to the NCR's exposure to interest rates on its cash and cash equivalents.

The sensitivity analyses below have been determined based on the exposure to cash held with the bank on call and in the current account at the reporting date. A 50 (2011: 50) basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the potential impact of the change in interest rates.

The NCR's sensitivity to interest rates has increased primarily as a result of a decreasing interest rate environment.

Notes to the Financial Statements

for the year ended 31 March 2012 (continued)

20. Financial instruments (continued)

Exposure to interest rate risk is set out below:

Class of Financial instrument	Carrying Value	
	31 March 2012 R	31 March 2011 R
Cash and Cash equivalents	70,324,945	74,246,930
Net exposure	70,324,945	74,246,930

Liquidity risk

Management monitors rolling forecasts of the NCR's cash and cash equivalents on the basis of expected cash flow.

The table below analyses the NCR's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual undiscounted liabilities	Payable in less than 3 months R	Payable in 3-12 months R	Payable after 1 year R	Total carrying value R
31 March 2012				
Trade and other payables	4,703,244	-	-	4,703,244
Finance lease liabilities	17,513	55,251	25,919	98,683
Total contractual liabilities	4,720,757	55,251	25,919	4,801,927
31 March 2011				
Trade and other payables	4,288,702	-	-	4,288,702
Finance lease liabilities	19,486	6,610	-	26,096
Total contractual liabilities	4,308,188	6,610	-	4,314,798

Other risks

Due to the nature and extent of the NCR's financial instruments, the NCR is not unduly exposed to price risks or other market risks.

The NCR does not have any foreign accounts receivable or payable, or derivative market instruments.

Fair values

The carrying amounts of financial assets and financial liabilities recorded at cost in the financial statements approximate their fair values.

Notes to the Financial Statements

for the year ended 31 March 2012 (continued)

21. Related parties

Related party transactions are entered into in the normal course of business, under terms that are no more favourable than those arranged with third parties;

Related party	Relationship	Nature of the transaction	Material transactions	Balance
Key management	Contractual		See note 21.1	-
Board members	Contractual		See Accounting Authority's report	-
Department of Trade and Industry	National department in national sphere of government	Transfer payment received	53,042,000	-
Transunion, Compuscan and Experian	Credit bureaus	National loan register fees	-	-
Telekom Ltd	Public entity in national sphere	Rental and telephone usage	-	-
Unemployment Insurance Fund	Public entity in national sphere			
Compensation Commissioner	Public entity in national sphere	Workmen's Compensation Skills Development Levy	-	-
Bank Seta	Public entity in national sphere	Learnerships	-	-
		Providing assistance to consumers with regard to their financial enquiries	-	-
Financial Services Board	Public entity in national sphere		-	-

Notes to the Financial Statements

for the year ended 31 March 2012 (continued)

21.1. Key management personnel compensation is as follows:

For the year ended 31 March 2012

Name	Salary	Provident fund contributions	Travel allowance	Performance bonus	Commutation paid	Leave Acting allowance	Total
R	R	R	R	R	R	R	R
N Motshegare ¹	947,725	59,560	108,000	153,850	-	363,864	1,632,999
TS Pather	1,244,020	71,159	108,000	239,828	-	-	1,663,007
P Setou	941,088	53,084	60,000	116,025	-	-	1,170,197
J Augustyn ²	805,200	42,800	0.00	186,960	91,573	-	1,126,533
O Tongoane ³	845,795	46,753	36,000	170,183	-	-	1,098,731
	4,783,828	273,356	312,000	866,846	91,573	363,864	6,691,467

For the year ended 31 March 2011

Name	Salary	Provident fund contributions	Travel allowance	Performance bonus	Commutation paid	Leave Acting allowance	Total
R	R	R	R	R	R	R	R
G Davel	1,250,460	138,936	-	337,589	231,158	-	1,958,143
N Motshegare	911,430	113,262	110,263	204,737	-	60,644	1,400,336
TS Pather	883,203	110,142	110,681	136,207	-	-	1,240,233
P Setou	813,783	97,092	78,762	161,634	-	-	1,151,271
J Augustyn	216,000	24,000	-	-	-	-	240,000
O Tongoane	188,097	21,900	9,000	-	-	-	218,997
	4,262,973	505,332	308,706	840,167	231,158	60,644	6,208,980

¹ Acting allowance for 12 months ended March 2012

² For the 10 months ended 31 March 2012

³ For the 12 months ended 31 March 2012

Notes to the Financial Statements

for the year ended 31 March 2012 (continued)

22. Reconciliation of budget surplus in the Statement of Financial Performance

	31 March 2012 R
Net surplus per Statement of Financial Performance	(5,900,579)
Adjusted for:	
Depreciation	2,194,228
Amortisation	198,779
Increases in provisions	1,861,560
Budgeted capital expenditure	(3,754,159)
Budgeted project expenditure	(12,000,000)
Variances compared to approved budget	(17,400,171)
Revenue variances	23,747,670
Revenue from exchange transactions	781,172
Revenue from non-exchange transactions	(808,246)
Finance income	85,863
Utilisation of surpluses	23,688,881
Expenditure variances	6,347,499
Operating expenditure	(878,167)
Personnel expenditure	10,277,668
Administrative expenses	(3,052,002)
Net surplus per approved budget	-

Abbreviations to the Financial Statements

Abbreviations applied:

- DTI – Department of Trade and Industry
- NCR – National Credit Regulator
- GRAP – Generally Recognised Accounting Practice
- IAS – International Accounting Standards
- IFRS – International Financial Reporting Standards
- IFRIC – International Financial Reporting Interpretations Committee
- PFMA – Public Finance Management Act
- ASB – Accounting Standards Board
- IASB – International Accounting Standards Board
- IPSAS – International Public Sector Accounting Standards
- IGRAP – Interpretations of the Standards of Generally Recognised Accounting Practice.

PART 6: HUMAN RESOURCES OVERSIGHT REPORT



Activity: Human Capital Management

Purpose

To attract, manage and retain human resources that can deliver the effective and efficient public service envisaged in the NCA.

Measurable objectives

- To provide support to the core business divisions of the NCR and ensuring that there is constant enhancement of both organisational and operational strategies;
- To recruit the relevant skills when and as they are required;
- To develop training materials and facilitating training to upskill employees and in turn boost the performance of the NCR;
- To retain staff by developing and implementing strategies that speak to the needs of the employees;
- To align internal strategies with legislative requirements and best industry practices;
- To position the NCR as a preferred employer in the industry to be able to attract and retain talent; and
- To ensure employment equity within the NCR through its recruitment and employment processes.

Performance and key achievements

Staff complement

The NCR streamlined its recruitment and selection process during the year under review. This was done by further clearing and defining the interview panels' roles and responsibilities.

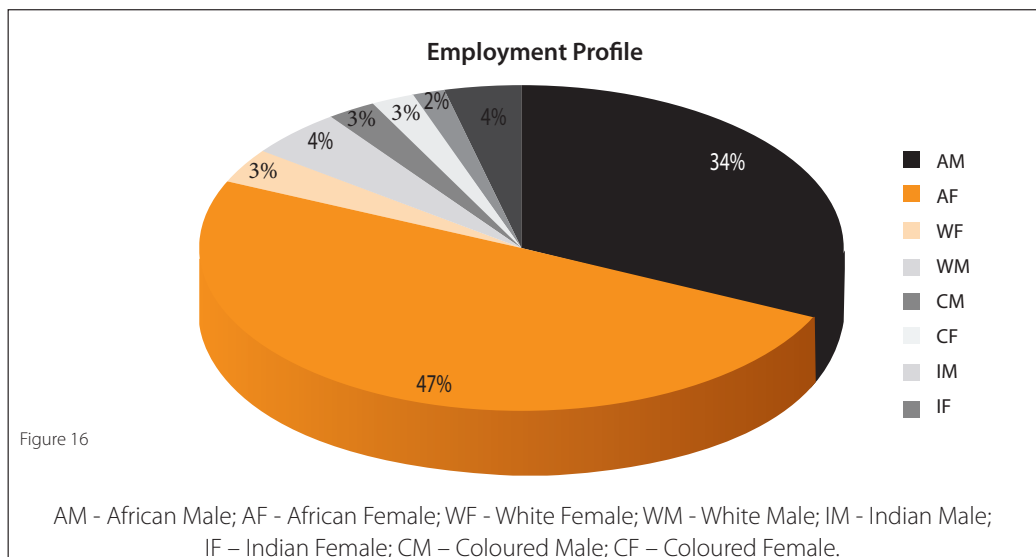
Resulting from the improved internal appointments process, the recruitment statistics increased and staff complement improved. The number of employees increased from 112 in the previous financial year to 133 in the 2011/12 financial year; this includes nine (9) positions which were filled in March with incumbents starting in April 2012. There were 21 resignations.

Staff breakdown

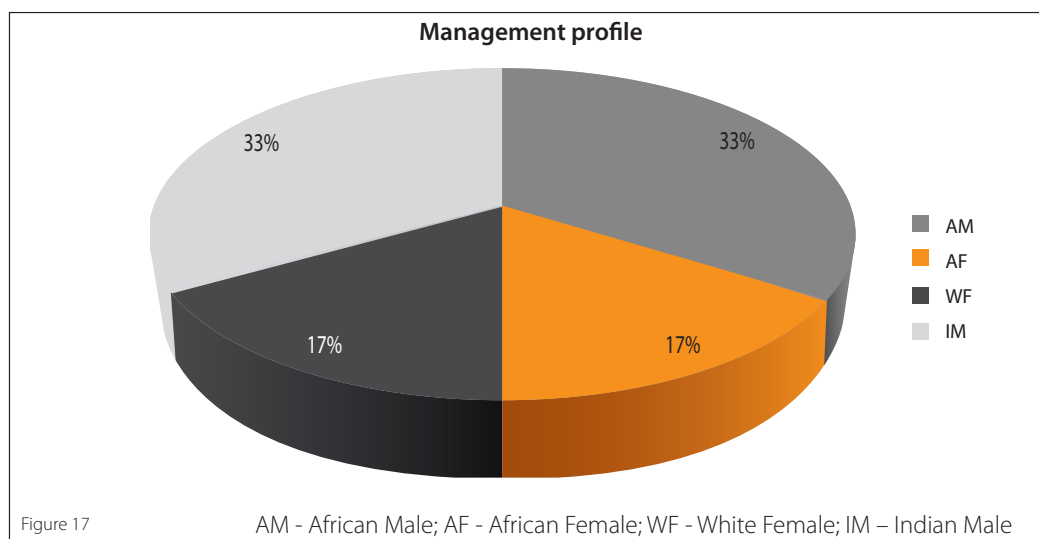
Year as at	Full time	Fixed Term Contract	Temporary Staff	Total Staff Complement
Mar-11	104	7	1	112
Mar-12	124	3	6	133

(Table 13)

The NCR's employment equity profile is represented in the chart below



The NCR's Management profile is represented in the chart below



Employee wellness and team building

As a caring employer, the NCR acknowledges that employee wellness is vital to maintaining a committed and motivated workforce. The NCR began to see its Employee Wellness Programme yield results during the reporting period. In the previous financial year only 18% of staff made use of the programme; this has since increased to 26 %. The programme is facilitated by an outsourced service provider, Careways and offers assistance and support on health, psychological, social and financial issues at no cost to NCR employees and their dependants.

The NCR annually embarks on various projects aimed at boosting staff morale and building team spirit and the year under review was no different: NCR employees participated in Heritage Day team activities, Women's Month celebrations as well as The Discovery Talk Radio 702 Walk the Talk.

Training

The NCR implemented a learnership programme. The programme forms part of a BANKSETA initiative to increase the pool of skills for the industry by giving graduates the opportunity to gain practical on-the-job training. Ten graduates completed their Debt Recovery Learnership Programme at the NCR with great success. The organisation plans to expand the learnership programme in the near future.

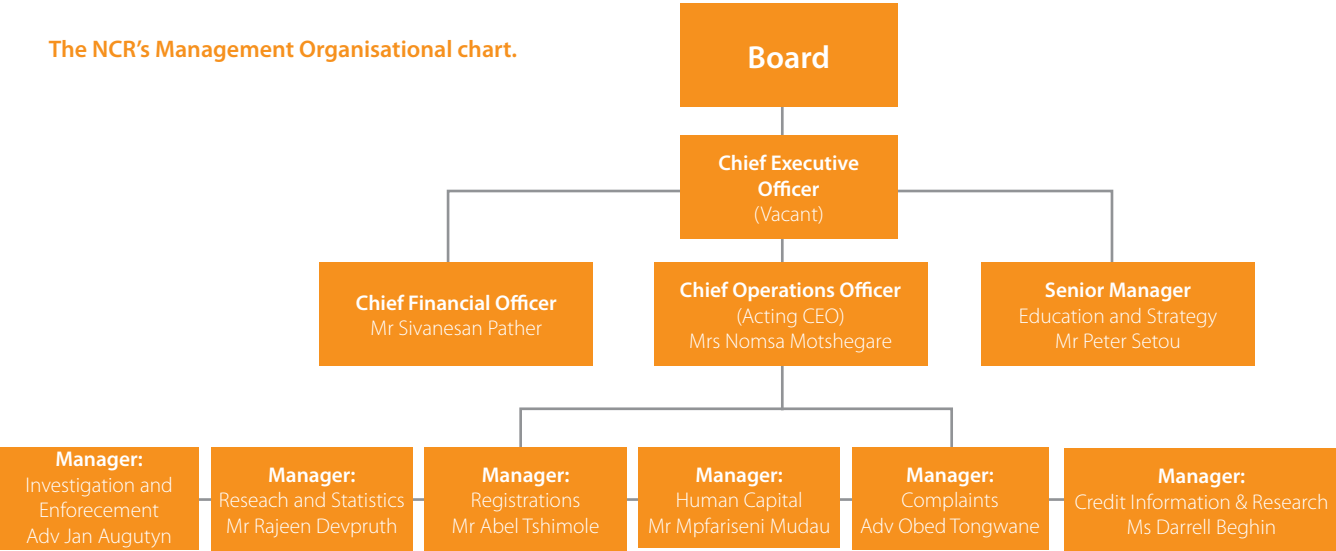
Key challenges and proposed solutions

Retaining and attracting staff with relevant skills remains one of the biggest challenges faced by the NCR. The environment in which the NCR operates requires specialised skills such as legal specialists and statisticians. These are also the same kind of skills that the private sector - institutions such as banks and other financial services providers – require and aggressively compete for by offering above average employment packages and benefits. Meeting disability targets continues to be a difficult task, one that the NCR endeavours to resolve through its newly streamlined recruitment process.



NCR Team 2011/2012

The NCR's Management Organisational chart.



Standing: Ismail Karwa, Obed Tongwane, Sivo Pather, Jan Augustyn
Seated: Rajeen Devpruth, Darrell Beghin, Nomsa Motshegare, Mpfariseni Mudau
Absent: Abel Tshimole, Peter Setou

PART 7: ACRONYMS AND ABBREVIATIONS

Acronyms and Abbreviations

ADR	Alternate Dispute Resolution
AG	Auditor General
Alternate	A person appointed to act on behalf of the Governing Board in the absence of the latter
BANKSETA	Banking Sector Education and Training Authority
BBBEE	Broad-Based Black Economic Empowerment
Cat	Category
CB	Credit Bureau
CEO	Chief Executive Officer
CFO	Chief Finance Officer
CONTRALESA	Congress of Traditional Leaders of South Africa
CP	Credit Provider
DC	Debt Counsellor
DCASA	Debt Counselling Association of South Africa
DRAC	Debt Review Advisory Committee
dti	Department of Trade and Industry
EXCO	Executive committee
EEC	Employment Equity Committee
EEP	Employment Equity Plan
FSB	Financial Services Board
IT	Information Technology
KPA	Key Performance Area
MANCO	Management Committee
MRCC	Management Registrations and Compliance Committee
MECC	Management Enforcement and Complaints Committee
NCA	National Credit Act
NCR	National Credit Regulator
NCT	National Consumer Tribunal
NLR	National Loans Register
PDA	Payment Distribution Agencies
PFMA	Public Finance Management Act
PMS	Performance Management System
Treasury Regulations	Regulations issued in terms of the PFMA

PART 8: ANNEXURES

Annexure A: Summary of Curriculum Vitae of NCR Board members

These members have been appointed from November 2011 to October 2016 (a five-year term appointment).

Name	Race & Gender	Profile	Contact Details	Current board appointment
1. Mr Trevor Albert Bailey CHAIRPERSON	White, Male	<p>Education BA (1980) KZN University Master of Laws (1996) University of Notre Dame USA Admitted as an attorney of the High Court of SA (1986)</p> <p>Current Employment Trevor Bailey Attorney, Mediator & Arbitrator since 1998 Practising as an attorney/mediator/ conciliator/ facilitator/ adjudicator/arbitrator/ trainer & relationship facilitator</p> <p>Experience Practised human right law and advocacy as an attorney Legal Resource Centre Johannesburg 1987-1998 Practised commercial litigation & criminal law as an attorney Miles & Moorhead Durban 1986-87 Candidate attorney Garlickie & Bousfield Durban 1984-86</p> <p>Membership Member Council for Medical Schemes Executive Committee since 2010 Legal Advisor NCT since 2008 Member Council for Medical Schemes Appeals Committee since 2008 Chairperson Gauteng Rental Housing Tribunal since 2007 Trainer Gauteng & Limpopo Consumer Affairs Courts since 1999</p>	Telefax: 011 646 97879 (h) Fax: 086 600 9789 (w) Cell: 082 902 2284 E-mail: tabailey@global.co.za Postal address: 82 Kilkenny Road Parkview 2193	<p>Membership Member Council for Medical Schemes Executive Committee since 2010 Legal Advisor NCT since 2008 Member Council for Medical Schemes Appeals Committee since 2008 Chairperson Gauteng Rental Housing Tribunal since 2007 Trainer Gauteng & Limpopo Consumer Affairs Courts since 1999</p>

Name	Race & Gender	Profile	Contact Details	Current board appointment
2. Mr Jayant Daji Pema	Indian, Male	<p>Education B.Com (Accounting) (1975) University of Durban-Westville B.Compt (Hons) (1978) UNISA CA (SA) (1979) H Dip Tax Laws (1986) WITS Diploma in Insolvency Law & Practice (2001) SAICA membership No: 00210638 IRBA membership No 602018</p> <p>Current Employment Director Matasis Consulting (Pty) Ltd specializing in business turnarounds & appointed as Curator, Trustee & Liquidator respectively since 1998</p> <p>Experience Consultant for own account through JPA Financial (Pty) Ltd 1998 Assisted small & medium sized businesses with business development, policies & procedures etc from 1988-1995 Partner Ernst & Young 1995 Founding member Pema Lakha & Associates 1988-1995 Specialist: Auditing & Taxation Arthur Andersen 1982-88 Internal auditor Sigma Motor Corporation Article clerk Gaddie Brothers & Partners 1976 Held other professional appointments in the past</p>	<p>Tel: 011 482 8198 Fax: 011 482 9624 Cell: 082 606 0223 E-mail: Jaypema1@global.co.za or Jay@matasis.co.za</p> <p>Postal address: P O Box 1198 Crown Mines 2025</p> <p>Matasis Consulting 11 Eton Road Parktown</p>	<p>Current Membership Member of Appeal Board of FSB & Centre for education in Economics & Finance Africa</p>

<p>3. Ms Mercy Kenosi Mongalo</p>	<p>Black, Female</p>	<p>Education Matric (1987) B.Luris (1993) UWC Labour Law Certificate (1999) TUKS Certificate in Project Management (2006) & Diploma in Project Management (2007) UJ Other courses attended</p> <p>Current Employment Sales Manager: Commercial Cards: Public Sector Absa Bank Credit Card Division since April 2011</p> <p>Experience Business Project Manager: Credit card Division Absa Bank June 2008-March 2011</p> <p>At Standard Bank of SA: IT Project Manager: Group IT-ICT April 2006-June 2008 Change analyst: IT projects J une 2004-March 2006 Temporary Recruitment Consultant: HR Oct 2003-May 2004 Recruitment Consultant Papo Recruitment & Staffing (Pty) Ltd March 2000-Sept 2003 Legal Researcher Fedsure Life June 1994-Feb 2000</p>	<p>Tel: 012 317 3858 (w) 012 991 2210 (h) Fax: Cell: 076 313 7181 E-mail: MercyMongalo@absa.co.za</p> <p>Postal address: P O Box 99138 Garsfontein 0062</p> <p>980 Kromdraai Street Ext 38 Faerie Glen 0043</p>	<p>Current Membership Member of Appeal Board of FSB/North West Gambling Board & Centre for education in Economics & Finance Africa</p>
--	----------------------	--	---	--

Name	Race & Gender	Profile	Contact Details	Current board appointment
4. Mr MacDonald Mafhanza Netshtenzhe (Designated member for the dti)	Black, Male	<p>Education BJuris (1988) & LLB (1994) UNIVENDA LL.M (Public (International) Law) (1997) University of Pretoria</p> <p>Current Employment CD: Policy & Legislation at CCRD the dti since May 2011</p> <p>Experience Director: Commercial Law & Policy CCRD the dti from 2003 April 2011</p> <p>Registrar (IP): CIPRO 1998-2001</p> <p>Deputy Director: Secretariat of the Bargaining Chamber of Public service and Administration 1996-98</p> <p>Part-time Coordinator NGO Mulwelli Counseling Centre dealing with labour & political matters 1996-98</p> <p>Article Clerk Mulovhedzi attorneys and Legal School of the Law Society 1996-98</p>	Tel: 012 394 1510 Fax: 012 394 2510 Cell: 072 311 3394 E-mail: MNetshtenzhe@thedti.gov.za Postal address: c/o the dti Campus Block B 1 st floor 77 Meintjies Street Sunnyside 0002 Residential Address: 121 Hoyt Street Moreleta Park Pretoria 0044	

<p>5. Ms Constance Glerah Nxumalo (Designated member for Department of Social Development)</p>	<p>Black, Female</p>	<p>Education Matric BA (SW) University of the North BA (SW) (Hons) UNISA Masters degree- MM (P&DM) WITS Other courses attended</p> <p>Current Employment CD National Dept of Social Development since Jan 2008</p> <p>Experience CD Mpumalanga Dept of Social Development April 2007-Dec 2007 Director National Dept of Social Development Dec 2003-March 2007 DD Mpumalanga Department of Social Development May 1999-Dec 2003 ASD Mpumalanga Department of Health & Welfare: July 1997-April 1999 Social Worker Northern Province Dept of Health & Welfare Jan 1990-June 1997</p>	<p>Tel: 012 312 7386/7686 (w) Fax: 012 312 7541 Cell: 084 875 1099 E-mail: Connyn@dsd.gov.za</p> <p>Postal address: P O Box 3440 The Reeds 0158</p> <p>Physical address: 4056 Thatchfield Crescent Brakfontein Road The Reeds Centurion</p>	
---	----------------------	---	---	--

Name	Race & Gender	Profile	Contact Details	Current board appointment
6. Mr Mmatli Barnabas Ntlou (Designated member for Department of Human Settlements)	Black, Male	<p>Education Matric (1983) B.Proc (1991) Transkei University Corporate Law Certificate (2005) TUT Admitted as an attorney of the High Court of SA Other courses attended</p> <p>Current Employment Legal Advisor to Minister Ministry of Human Settlements since April 2011</p> <p>Experience Director: Litigation Management & Legal Advisory Services Dept of Human Settlements Aug 2009-April 2011 DD: Special Investigations Dept of Housing Aug 2006-July 2009 Legal Advisor CIPRO Sept 2003-Aug 2006 Office Administrator Keightly Inc Attorneys Aug 2002-Aug 2003 Practising Attorney & Office Administrator BG Sandlana & CO Attorneys 2000-2002 Director & Sole Proprietor M B Ntlou & Associates Attorneys 1998-1999 Director & Practising Attorney Maddolo Maya Mensah & Ntlou Inc 1995-1998 At Hughes Chisholm & Airey Inc Attorneys: Professional Assistant 1994 Candidate Attorney 1993 At Kwezi Nodada & Co Attorneys: Candidate attorney 1991-92 Legal Admin Clerk 1987-1990 Slots Machine Attendant Wild Coast Sun 1984-86</p>	Tel: 012 421 1391/1645 Fax: 086 516 7951 Cell: 083 286 1110 E-mail: barnie.ntlou@dhs.gov.za Postal address: Private Bag X644 Pretoria 0001 Physical address: Ministry of Human Settlements 240 Walker Street Sunnyside Pretoria	

<p>7. Mr Abdul Kariem Hoosain</p>	<p>Black, Male</p>	<p>Kariem is currently a Partner at Mazars, a global Audit, Tax and Advisory services firm. He re-joined the firm, previously known as Moores Rowland, as from January 2009. At Mazars he is currently the Chief Operations Officer and is a member of the national Board of Partners as well as the Executive Committee of the Firm.</p> <p>Kariem's academic track record includes: MBA from the University of Stellenbosch (2004); His Masters dissertation dealt with an analysis of knowledge management models in professional service institutions in South Africa; Chartered Accountant (SA) (1992); Certificate in Forensic Accounting from the University of Pretoria (1998); B Com Honors from UWC (1990).</p> <p>After qualifying as a CA (SA) and serving as a Senior Manager with Moores Rowland up to February 1996, he joined the Truth and Reconciliation Commission (TRC) where he served as the Director for Support services until March 1998. There after he joined the Office of the Auditor General in Pretoria as a Senior Manager and progressed to being a Corporate Executive in 2003 and was also part of the Exco of the OAG where he was responsible for the Executive leadership for four of the provincial and national business units of the OAG. He left the OAG to join the PAAB / IRBA as Chief Executive Officer (CEO) in September 2005.</p> <p>On the international front Kariem served on the following international bodies:</p> <ul style="list-style-type: none"> - International Ethics Standards Board for Accountants (IESBA) - International Accounting Education Standards Board - Advisory Group - International Forum for Independent Audit Regulators (IFIAR) <p>Locally, Kariem has and continues to serve on a number of Boards and Audit committees, mainly in Public Entities.</p>	<p>Direct: 021 818 5146 Fax: 086 746 9009</p>	
--	--------------------	---	---	--

Name	Race & Gender	Profile	Contact Details	Current board appointment
8. Mr Dube Tshidi (Designated member for the Department of Finance)	Black, Male	<p>Education LLB: Vista University LL.M: Frankfurt, Germany</p> <p>Career Joined the Financial Services Board in 1994 and worked in the Pensions Department. On 1 January 2002 he was appointed Deputy Executive Officer responsible for the retirement industry. On 1 May 2006 he was appointed the Deputy Executive Officer responsible for Investment Institutions. He was appointed Executive Officer on 1 July 2008.</p>	<p>Telephone: (012) 428-8068 Cell numbers: 082 852 2086</p> <p>Postal address: PO Box 35655, Menlopark, 0102</p> <p>Physical address: Financial Service Board Riverwalk Office Park, Block B 41 Matroosberg Road (Corner Garsfontein and Matroosberg Roads) Ashlea Gardens, Extension 6 Menlo Park Pretoria South Africa 0081</p>	

Name	Race & Gender	Profile	Contact Details	Current board appointment
9. Mrs Maleho Margaret Daisy Nkomo	Black, Female	<p>Education</p> <ul style="list-style-type: none"> • B Com - University of South Africa • B Com Honours - University of South Africa • M Comm - University of Kwa Zulu Natal • Certificate Senior Executive program - Harvard University & Wits Business School <p>Current Employment Independent consultant</p> <p>Experience 2005 - Acting Deputy Commissioner: Competition Commission of South Africa 2001 - Divisional Manager for Corporate Services : Competition Commission 1998 - General Manager for Finance and Administration : SA Tourism 1996 - Director Financial Management : Limpopo Department of Public Works 1990 - Various positions : Eskom. Last position - Treasury Compliance Officer, Treasury Department 1986 - Various positions : Johannesburg Investments Ltd. Last Position - Property Accountant, Accounts Department</p>	<p>Postal Address: P O Box 3873 The Reeds 0158 Centurion</p> <p>Physical Address: 14 Helena Avenue, The Reeds 0158 Centurion</p> <p>Email Address: mmdhkomo@webmail.co.za; mnkomo03@ovi.com</p> <p>Fax Number: 086 600 1788 Telefax Number: 012 657 1788</p>	<p>Board member - National Urban Reconstruction and Housing Agency (from 2006)</p> <p>Member - Gauteng Rental Housing Tribunal (from 2006)</p> <p>Board Member - Tshwane South College (from 2010)</p> <p>Member - Institute of Directors (from 2012)</p> <p>Independent and Non-executive Audit Committee Member:</p> <ul style="list-style-type: none"> * Education Labour Relations Council (from 2008) * National Library of South Africa (from 2009) * Free State Department of Co-operative Governance, Traditional Affairs and Human Settlements (from 2011) * Media Information Communications and Technology (MICT) Setra (from 2011)

Annexure B: Annual Performance Report

ANNUAL PERFORMANCE REPORT FOR THE FINANCIAL YEAR: 2011/2012
REPORT FOR THE FINANCIAL YEAR: 1 APRIL 2011 TO 31 MARCH 2012

Terminology: Definition of terms/Acronyms

Term	Definition
ADR	Alternative Dispute Resolution
AG	Auditor General
BANKSETA	Banking Sector Education and Training Authority
CONTRALESA	Congress of Traditional Leaders of South Africa
Cat.	Category
CB	Credit Bureau
CP	Credit Provider
DC	Debt Counsellor
dti	Department of Trade and Industry
DRAC	Debt Review Advisory Committee
EEC	Employment Equity Committee
EEP	Employment Equity Plan
FSB	Financial Services Board
IT	Information Technology
KPA	Key Performance Area
MANCO	Management Committee
MIRCC	Management Registrations and Compliance Committee
MECC	Management Enforcement and Complaints Committee
NCA	National Credit Act
NCR	National Credit Regulator
NCT	National Consumer Tribunal
NLR	National Loans Register
PDAs	Payment Distribution Agencies
PFMA	Public Finance Management Act
PMS	Performance Management System

LEGENDS:

Achieved	=	Target met on time
Not achieved	=	Deadline date lapsed before target achieved
Work in progress	=	Deadline not yet due
Exceeded	=	Target exceeded
Not applicable	=	Deadline not applicable in the quarter

Please note: (i) in instances where the target does not reflect timelines, it must be understood that the target date is 31 March 2012.
(ii) where the quarterly milestone does not require a specific measurable target, a cumulative figure (year- to- date) will be provided and the "Actual Achievement" will reflect "Work – in – Progress".

ACTIVITY: REGISTRATIONS AND COMPLIANCE
RESPONSIBLE PERSON: DEPARTMENTAL MANAGER

1. Strategic objective/Outcome: To ensure NCA compliance through monitoring of registrants (credit providers, credit bureaus and debt counsellors registered with the NCR).					
Output	Performance measure or indicator	Targets/ Outputs to be delivered by 31 March 2012	Quarterly milestone	Actual achievement	Reason for variance
<p>Quarterly Statistical Returns submitted</p> <p>Different categories of registrants: (Credit Provider in Fee Category: 1-4: Total principal debt is \geq R100m; 5-7: Total principal debt is $<$ R100m). Significant Entities: Cat 1 to 4 (significant = disbursements of $>$ R15m + $>$ 400 branches + Listed companies+ Regulated companies; Population: Cat 1 to 4 = 155; Cat 5 to 7 = 4600 (As at end September 2011). The population changes over time because of new registrations and cancellations</p>	<p>1.1 A report indicating percent (%) and number of submissions received on due dates; captured from credit providers from fee categories 1 to 4; number and % of level of quality of returns total population of Cat 1 to 2; and 3 to 4</p>	<p>1.1 Quarterly Statistical Returns: Credit providers in fee Categories 1 to 4 to timely submit quarterly statistical returns as per the following minimum requirements: *100% of fee categories 1 to 2; *80% of fee categories 3 to 4; in addition, to check for quality (e.g. inconsistent information; incomplete returns; incorrect information; other discrepancies, etc) of submitted returns. Due Dates: 15 May; 15 August; 15 November, 15 February</p>	<p>Quarterly progress reports to be presented to MRCC</p>	<p>Quarterly progress reports to be presented to MRCC 15 May 2011</p> <p>Achieved Cat 1 to 2: 15 (100%) out of 15 credit providers submitted.</p> <p>Exceeded Cat 3 to 4: 118 (88%) out of 134 credit providers submitted 15 August 2011</p> <p>Achieved Cat 1 to 2: 15 (100%) out of 15 credit providers submitted</p> <p>Exceeded Cat 3 to 4: 124 (85%) out of 146 credit providers submitted</p>	

				<p>15 November 2011</p> <p>Achieved Cat 1 to 2: 15 (100%) out of 15 credit providers submitted</p> <p>Exceeded Cat 3 to 4: 121 (82%) out of 146 credit providers submitted</p> <p>15 February 2012</p> <p>Achieved Cat 1 to 2: 15 (100%) out of 15 credit providers submitted</p> <p>Exceeded Cat 3 to 4: 128 (89%) out of 143 credit providers submitted</p>		
Output	Performance measure or indicator	Targets/ Outputs to be delivered by 31 March 2012	Quarterly milestone	Actual achievement	Reason for variance	
Market Conduct Study/ Analysis completed	1.2 Number and classification of the credit providers analyzed by year end	1.2 Market Conduct Study/Analysis: Proactive analysis to be completed on top 20 significant credit providers and 90 remaining significant credit providers by 31 March 2012	28 of the credit providers to be surveyed per quarter	Exceeded 138 credit providers surveyed for the year		
Language Policy Proposals reviewed	1.3 Percent (%) and number of proposals reviewed and approved for categories 1-4 and 5-7 respectively.	1.3 Language Policy Proposals: 40% of language policy proposals to be reviewed for credit providers in fee categories 1 to 4; and to be approved for 20% of credit providers for fee categories 5 to 7	10% and number of proposals to be reviewed per quarter for fee categories 1-4; 7.5% proposals to be approved for fee Categories 5-7.	<p>Exceeded 22 (>40%) proposals reviewed for fee categories 1 to 4 (target 16).</p> <p>Exceeded 887 (>20%) proposals approved for fee categories 5 to 7 (target 861)</p>		

Output	Performance measure or indicator	Targets/ Outputs to be delivered by 31 March 2012	Quarterly milestone	Actual achievement	Reason for variance
Assurance Engagement Reports submitted	1.4.1 Percent (%) and number of the Credit providers reviewed and reported on for fee categories 1 to 4	1.4 Assurance Engagement Reports: 1.4.1 Assurance engagement Reports from 40% of credit providers required by statute to be audited, in fee categories 1 to 4, to be timely submitted as per Regulation 68 (2) of the Act and analysed by 31 March 2012 <i>(Regulation 68(2): A credit provider must submit the report to the National Credit Regulator within 6 months after the credit provider's financial year end.)</i>	Quarterly progress reports and annual reports to be presented to MRCC & MECC. The reports to reflect non-compliance issues reported.	Exceeded The quarterly reports have been presented to the MRCC and MECC, reflecting issues of non-compliance together with progress in resolving the issues raised by the accounting professional. 75 (>40%) received for the period (expected 67)	
	1.4.2 Percent (%) and number of reports received on due dates; number of reports and nature of non-compliance issues reported.	1.4.2 To analyse the above reports to identify all non-compliance issues reported by the auditors on a quarterly basis	Monthly & Quarterly progress reports to be presented to MRCC	2 (3%) issues on non-compliance were identified	
Renewal fees paid	1.5 Reports reflecting total value of fees to be paid; actual fees paid and steps taken to recover any Outstanding amounts.	1.5 Renewal fees The target of R22m in terms of renewal of fees to be paid by 31 March 2012		Not achieved For the financial year, R21.768m received against a target of R22m.	Some credit providers are no longer operating, some not contactable and others have voluntarily cancelled. Way Forward: The revised collection strategy is to approach the NCT with a recommendation to cancel registration, thereby incentivising late payers to pay on time.

ACTIVITY: COMPLAINTS
RESPONSIBLE PERSON: DEPARTMENTAL MANAGER

1. Strategic objective/Outcome: Improved turn-around times to resolve complaints						
Output	Performance measure or indicator	Targets/ Outputs to be delivered by 31 March 2012	Quarterly milestone	Actual achievement	Reason for variance	
Consumer complaints resolved	1.1 Percent (%) number and nature of complaints resolved. Total number and nature of complaints logged	1.1 100% general complaints (those that relate only to credit providers and credit bureaus) to be resolved within 90 business days.	Quarterly Reports to be presented to MECC	<p>Not achieved</p> <p>Progress reports were presented to MECC.</p> <p>698 complaints were logged and 635 (90.97%) are resolved. WIP is 63 (9.03%)</p> <p>Of the 635 resolved complaints – 627 (98.7%) were resolved within 90 business days. 8 (1.3%) were resolved after 90 business days.</p>	<p>100% target not achieved due to the following reasons:</p> <ul style="list-style-type: none"> 63 (9.03%) were received in the last month of the financial year, still within 90 business days. 8 (1.3%) were referred to the Senior Legal Advisor for legal opinion. <p>Way forward:</p> <p>A meeting will be held with Senior Legal Advisor to discuss ways of improving the process.</p>	
	1.2 Percent (%) number and nature of complaints resolved. Total number and nature of complaints logged	1.2 85% debt counselling related complaints to be resolved within 90 business days.	Quarterly Reports to be presented to MECC	<p>Exceeded</p> <p>Progress reports were presented to MECC.</p> <p>1 042 complaints were logged and 937 (89.92%) are resolved and WIP is 105 (10.08%).</p> <p>Of the 937 resolved complaints - 871 (92.96%) were resolved within 90 business days. 66 (7.04%) were resolved after 90 business days</p>		

2. Strategic objective/Outcome: To promote effective informal resolution of complaints through cooperation with ombuds schemes and Provincial Consumer Affairs Offices					
Consumer complaints resolved	2.1 Minutes of the meetings/ evaluation reports;	2.1 To hold one meeting, workshop or training session per quarter with either Ombud or Provincial Consumer Affairs Office	Quarterly reports to be presented to MECC and COO with recommendation for any steps to be taken	<p>Exceeded Progress reports were presented to MECC. The COO attended the MECC meetings.</p> <p>4 meetings with various Provincial Affairs Offices took place during the period</p> <p>4 meetings with various Ombudsmen offices were held.</p>	
3. Strategic objective/Outcome: To offer effective call centre service and quality advice					
Consumer complaints resolved	3.1 Telephone Management System Report reflecting number of calls handled number of calls answered, number and % of calls unanswered/dropped.	3.1 To maintain a call drop rate of less than 15% quarterly	3.1 Quarterly reports to be presented to COO and MECC	<p>Exceeded 67 298 were offered, 62 553 were handled, call drop rate = 3.95%</p>	
Consumer complaints resolved	3.2 Two (2) evaluation reports reflecting the nature of calls handled, quality of service provided in terms of telephone etiquette, professionalism, product knowledge, etc	3.2 Two (2) consumer service evaluations to be conducted by 31 March 2012	One (1) report to be submitted by the end of the second quarter and the 2nd report to be submitted by the end of the 4th quarter.	<p>Achieved Two (2) consumer service evaluations were conducted during the period and reports submitted.</p>	

ACTIVITY: INVESTIGATIONS & ENFORCEMENT
RESPONSIBLE PERSON: DEPARTMENTAL MANAGER

1. Strategic objective/Outcome: To ensure compliance with the NCA by conducting and concluding investigations on entities registered with the NCR or non registrants that are required to comply with the NCA:						
Output	Performance measure or indicator	Targets/ Outputs to be delivered by 31 March 2012	Quarterly milestone	Actual achievement	Reason for variance	
To ensure compliance with the NCA by conducting and concluding investigations on entities registered with the NCR or non-registrants that are required to comply with the NCA Definitions:- Sensitive Cases/ Category A = Banks, other cat 1-4 credit providers, listed entities, new types of contraventions in cat 5-7 and other high profile cases (See definition below in paragraph 2 below) Non-sensitive cases/Category B = all cases that are not defined as sensitive	1.1 Number of cases concluded and an investigation report submitted to Prosecutors.	1.1 11 cases on credit providers in the fee categories 1 to 4 sensitive cases to be conducted and concluded by 31 March 2012;	Quarterly progress reports to be presented to MECC	Exceeded Progress reports were presented to MECC. Fifty five (55) Category A cases were concluded.		
	1.2 Total number of non-sensitive cases investigated; number and % concluded. Report submitted to Prosecutors	1.2 55 non-sensitive cases to be investigated on credit providers in the fee categories 5 to 7 by 31 March 2012; 1.2.1 70% of the cases to be investigated to be concluded by 31 March 2012.		Exceeded Sixty four (64) Category B cases were investigated this financial year. Not Achieved 29 (53%) of the required 38.5 investigations concluded.	Problems were experienced: (1) in obtaining the right information from the credit providers and (2) tracing the debt counsellors. Way forward: (1) Summons in terms of NCA will be issued if information from the credit providers is not forthcoming. (2) Possibility of engaging tracers and also issuing summons.	

2. Strategic objective/Outcome: To ensure visible enforcement against high profile abusive practices:					
Output	Performance measure or indicator	Targets/ Outputs to be delivered by 31 March 2012	Quarterly milestone	Actual achievement	Reason for variance
<p>High profile abusive cases investigated</p> <p>High Profile: Abuse practices: Cases with a potentially significant monetary loss (min. R100 000); involving large agreements (mortgages with min. of R100 000); in which consumers are likely to lose immovable property; where consumers may lose a significant asset (house, furniture, vehicle); wherein at least 1 000 consumers are affected; that involve right of set-off; that have a potential reputational risk to the NCR (key stakeholders, systematic/institutional non-compliance);</p>	<p>There must be: media coverage; Improved compliance; Number of consumers that are negatively impacted; or Indicate rand value of financial loss to consumers.</p>	<p>2 x High profile abusive cases to be investigated by 31 March 2012 where in excess of 1 000 consumers are affected or large financial prejudice has occurred</p>	<p>Quarterly progress reports to be presented to MECC</p>	<p>Exceeded Progress reports were presented to MECC.</p> <p>2 high profile abusive cases were investigated during the year.</p> <p>Tribunal matter: Application to the Tribunal to cancel the registration of a debt counsellor was successful and was heard in May 2011. The debt counsellor was ordered to repay an amount of R 169K with interest to all effected consumers.</p> <p>The above cases have received media coverage.</p>	

3. Strategic objective/Outcome: To improve turn-around times to investigate cases					
Output	Performance measure or indicator	Targets/ Outputs to be delivered by 31 March 2012	Quarterly milestone	Actual achievement	Reason for variance
Turn around times improved	<ul style="list-style-type: none"> - Number and % of investigations concluded within turnaround times for both groups of fee categories; - Total number of investigations for Categories 1 to 4 and 5 to 7. 	<p>To improve turn around times to investigate:</p> <p>Credit providers: Fee Category 1-4 = 6 months Fee Category 5-7 = 3 months</p>	Quarterly progress reports to be presented to MECC	<p>Not achieved Progress reports were presented to MECC.</p> <p>55 (91%) category A investigations were concluded. 5 were not within the turn-around times.</p> <p>29 (72%) category B investigations were concluded. 8 were not within the turn-around times.</p>	<p>Investigations which were not concluded within the turnaround times were due to the following reasons:</p> <ul style="list-style-type: none"> • investigation firms internal quality controls; • unavailability of directors to sign off on reports; • obtaining the right information from the credit providers; and • tracing the debt counsellors. <p>Way forward: To put in place stringent monitoring procedures for external consultants.</p>

ACTIVITY: EDUCATION, COMMUNICATION AND DEBT COUNSELLING
RESPONSIBLE PERSON: DEPARTMENTAL MANAGERS

1. To increase public awareness on protective measures contained in the NCA					
Output	Performance measure or indicator	Targets/ Outputs to be delivered by 31 March 2012	Quarterly milestone	Actual achievement	Reason for variance
Workshops, advertisement and interviews conducted	<ul style="list-style-type: none"> - Evaluation forms indicating topics covered; - Attendance register; - Monthly reports indicating number of workshops conducted and number of participants at these workshops; Annual impact assessment study - E- Boards (Electronic Boards) circulated to NCR staff; Public relations and Advertising Agencies - News clippings from newspapers (local and national) reflecting NCR - News clippings from newspapers (local and national) reflecting NCR /NCA and nature of topics covered -Public Relations (PR) agency records 	1.1 350 NCA workshops to be attended by 36 000 participants: consumers, credit providers, other stakeholders by 31 March 2012	<ul style="list-style-type: none"> - Quarterly progress reports to be presented to Manco; - 88 workshops to be conducted per quarter; 	Quarterly reports presented to Manco	Lack of capacity. The department had only one Senior Education Officer. Another officer has been appointed commencing in April 2012.
			<ul style="list-style-type: none"> - 9000 participants to attend the workshops per quarter; 	Not Achieved 304 workshops	
		1.2 To achieve (AVE) Advertising Value Equivalent of R80 million by 31 March 2012 <i>(AVE is what the NCR editorial coverage would cost if it were advertising space)</i>	<ul style="list-style-type: none"> - AVE to be R20 million per quarter; 	Not Achieved 33 890 participants	
		1.3 To participate in 250 radio interviews; and 45 TV interviews by 31 March 2012	<ul style="list-style-type: none"> - To participate in 63 radio interviews per quarter - 11 TV interviews per quarter 	Exceeded 405 Radio Interviews Exceeded 76 TV interviews	
	<ul style="list-style-type: none"> - Impact Assessment study to be conducted; - Impact Assessment report reflect % increase/decrease in the level of NCR and NCA awareness. -The study to be conducted prior to 31 March 2012 	1.4 To increase NCR and NCA awareness by 5% by 31 March 2012	<ul style="list-style-type: none"> - Final report to be presented to Exco and Remco by the end of the 4th quarter 	Not achieved A service provider has been appointed to conduct the study. In the process of finalising the questionnaires and interviews will be conducted.	Procurement process took longer than expected.

2. To ensure effective implementation of Payment Distribution Agencies (PDAs)					
Output	Performance measure or indicator	Targets/ Outputs to be delivered by 31 March 2012	Quarterly milestone	Actual achievement	Reason for variance
Funds distributed to credit providers and PDA audit reports submitted	2.1 Monthly reports reflecting distributions & detailed monthly reports from all PDAs;	2.1 To monthly monitor Payment Distribution Agencies performance;	Quarterly reports to be presented to Manco	Quarterly reports presented to Manco Achieved Reports received from five PDAs. Total amount distributed to credit providers was R 2.8 Billion this year. (Previous year R 2.5 Billion).	
	2.2 Minutes of the meetings	2.2 To hold four (4) meetings with PDAs by 31 March 2012	Quarterly reports to be presented to Manco	Exceeded 5 different meetings were held with PDAs.	
	2.3 Audit reports	2.3 To audit 4 of appointed PDAs by 31 March 2012	Quarterly progress report to be presented to Exco	Achieved Quarterly audits were conducted for 4 registered PDAs.	

3. To facilitate resolution of uncertainty on court processes and fees						
Output	Performance measure or indicator	Targets/ Outputs to be delivered by 31 March 2012	Quarterly milestone	Actual achievement	Reason for variance	
Declarator obtained	<ul style="list-style-type: none"> - Matter heard at the Supreme Court of Appeal and judgement handed down prior to 31 March 2012; - Steps to be taken identified and a report on steps taken drafted. 	Declarator to be obtained prior to 31 March 2012: follow up steps taken, provided the deadline for obtaining the Declarator is met;	Quarterly progress reports to be presented to Board.	Achieved Declarator obtained prior 31 March 2012. Report detailing steps available.		

ACTIVITY: STATISTICS
RESPONSIBLE PERSON: DEPARTMENTAL MANAGER

1. Strategic objective/Outcome: Credible credit providers statistics to be published within acceptable time frames						
Output	Performance measure or indicator	Targets/ Outputs to be delivered by 31 March 2012	Quarterly milestone	Actual achievement	Reason for variance	
Quarterly Consumer Credit Report published within timeframes	- Consumer Credit Reports published within due dates;	Quarterly Consumer Credit Report representing 100% Cat 1 to 4 credit providers, to be published within 45 business days from deadline of submission. Deadline (due dates) of submission: 15 May; 15 Aug; 15 Nov; 15 Feb.	Quarterly statistics to be published	Exceeded • The Consumer Credit Market report for Jan to March 2011 (due on 15 May) was published on 29 June 2011, ahead of deadline.		
				Exceeded • The Consumer Credit Market report for April to June 2011 (due on 15 August) was published on 28 September 2011, ahead of deadline.		
				Exceeded • The Consumer Credit Market report for July to September 2011 (due on 15 November) was published on 14 December 2011, ahead of deadline.		
				Exceeded • Consumer Credit Market report for October to December 2011 (due on 15 February) was published on 28 March 2012, ahead of deadline.		
	- Number and % of Credit Providers that submitted the statistical returns			Not achieved 105 (77 %) of all cat 1 to 4 credit providers have submitted their returns and analysed for publication purposes.	100% not achieved due to the poor data quality of returns received. However meetings were held with the credit providers to improve the quality of submissions.	

2. Strategic objective/Outcome: Credible debt counselling statistics to be published within acceptable time frames;						
Output	Performance measure or indicator	Targets/ Outputs to be delivered by 31 March 2012	Quarterly milestone	Actual achievement	Reason for variance	
Quarterly Debt Counselling statistics published within timeframes	Statistics published within due dates.	Quarterly Debt Counselling statistics to be published within 3 months from deadline of submission: 15 May; 15 Aug; 15 Nov; 15 Feb (due dates for submission of statistical returns)	Quarterly statistics to be published	Not achieved Due to non-submission of returns and the quality of information provided on returns was of poor quality.	Way forward: Workshops will be held with top 40 debt counsellors during the 2012/2013 financial year.	

ACTIVITY: CREDIT INFORMATION & RESEARCH
RESPONSIBLE PERSON: DEPARTMENTAL MANAGER

1. Strategic objective/Outcome: Credible credit bureaux' statistics to be published within acceptable time frames						
Output	Performance measure or indicator	Targets/ Outputs to be delivered by 31 March 2012	Quarterly milestone	Actual achievement	Reason for variance	
Credit Bureau Monitor published within timeframes	Published Credit Bureau Monitor on due dates	Credit Bureau Monitor to be published from Credit Bureau quarterly returns (Form 44); to be published within 45 business days from bureau submission deadlines. Due dates: 15 May; 15 Aug; 15 Nov; 15 Feb	Quarterly Credit Bureau Monitor to be published	<p>Exceeded</p> <ul style="list-style-type: none"> The Credit Bureau Monitor for Jan to March 2011 (bureau submissions due on 15 May) was published on 29 June 2012, ahead of deadline. <p>Exceeded</p> <ul style="list-style-type: none"> The Credit Bureau Monitor for April to June (bureau submissions due on 15 August) was published on 20 September 2011, ahead of deadline. <p>Exceeded</p> <ul style="list-style-type: none"> The Credit Bureau Monitor for July to September (bureau submissions due on 15 November) was published on 8 December 2011, ahead of deadline. <p>Exceeded</p> <ul style="list-style-type: none"> The Credit Bureau Monitor for October to December (bureau submissions due on 15 February) was published on 22 March 2012, ahead of deadline. 		

2. Strategic objective/Outcome: To enforce credit bureau compliance					
Output	Performance measure or indicator	Targets/ Outputs to be delivered by 31 March 2012	Quarterly milestone	Actual achievement	Reason for variance
Credit Bureau Annual Compliance Report published	<ul style="list-style-type: none"> - Published Credit Bureau Annual Compliance on due dates; - Referrals to investigation and Enforcement Department in cases on non-compliance 	Credit Bureau Annual Compliance Report to be published from Credit Bureau annual certified returns (Form 43); within 2 months from deadline of submission which is 15 March.	<ul style="list-style-type: none"> - Credit Bureau Annual Compliance Report presented to MECC. Quarterly Progress reports to be presented to MECC 	<p>Exceeded Credit bureau annual compliance report for 2010 published on 9 May 2011. Ahead of deadline.</p> <p>Achieved 1 credit bureau case referred to investigations.</p>	

3. Strategic objective/Outcome: To conduct research in priority areas such as over- indebtedness and access to finance						
Output	Performance measure or indicator	Targets/ Outputs to be delivered by 31 March 2012	Quarterly milestone	Actual achievement	Reason for variance	
Over-indebtedness research, cost of and access to credit research, SME finance research conducted and finalised	Report on research analysis signed off;	3.1 Over-Indebtedness research to be conducted by 31 March 2012;	- Final report to be presented to Board by the end of the 4th quarter;	Not achieved: - Household indebtedness Survey. - Household Wealth Report received from BMRB/PFRU in March 2012. Not achieved - Cost of and access to credit in SA. Final report from Econometrix received on 30 March 2012.	Reports not submitted to Board (not within the control of the department).	
	Report on research analysis signed off	3.2 To finalise research on "cost of and access to credit"; and conduct another research in SME finance by 31 March 2012	- Final report/s to be presented to Board by the end of the 4th quarter;	Not achieved - SME access to credit survey: Study completed		
	Report sent to Minister	3.3 Report to be sent to the Minister in terms of Section 16 by 31 March 2012	- Final report approved by the Board by the 4th quarter	Achieved "Determination of Thresholds" document submitted to board		

4. Strategic objective/Outcome: To facilitate the establishment of the National Credit Register for credit agreements						
Output	Performance measure or indicator	Targets/ Outputs to be delivered by 31 March 2012	Quarterly milestone	Actual achievement	Reason for variance	
National register of credit agreements established	Position filled; Obtained undertaking from dti on how to proceed	Within six months after approval date by the dti and Treasury, in terms of the establishment of the register, a Programme Manager to be appointed to establish the Register.	Quarterly progress report to Board	Achieved The NCR "enterprise wide" IT Project Manager to fulfill this role for the first scoping and design phase project. Scoping for database design underway		

ACTIVITY: HUMAN RESOURCES
RESPONSIBLE PERSON: DEPARTMENTAL MANAGER

1. Strategic objective/Outcome: To recruit and retain highly skilled and committed staff						
Output	Performance measure or indicator	Targets/ Outputs to be delivered by 31 March 2012	Quarterly milestone	Actual achievement	Reason for variance	
Career Management & Succession Planning developed	Report presented to HRMC, Exco and Remco for approval	Career Management & Succession Planning to be developed by 31 March 2012.	Implement by 4th Quarter.	Not achieved The career management and succession planning report has been drafted.	Internal processes for implementation still had to be finalised.	
2. Strategic objective/Outcome: To manage employee relations and to improve staff morale						
EECF mandate reviewed and Employment Equity plan to be finalised and implemented	2.1 EECF mandate reviewed and signed off;	2.1 To review the EECF Mandate to address staff issues by 31 March 2012;	Report presented to HRMC	Not achieved (not within the control of the department) The EECF mandate was signed off.	The EECF was disbanded in July 2011.	
	2.2 Identified, listed and discussed issues to be addressed in the EECF; - Minutes of meetings. - Feedback in staff meetings.	2.2 Interventions to maintain improved staff morale to be reviewed throughout the year.	- Quarterly progress reports to be presented to HRMC	Interventions: 16 days of Activism – message on activism printed on all NCR staff pay slips; Teambuilding; End year function; and 702 walk the talk.		
	- Functioning employee assistance programme.			Achieved The employee assistance programme is fully functional and wellness articles are circulated regularly to staff.		
	2.3 Employment Equity Plan.	2.3 EEP (Employment Equity Plan) to be finalised and implemented by 31 March 2012	- EEP approved by Remco by end of the 4th quarter.	Not achieved The EE plan document has been drafted.	Internal processes for implementation still to be finalised.	

3. Strategic objective/Outcome: To develop learners, improve organisational capacity and performance						
Output	Performance measure or indicator	Targets/ Outputs to be delivered by 31 March 2012	Quarterly milestone	Actual achievement	Reason for variance	
Learnership development programme established	<ul style="list-style-type: none"> -Number of learners enrolled and trained; - Number and % of learners passed examinations; - Number of learners employed by the NCR 	To establish a learnership development programme by the 31 March 2012.	Quarterly progress reports to be presented to HRMC and EXCO;	Achieved The learnership was established and implemented.		

ACTIVITY: FINANCE & INFORMATION TECHNOLOGY
RESPONSIBLE PERSON: DEPARTMENTAL MANAGER

1. Strategic objective/Outcome: Finance: To ensure PFMA compliance					
Output	Performance measure or indicator	Targets/ Outputs to be delivered by 31 March 2012	Quarterly milestone	Actual achievement	Reason for variance
Auditor General unqualified audit report submitted	No material or significant matters identified as part of the interim or final external audit other than those not within the control of finance	Annual unqualified audit opinion, without any material or significant matters, to be issued by the Auditor General by 31 March 2012	Annual reports to be presented to the Audit and Risk Management Committee and Board	Achieved The NCR received an unqualified audit report for the year ended 31/03/2011 and the interim report was completed with no significant issues.	
2. Strategic objective/Outcome: Information technology: To facilitate functionality of systems in order to achieve business objectives.					
Information, communication and Technology (ICT) system maintained	Monthly monitoring of level (%) of uptime using the web-based help desk system log.	To ensure 98% uptime at all times	Monthly reports to be presented to the IT Committee	Exceeded 99% uptime was experienced for the year ended March 2012.	
3. Strategic objective/Outcome: To complete the BPR exercise					
BPR exercise completed	Reports reflecting the success level of implementation of non-system based processed changes, through a Business Process Matrix Verification, to be presented to the Steering committee.	Non-system based processed changes to be successfully implemented by 31 March 2012.	Progress reports to be Presented to the monthly and Quarterly IT Committees.	Achieved All non-system based processed changes have been successfully implemented	

4. Strategic objective/Outcome: To develop new IT systems.						
Output	Performance measure or indicator	Targets/ Outputs to be delivered by 31 March 2012	Quarterly milestone	Actual achievement	Reason for variance	
New IT systems developed	Vendor appointed	4.1 Vendor to be appointed by August 2011	Monthly progress reports to be presented to IT Committee; Quarterly progress	Achieved A preferred bidder has been appointed.	<p>A need was identified during the negotiations for additional intervention regarding organisational design and change management.</p> <p>Way forward: Organisational design to be completed and the new system to be implemented in the new financial year.</p>	
	Implementation plan signed off; Reports to Audit Committee and Board.	4.2 Development to commence by October 2011		Not achieved This has not commenced yet due to delays in concluding the contract with the service provider		

The National Credit Regulator
127 – 15th Road
Randjespark
Midrand

RP300/2012
ISBN: 978-0-621-41123-2