

Council for Debt Collectors
annual
report 2010



**Council for Debt
Collectors**





Council For Debt Collectors



Annual Report 2010

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OUR MEMBERS



Top (Left to right)
Adv JJ Noeth SC - Chairperson, Ms I Wilken - Vice-Chairperson,
Ms YP Sidlova - member, Mr J van Rensburg - member

Centre: Mr C Senzani - member, Mr CF Johnston - member,
Ms LS Machaba - member

Bottom: Ms R Ferreira - member, Mr B Maseko - member



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2009/2010

Chairperson's overview



ADV JJ NOETH, SC
CHAIRPERSON

...The Council is not only financially viable but has a sound infrastructure as well as an established and well trained staff corps which serve the public with diligence....

The past year was a significant occasion for the Council in that the Council celebrated its 10th year of existence. Looking back over the past 10 years the Council can pride itself with what has been achieved. After an uncertain start without any funds at its disposal the Council succeeded to start the process and as is more fully explained in Chapter 1 the Council thereafter succeeded to experience continued growth. At this stage there are nearly 13 000 debt collectors registered with the Council. The Council is not only financially viable but has a sound infrastructure as well as an established and well trained staff corps which serve the public with diligence.

During the last year there was a world wide recession. This, however, as will be seen from this report, did not effect the Council significantly in any material respect.

The core business of the Council is to ensure that all debt collectors, in terms of the Act, register with the Council and that they are issued with valid certificates of registration to satisfy members of the public that they are entitled to collect debts due to third parties from them. The Council also exercises the necessary control over debt collectors in their interactions with the public to ensure that they comply with the Code of Conduct in this process. Any alleged contraventions in this regard which have been brought to the Council's attention were dealt with by the Council's disciplinary committees in a decisive manner. For more details in this regard see Chapter 8 of this report.

During March 2009 the previous Minister filled three vacancies on the Council. This helped enormously with the more effective functioning of the Council and its various committees.

The three year term of office of six members of the Council expired on 30 June 2009. The Minister, Mr. J.T. Radebe, M.P. extended the terms of office of these six members until 31 December 2009. In his letter dated 15 June 2009 the Minister explained that this was done in order to follow an open and transparent process which calls for nominations to ensure public participation. The closing date for the nominations was 2 November 2009. Appointments in these vacancies were not made and the Council had to function without a quorum from 1 January 2010 until 9 April 2010 when the Minister appointed five of the previous members of the Council for a further period from 9 April 2010 to 31 May 2010. The reason for the delay in the final appointments was caused by the fact that the Association of Debt Recovery Agents nominating a person for appointment who was not a debt collector who

has withdrawn his registration.

It is trusted that this matter will be brought to finality soon as the Council was detrimentally effected in various aspects during the period when the Council was without a quorum.

All the Council members served the Council exceptionally well during the year under consideration. The meetings and committee meetings of the Council was well attended. Members of the Council did not hesitate to walk the extra mile when the effective functioning of the Council demanded it. This was often done with great personal sacrifices. I wish to thank them for their utmost dedication to serve the public diligently and faithfully.

I once again also wish to convey my appreciation to the Council's limited but dedicated staff component. They really excelled in every aspect. This is borne out by the various compliments coming from the public. The Council is justly proud of its well trained and hardworking group of employees.

The Council has once again received an unqualified financial report from its external auditor. All moneys received and paid out have been accounted for. Our Executive Director and Financial Officer is once again to be commended for the excellent work they have done under often very pressing circumstances.



ADV J J NOETH SC
CHAIRPERSON

... Members of the Council did not hesitate to walk the extra mile when the effective functioning of the Council demanded it. This was often done with great personal sacrifices.....

OVERVIEW BY THE EXECUTIVE DIRECTOR

Introduction

Despite the negative signs in the market, which at the end of the previous financial year resulted in a slight decrease in the number of active debt collectors, the number of active debt collectors has increased.

The Council

The term of office of six members of the Council expired on 30 June 2009 but was extended to 31 December 2009 to enable the Minister to call for nominations. The term of office of these six members were extended on 9 April 2010 for a further period. Consequently the Council functioned without a quorum for the period 1 January 2010 until 8 April 2010.

The financial position of the Council

The Council does not receive any funding from Government. From a humble start in 2003 with the assistance of donor funding the Council has developed into an institution that is financially sound.

During the year under review the Council received an unqualified audit report.

Risk management and compliance

The Council's risk management plan was reviewed during the year under consideration where top risks and respective mitigation controls were re-assessed.

Registration of debt collectors

The registration process was reviewed by assessing the workflow and by effecting adjustments to the Council's dedicated software program. This has resulted in a reduction of turnover time in processing applications. The current turnover time is three to four days.

It is possible, however, to process urgent applications in one day if all the supporting documents are in order.

Disciplinary hearings

Due to the fact that re-appointments of Council

members whose term of office lapsed on 31 December 2009, disciplinary hearings, except part heard matters, could not proceed during the last three months of the financial year.

If a comparison is drawn between the small percentage of disciplinary hearings and the number of active debt collectors it is clear that the industry maintains a high level of self regulation.

Conclusion

During the year under review the objects set by Council were achieved. The staff and I look forward to meeting the challenges of the next financial year.

(signed W Henegan)
ADV W HENEGAN
EXECUTIVE DIRECTOR



Chapter 1

Overview

Following a report from the South African Law Reform Commission recommending the regulation of the occupation of debt collector, government has reacted proactively by the promotion, in accordance with a proven need, of the passing of the Debt Collectors Act, 1998 (Act 114 of 1998) by Parliament.

On 7 February 2003 the Debt Collectors Act, 1998 (Act 114 of 1998) effectively came into operation. However, 2010 marks the 10th year of the coming into operation of sections 2, 3, 4, 5, 6 and 7 of the Act on 21 January 2010 and the appointment of the first Council later in that year. The coming into operation of these sections paved the way for the preparatory work required to put the Act as a whole into operation.

No government funding was available and the Council had to obtain its own funding. Through the intervention of the Chairperson and a former Vice-chairperson R 1,563 744 was obtained from the Swiss Agency for Development and Cooperation to commence the operation of the Council in October 2002. The funding enabled the appointment of an Acting Chief Executive Officer and a secretary as well as the acquisition of accommodation. This enabled the Council to start operations and to create the necessary infrastructure by 1 November 2002. Two additional staff members were appointed in January 2003. Consequently the then Minister of Justice and Constitutional Development was requested to put the Act into operation from 7 February 2003.

Debt collectors had a 6 month period up to 11 August 2003 to register. After this date no debt collector could practice legally without being registered with the Council. Initially registration was slow and by 20 May 2003, three months after the coming into operation of the Act, only 217 debt collectors had registered. The Council made it clear that there would be no extension of the compulsory registration date. This resulted in a drastic increase in registrations. By 29 February 2004 a total of 6 580 debt collectors were registered. The continuous rise in the number of registrations made the Council financially viable. This enabled the Council to improve its infrastructure, to increase its establishment and to communicate effectively with role players and the general public, particularly with previously disadvantaged people and those in rural areas.

From a humble beginning in 2000 remarkable progress has been made in the effective implementation of Act. The secretariat has increased from two members to 18 members. The financial position of the Council, which has commenced operations with donor funding, is sound. This is due to conservative financial management and the commitment and dedication of a relative small staff component dealing with a considerable amount of administrative and legal work.

A major contributing factor to ensure the establishment of a viable Council and its further development has been the continuity in its membership. The decisive advantage of maintaining continuity is the opportunity it has created to empower new appointees on the Council in all facets of the functioning of the Council.

Of the original members of the Council three members have consecutively been re-appointed for further terms until 31 December 2009. They are Adv JJ Noeth SC, as chairperson, Ms I Wilken and Ms R Ferreira. Mr C Johnston, who has been appointed in 2004, also served on the Council until 31 December 2009 after several re-appointments.

This has been of particular importance in the successful management and finalisation of disciplinary hearings. In view of the diversity and complexity of the skills in question, taking into account that members are appointed on a part-time basis, the required transfer of skills cannot be accomplished on the short term. It should be kept in mind that there is a considerable number of complaints and disciplinary hearings. Many of the disciplinary hearings are not only factually complex but also raise intricate legal questions. In the complex hearings the respondents are, almost without exception, legally represented and in many instances by either counsel or senior counsel as well as by senior counsel assisted by junior counsel.

This Chapter contains an overview of the activities of the Council during the year under review for the period 1 March 2009 until 28 February 2010.

Chapter 2 contains the auditor's report and the financial statements.

Chapter 3 contains the report of the Audit, Risk and Finance Committee.

The financial management of the Council is considered in chapter 4.

Chapter 5 deals with the objects, constitution and the functioning of the Council.

Information Technology is dealt with in chapter 6.

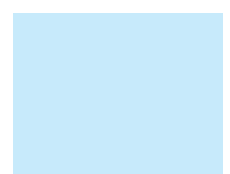
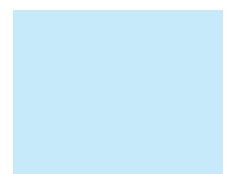
In chapter 7 attention is devoted to the registration of debt collectors.

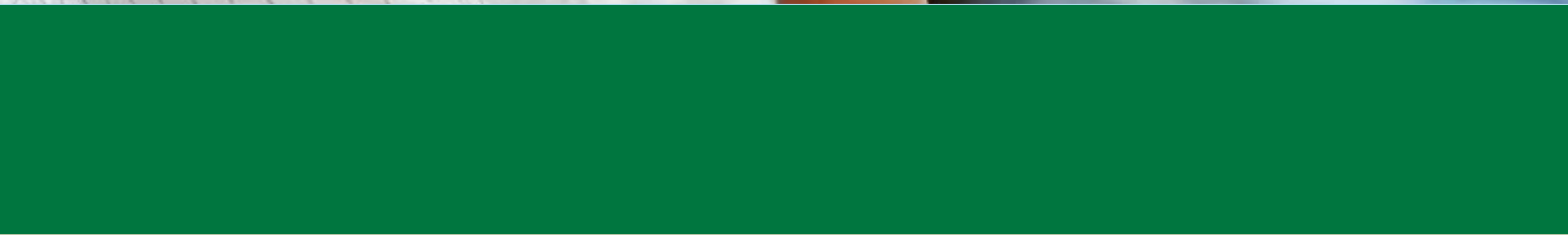
The functioning of the legal section including the investigation of complaints is dealt with in chapter 8. Attention is also devoted to pending litigation against the Council.

The Council's enabling legislation is dealt with in chapter 9

Chapter 10 deals with public relations and contains an overview of the media actions and awareness campaigns.

Overall the year under review has been a successful one in which the Council succeeded in reaching its objectives.





Chapter 2

Auditor's report and financial statements



EXCEPTIONAL AUDITING SOLUTIONS

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Brooklyn
P O Box 50393
Moreleta village
0097
082 822 9214
086 543 7307
elize@auditsol.co.za

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COUNCIL FOR DEBT COLLECTORS

Report on the Financial Statements

We have audited the accompanying financial statements of the Council for Debt Collectors, which comprise the balance sheet as at 28 February 2010, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Executive Director's Responsibility for the Financial Statements

The executive director is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Practice. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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 judgment, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Council for Debt Collectors as of 28 February 2010, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice.

**EXCEPTIONAL AUDITING SOLUTIONS
REGISTERED AUDITORS**

**PRETORIA
18 May 2010**

COUNCIL FOR DEBT COLLECTORS
(No 114 of 1998: Debt Collectors Act, 1998)
FINANCIAL STATEMENTS
for the year ended 28 February 2010

Exceptional Auditing Solutions

Chartered Accountants (SA)

Registered Auditors

Issued 18 May 2010

COUNCIL FOR DEBT COLLECTORS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010

The report and statements set out below comprise the financial statements presented to members:

<u>INDEX:</u>	<u>PAGE</u>
Report by the Executive Director	8
Balance sheet	9
Income statement	9
Statement of changes in equity	9
Cash flow statement	10
Notes to the financial statements	10 - 12

The following supplementary schedule does not form part of the financial statements, and is unaudited

Detailed income statement	12 - 13
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Approved and statement of responsibility

The financial statements which appear on pages 9 - 12 were approved by the members of the Executive Committee on 12 April 2010.

(signed Adv JJ Noeth SC)

Adv JJ Noeth SC
Chairperson

(signed Mr CF Johnston)

Mr CF Johnston
Member: Executive Committee

COUNCIL FOR DEBT COLLECTORS

REPORT OF THE EXECUTIVE DIRECTOR FOR THE YEAR ENDED 28 FEBRUARY 2010

The Executive Director presents his report for the year ended 28 February 2010. This report forms part of the audited financial statements.

1. General review

The Council's business and operations and the results thereof are closely reflected in the attached financial statement. No material fact or circumstance has occurred between the accounting date and the date of this report.

The principle activity of the Council during the year were that of processing new applications, collecting annual fees from existing debt collectors and attending to complaints received from members of the public and registered debt collectors.

2. Statement of responsibility

The Executive Director is responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible to report on the fair presentation of the financial statements. The financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice.

The Executive Director is also responsible for the Council's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the Executive Director to indicate any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the Executive Director has every reason to believe that the Council has adequate resources in place to continue in operation for the foreseeable future.

3. Financial results

The results of the Council and the state of its affairs are set out in the attached financial statements and do not in my opinion, require further comment.

4. Subsequent events

There has been no fact or circumstance of a material nature that have occurred between the accounting date and the date of this report.

5. Officers

The Chairman and Executive Director of the Council during the accounting period and up to the date of this report were as follows:

Adv JJ Noeth (SC) - Chairman

Mr W Henegan - Executive Director

6. Auditors

Exceptional Auditing Solutions will still continue in office.

**Pretoria
18 May 2010**

(signed Mr W Henegan)

Mr W Henegan

COUNCIL FOR DEBT COLLECTORS
BALANCE SHEET AS AT 28 APRIL 2009

		2010	2009
	Notes		
ASSETS			
<i>Non-current assets</i>			
Property	2	186 008	204 476
CURRENT		31 843 165	26 275 683
Inventories		42 694	64 457
Trade and other receivables	3	110 485	116 020
Term Deposits		30 213 931	22 244 663
Bank balances		1 476 005	3 850 543
TOTAL ASSETS		R 32 029 173	R 26 480 159
EQUITY AND LIABILITIES			
Capital and reserves			
Surplus		30 040 361	25 046 599
Current liabilities			
Trade and other payables		1 988 812	1 433 560
Members for registration	4	34 479	93 902
Application for registration	5	1 514 081	1 024 981
Credit card		431 171	314 677
		9 081	-
TOTAL EQUITY AND LIABILITIES		R 32 092 173	R 26 480 159

COUNCIL FOR DEBT COLLECTORS
INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2009

		2010	2009
Gross revenue	8	9 893 048	9 545 739
Other income	8	618 705	113 036
Operating costs	9	(9 102 218)	(6 725 308)
Operating profit		1 409 535	2 933 467
Interest received		3 584 227	1 436 400
Surplus		R 4 933 762	R 4 369 867

COUNCIL FOR DEBT COLLECTORS
STATEMENT OF CHANGES IN EQUITY THE YEAR ENDED 28 FEBRUARY 2009

	Distributable reserve
Balance at 01 March 2008	20 683 208
Net surplus for the year	4 363 391
Balance at 01 March 2009	25 046 599
Net surplus for the year	4 993 762
Balance at 28 February 2010	R30 040 361

COUNCIL FOR DEBT COLLECTORS
CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2010

		2010	2009
	Notes		
Cash flows from operating activities		5 741 731	4 757 949
Cash generated by operating activities	7.1	2 157 504	3 321 549
Interest received		3 584 227	1 436 400
Cash flows from investing activities			
<i>Expenditure to maintain operating capacity</i>			
Property, plant and equipment acquired		(156 032)	(149 981)
Increase in cash and cash equivalents		5 585 699	4 607 968
Cash and cash equivalents at beginning of the year	7.2	26 095 206	21 487 239
Cash and cash equivalents at end of the year	7.2	R 31 680 905	R 26 095 207

COUNCIL FOR DEBT COLLECTORS
NOTES TO THE FINANCIAL STATEMENTS AT 28 FEBRUARY 2010

1. Basis of preparation

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The financial statements are prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment, marketable securities and investment properties.

1.1 Property, Plant and equipment

All property, plant and equipment are initially recorded at cost.

Depreciation is calculated on the straight-line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives as follows:

Motor vehicles	5 years
Furniture and fittings	6 years
Books	5 years
Cutlery and small equipment	5 years
Computer equipment	3 years
Computer software	2 years

1.2 Inventories

Consumables are shown at fair value

2. Property, plant and equipment

	Cost/ valuation	2010 Accumulated depreciation	Carrying value	Cost/ valuation	2009 Accumulated depreciation	Carrying value
<i>Owned assets</i>						
Motor vehicles	122 798	83 912	38 886	122 798	59 352	63 466
Furniture and fittings	142 504	123 391	19 113	137 126	99 640	37 486
Books	69 950	45 545	24 405	58 295	31 555	26 740
Office equipment	220 971	187 847	33 124	181 267	143 653	37 614
Computer equipment	476 763	413 383	63 380	381 693	353 626	28 067
Computer software	26 450	20 628	5 822	23 926	16 085	7 841
Cutlery and small equipment	18 524	17 246	1 278	16 823	13 541	3 282
Total	R 1 077 960	R 891 952	R 186 008	R 921 928	R 717 452	R 204 476

The Carrying amounts of property, plant and equipment can be reconciled as follows:

2010	Carrying value at beginning of year	Additions	Depreciations	Carrying value at end of year
<i>Owned assets</i>				
Motor vehicles	63 446	-	(24 560)	38 886
Furniture and fittings	37 486	5 378	(23 751)	19 113
Books	26 740	11 655	(13 990)	24 405
Office equipment	37 614	39 704	(44 149)	33 124
Computer equipment	28 067	95 070	(59 757)	63 380
Computer software	7 841	2 524	(4 543)	5 822
Cutlery and small equipment	3 282	1 701	(3 705)	1 278
Total	R 204 476	R 156 032	R (174 500)	R 186 008

3. Inventories

The amounts attributable to the different categories are as follows

4. Members for registration

Fees received for registration which have not yet been approved by the Council

5. Applications for registration

Applications received for registration which have not yet been processed

2010 **2009**

R 42 694 **R 64 457**

6. Taxation

No provision has been made for 2010 taxation due to the fact that the council is tax exempt.

7. Notes to the cash flow statement

	2010	2009
7.1 Cash generated by operating activities		
Net profit	4 993 762	4 369 867
Adjustments for:		
Depreciation	174 500	96 213
Interest received	(3 584 227)	(1 436 400)
	<u>1 584 035</u>	<u>3 029 680</u>
Movement in working capital		
Decrease/(increase) in inventories	21 763	(53 476)
Decrease/(increase) in accounts receivable	5 535	(4 828)
Increase in accounts payable	546 171	350 173
	<u>R 2 157 504</u>	<u>R 3 321 549</u>
7.2 Cash and Cash equivalents		
Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts		
Bank balances	1 466 974	3 850 543
Term deposits	30 213 931	22 244 663
	<u>R 31 680 905</u>	<u>R 26 095 206</u>

COUNCIL FOR DEBT COLLECTORS

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2010

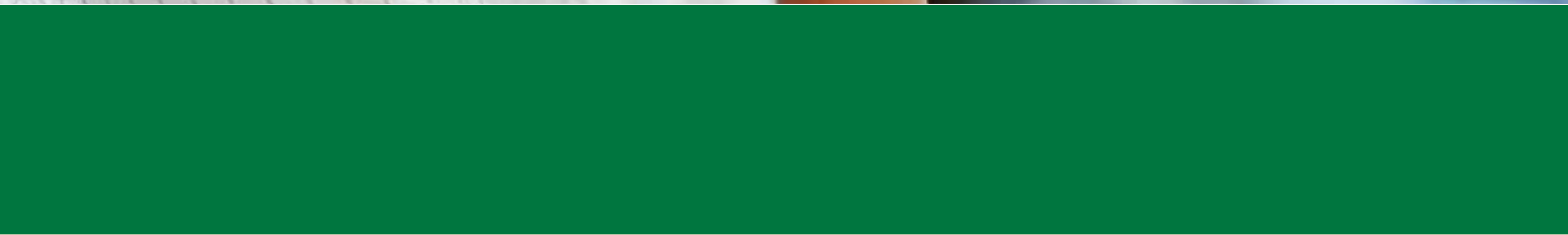
8. Income

	2010	2009
GROSS REVENUE	9 893 048	9 545 739
Annual fees	6 840 800	6 483 900
Duplicate certificate fees	88 900	78 800
Penalties	374 077	124 723
Registration fees	2 526 821	2 849 143
Sundry income	62 450	9 173
OTHER INCOME	4 202 932	1 549 436
Interest received - Bank	3 584 227	1 436 400
Interest received - Section	618 705	113 036
TOTAL INCOME	<u>14 095 980</u>	<u>11 095 175</u>
EXPENDITURE	<u>(9 102 218)</u>	<u>(6 725 308)</u>
<u>SURPLUS</u>	<u>R 4 993 762</u>	<u>R 4 369 867</u>

COUNCIL FOR DEBT COLLECTORS
DETAILED INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2010

9. OPERATING COST

	2010	2009
EXPENDITURE	(9 102 218)	(6 725 308)
Auditors remuneration	54 945	54 558
Bank charges	20 734	25 256
Cleaning and office equipment	1 933	1 153
Computer expenses	240 000	242 800
Consulting fees	238 484	299 236
Council members' emoluments	1 610 257	1 020 072
Depreciation	174 500	96 213
Entertainment/refreshments	22 594	7 242
Information sessions	939 819	869 104
Insurance	48 259	41 169
Licences	27 249	7 194
Printing and stationery	128 940	75 917
Rent paid	765 767	643 950
Repairs and maintenance	74 783	41 763
Salaries and wages	4 519 922	3 020 247
Security	45 017	55 224
Staff and council member training	6 412	69 106
Telephone and fax	167 945	154 581
Travelling (local trips)	14 658	523



Chapter 3

Report of the Audit, Risk and Finance Committee

We are pleased to present our report for the financial year.

Audit, Risk and Finance Committee Members and Attendance:

Five meetings were held during 2009 as follows:

18 March 2009
6 May 2009
3 August 2009
1 October 2009
9 October 2009

The Committee consists of the following members:

Member attended	Number of meetings
Shirley Machaba CA (SA) – Chairperson	5
Riana Ferreira - Member	5
Willie Henegan – Executive Director (Co-opted)	5

Audit committee

The Audit, Risk and Finance Committee has presented the following report to Council for the year under review:

Audit, Risk and Finance Committee Responsibility

The Audit, Risk and Finance Committee reports that it has adopted appropriate formal terms of reference as its Audit, Risk and Finance Committee charter, has regulated its affairs in compliance with this charter and has discharged its responsibilities as contained therein.

The effectiveness of internal control

The system of internal control although not adequate due to the size of the organisation was effective during the year under review.

The Audit, Risk and Finance Committee has addressed this by having developed systems, policies and guidelines to be adhered to by the organisation. The Audit, Risk and Finance Committee reviewed amongst others the investment policy which eventually yielded excellent investment returns. This is confirmed by the huge interest received as disclosed on

the annual financial statements.

Although the Audit, Risk and Finance Committee advised management and Council to engage a service provider to fulfil the role of internal audit for the Council, a Council's decision was not to engage the services of an internal audit due to the size of the organisation. The Audit, Risk and Finance Committee was delegated by Council to closely monitor audit, risk and finance activities during the year.

As part of improving controls within the Council, the computer system is being upgraded. The external auditors have been involved in the systems upgrade process and reasonable assurance was provided on an ongoing basis to both the Committee and Council.

An update on King III presentation was conducted to all staff and Council members during November 2009 as part of keeping up with latest developments.

The quality of the year and management and monthly quarterly reports

The Committee is satisfied with the content and quality of the monthly reports prepared and issued by the Chief Financial Officer.

Reporting has improved regarding member subscriptions and the entire financial management and corporate governance.

The effectiveness of risk management and compliance

As part of an ongoing risks management, a risk assessment workshop was conducted during the year under review where the top risks and respective mitigating controls were identified. The Committee is satisfied that the Council's top risks have received adequate attention throughout the year.

The risks inherent to the Council and controls implemented to monitor these risks will be monitored on an ongoing basis.

Evaluation of Financial Statements

The Audit, Risk and Finance Committee has:

- Reviewed external auditors management letter and management response;
- Reviewed, discussed with the external

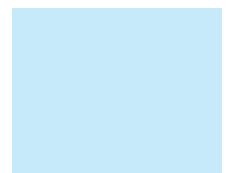
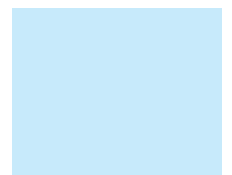
auditors, the Financial Manager and the Executive Director and recommended the audited annual financial statements to be included in the annual report.

The Council has subsequently approved the annual financial statements.

The Audit, Risk and Finance Committee concurs and accepts the conclusions of the external auditors of the annual financial statements and is of the opinion that the audited financial statements be accepted.

(signed Ms S Machaba)

SHIRLEY MACHABA CA (SA)
CHAIRPERSON OF THE AUDIT, RISK AND
FINANCE COMMITTEE





Chapter 4

The financial management of the Council

Introduction

The Council does not receive any funding from Government and must generate its own income. The financial position of the Council has steadily improved since its establishment. This is due to the increase in the number of registered debt collectors as well as the conservative financial management of the Council's affairs. As has been predicted in the previous annual report the increase in new registrations may level off resulting in a reduced income on gross revenue as has been the case in the year under consideration. This is due to the effect of the recession and the impact of the provisions in the National Credit Act which introduced the concept of debt review. The effect of the down-turn in the economy during the year under review and its impact on the Council as well as the industry is closely monitored. Consequently it is imperative that a reserve fund is maintained to cover the running costs for a period of at least three years.

External audit and financial statements

The external auditor presented an unqualified audit report for the year under review. All annual audit reports since the establishment of the Council have been unqualified.

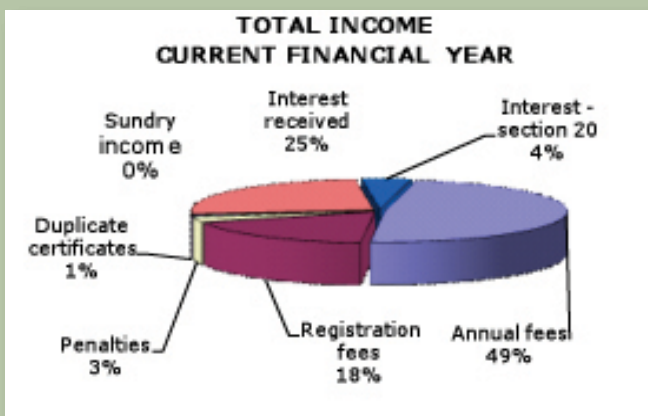
Income and expenditure

Income

The gross revenue for the year under review amounts to R 9 893 048 which is made up as follows:

Annual fees	:	R 6 840 800
Duplicate certificates	:	R 88 900
Penalties	:	R 374 077
Registration fees	:	R 2 526 821
Sundry income	:	R 62 450
Interest received	:	R 3 584 227
Interest – section 20	:	R 618 705

The total income of R 14 095 980 (comprised of gross revenue to the amount of R 9 893 048 and interest to the amount of R 4 202 932) can be illustrated as follows:

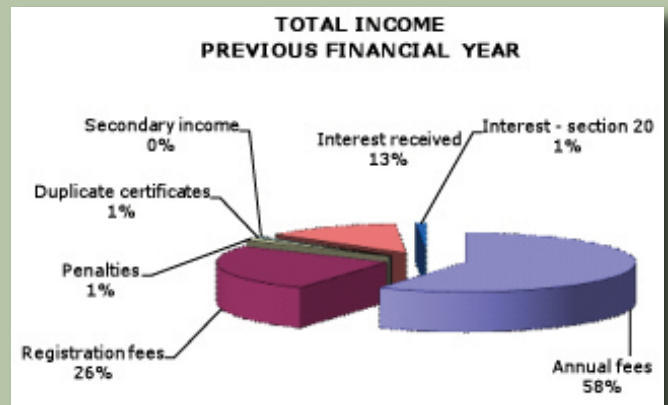


The gross revenue for the previous financial year amounted to R 9 545 739 made up as follows:

Annual fees	:	R 6 483 900
Duplicate certificates	:	R 78 800
Penalties	:	R 124 723
Registration fees	:	R 2 849 143
Sundry income	:	R 9 173
Interest received	:	R 1 436 400
Interest – section 20	:	R 113 036

The increase in the income on interest received from the 2008/2009 to the year under review is a result of the increase on the amounts on fixed deposit, the extension of the period of investment and the interest rate.

The total income of R 11 095 175 (comprised of gross revenue to the amount of R 9 545 739 and interest to the amount of R 1 549 436) can be illustrated as follows:



The Council's gross revenue, excluding income on investments and interest, increased by R 518 755 from 2008 to 2009. The Council's gross revenue, excluding income on investments and interest, increased by R 347 309 from 2009 to the year under review.

The income for the year under review can be compared with the previous financial year as follows:

Income	2009	2010	Increase / decrease
Gross revenue	R 9 545 739	R 9 893 048	R 347 309
Annual fees	R 6 483 900	R 6 840 800	R 356 900
Duplicate certificate	R 78 800	R 88 900	R 10 100
Penalties	R 124 723	R 374 077	R 249 354
Registration fees	R 2 849 143	R 2 526 821	(R 322 322)
Sundry income	R 9 173	R 62 450	R 53 277

Income	2009	2010	Increase / decrease
Other income	R 1 549 436	R 4 202 932	R 2 653 496
interest - investment	R 1 436 400	R 3 584 227	R 2 147 827
Interest - section 20	R 113 036	R 618 705	R 505 669
Total income	R 11 095 175	R 14 095 980	R 3 000 805

There has been an increase on all levels, except in the case of income derived from new registrations. The income derived from new registrations has decreased with R322 322 during the year under review as a result of the economic down turn.

Expenditure

The Council's expenditure during the year under review amounted to R9 102 218 while the expenditure in the previous financial year amounted to R6 725 307. This represents an increase in expenditure of R2 376 910.

The steep increase in expenditure during the year under review compared to the previous financial year can be attributed mainly to the following:

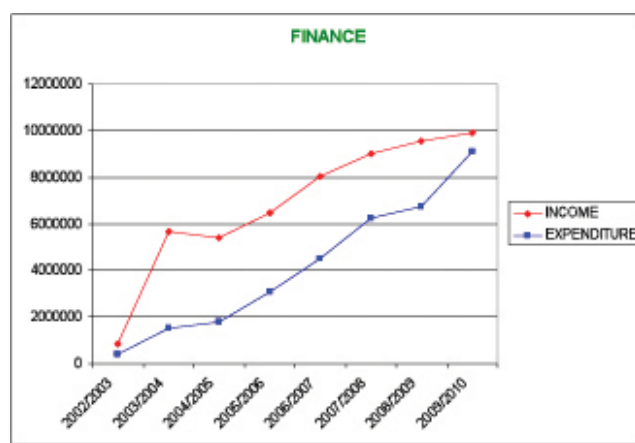
- The increase in personnel expenditure by R1 499 675 from R3 020 247 in the previous financial year to R4519 922 in the year under review as a result of:
 - o the creation of three additional posts, two of which are on a senior level;
 - o establishment by two posts in the previous financial year; and
 - o the promotion of a staff member to the management echelon.
- The increase in members' emoluments by R590 185 from R1 020 072 in the previous financial year to R1 610 257 in the year under review due to:
 - o An increase in the remuneration approved by the Minister of Justice and Constitutional Development on 1 April 2009;
 - o The fact that the increase was approved retrospectively with effect from 1 April 2008; and
 - o The increase in time spent on disciplinary hearings due to extended hearings and the writing of judgments.
- The acquisition of additional office space to provide for the expansion of the establishment resulted in an increase in rental from R643 950 in the previous financial year to R765 767 during the year under review.

Income and expenditure since 2003

The income based on gross revenue excluding the income on interest and expenditure since 2003 is reflected in the table below:

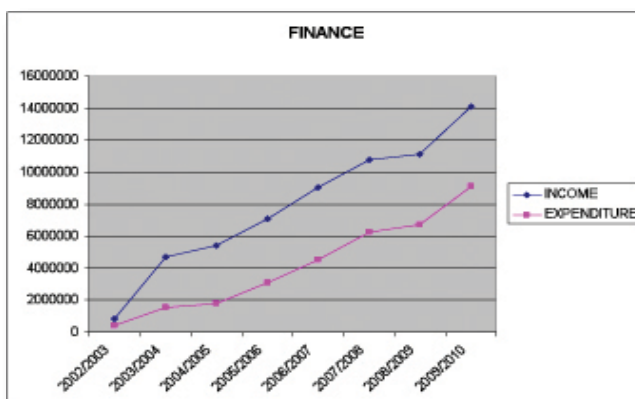
Financial Year	Income	Expenditure
2002/2003	844 557	390 779
2003/2004	5 651 370	1 531 498
2004/2005	5 412 853	1 787 242
2005/2006	6 469 187	3 075 829
2006/2007	8 044 184	4 505 784
2007/2008	9 026 984	6 245 142
2008/2009	9 545 739	6 725 308
2009/2010	9 893 048	9 102 218

The information can be graphically displayed as follows:



Since there has been no increase in fees since 2003, the income based on gross revenue is dependant upon the annual fees of registered debt collectors and the number of new registrations. The gap between income and expenditure has been steadily decreasing since 2005.

If the income in interest is included to reflect the total income in comparison to the expenditure the position is as follows:



Emoluments of Council members and management

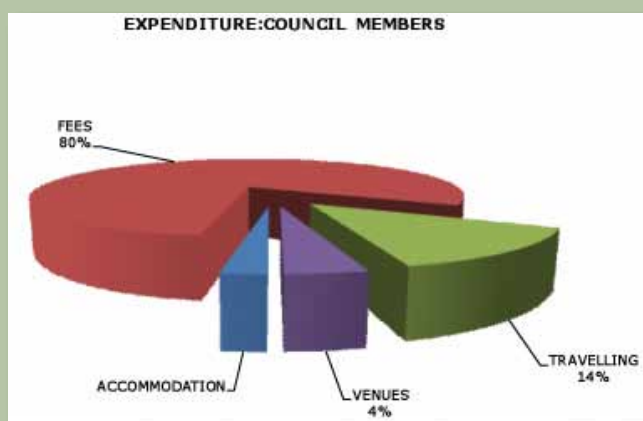
Council members

During the year under review the remuneration of Council members was as follows:

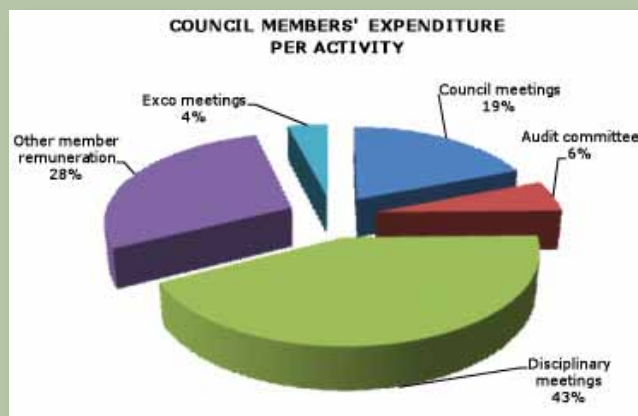
Chairperson : R 3 011 per day
Members : R 2 240 per day.

On 1 April 2009 the Minister of Justice and Constitutional Development adjusted the rate of remuneration from R 2 413 per day in respect of the chairperson and R 1 792 in respect of members to the rates reflected above with retrospective effect from 1 April 2008.

The expenditure can be presented as follows:



The following expenditure was incurred in respect of Council related activities:



Note:

Other member remuneration relates to consideration of applications, the signing of registration certificates, participation in awareness campaigns and the attendance of meetings and meetings of the screening for the short listing and interviews of applicants for the advertised vacant posts.

INDIVIDUAL REMUNERATION

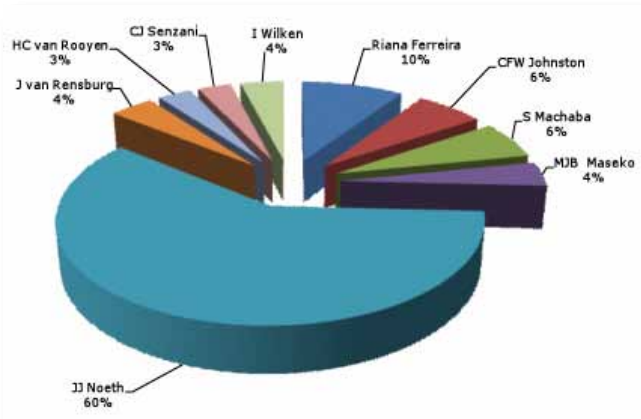
Council members

Council member	Gross Remuneration
Adv J J Noeth SC - Chairperson	R 841 281
Ms I Wilken - Vice-Chairperson	R 56 012
Mr C Johnston - Member	R 87 612
Ms S Machaba - Member	R 86 944
Ms R Ferreira - Member	R 131 417
Mr M J B Maseko - Member	R 55 927

Expenditure : Council members					
	ACCOMMODATION	FEES	TRAVELLING	VENUE COSTS	TOTAL
Council meetings	R 7 099.79	R 203 762.00	R 37 176.71	R 58 464.91	R 306 503.41
Audit, Risk and Finance Committee	R 3 994.94	R 66 304.00	R 20 780.44		R 91 079.38
Disciplinary meetings	R 22 948.50	R 543 551.00	R 116 676.23	R 6 334.73	R 689 510.46
Member remuneration	R 1 461.70	R 420 795.60	R 36 598.87		R 458 856.17
Exco meetings		R 57 567.00	R 6 740.36		R 64 307.36
Total	R 35 504.93	R 1 292 979.60	R 217 972.61	R 64 799.64	R 1 610 256.78

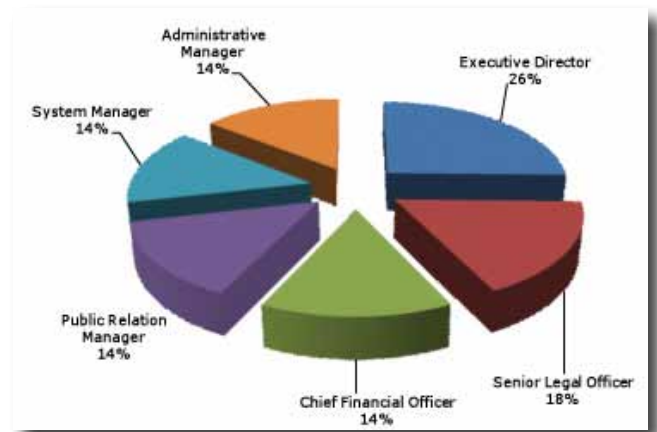
Council member	Gross Remuneration
Mr J Van Rensburg – Member	R 57 017
Mr C J Senzani – Member	R 43 268
Mr H C Van Rooyen – Former member	R 43 282
TOTAL	R 1 402 760

The gross remuneration as a percentage of the total expenditure:



Note:
The remuneration of the Chairperson includes remuneration relating to consideration of applications, the signing of registration certificates, the writing of judgments in disciplinary hearings and participation in awareness campaigns and the attendance of meetings.

The gross remuneration as percentage of the total expenditure



Senior Officials

Official	Salary	Bonus	Cell phone allowance	Gross remuneration
Executive director	R 621 554	R 56 433	R 2 400	R 680 387
Senior legal officer	R 432 499	R37 376		R 469 875
Chief financial officer	R 352 651	R 31 538		R 384 189
Public relations manager	R 352 651	R 31 538		R 384 189
System Manager	R 352 651	R 31 538		R 384 189
Administrative manager	R 352 651	R 31 538		R 384 189
Total	R 2 464 657	R 219 961	R 2 400	R 2 687 018

Note:
Bonuses paid were not performance related but paid in accordance with the respective service contracts



Chapter 5

Objects, constitution and functioning

Establishment of the Council

The Council for Debt Collectors was established by the Debt Collectors Act, 1998 (Act 114 of 1998) – referred to below as “the Act”. Section 2(1) of the Act provides that the Council is a juristic person.

The objects of the Council

The objects of the Council are set out in section 2(2) of the Act: to exercise control over the occupation of debt collector. This provision in the enabling legislation is supplemented by other provisions in the Act, the Regulations and the Code of Conduct promulgated in terms of the Act. Broadly speaking the aims of the Council are to –

- regulate the occupation of debt collectors,
- regulate the recovery of fees,
- register debt collectors,
- issue registration certificates,
- the investigation of complaints against debt collectors, and
- where appropriate, institute disciplinary proceedings against debt collectors for misconduct.

In short, the Council for Debt Collectors regulates the occupation of debt collector, ensures that debt collectors are registered with the Council and protects the public by the investigation and the institution of disciplinary proceedings where necessary.

The constitution of the Council

The members of the Council are appointed by the Minister of Justice and Constitutional Development.

In terms of section 3(1) the Council consists of not more than 10 members.

In terms of section 3(2) the Minister must appoint as members of the Council –

- (a) as chairperson, any fit and proper person with a suitable degree of skill and experience in the administration of civil law matters;
- (b) as members-
 - (i) a magistrate;
 - (ii) an attorney nominated by a representative body or bodies;
 - (iii) at least two but not more than four debt collectors, two of whom shall be appointed after consultation with organisations representing debt collectors,

who are natural persons and who have exercised the occupation of debt collector for at least three years;

(iv) two persons who, in the Minister’s opinion, are fit and proper persons to serve on the Council; and

(v) one person from nominations submitted by institutions representing consumer interests and who, in the opinion of the Minister, is a fit and proper person to serve on the Council.

In terms of section 3(4) of the Act a member of the Council holds office for a term, not exceeding three years, determined by the Minister at the time of the member’s appointment. The section also provides that a member may be reappointed at the expiration of his or her term of office.

For the greater part of the year under review the following persons served as members of the Council:

Chairperson :

Adv J J Noeth SC [Section 3(2)(a)]

Members :

Ms Y Sidlova [(Section 3(2)(b)(i)]
Mr J van Rensburg [Section 3(2)(b)(ii)]
Mr C Johnston [Section 3(2)(b)(iii)]
Ms R Ferreira [Section 3(2)(b)(iii)]
Mr B Maseko [Section 3(2)(b)(iii)]
Ms S Machaba [Section 3(2)(b)(iv)]
Mr C Senzani [Section 3(2)(b)(iv)]
Ms I Wilken [Section 3(2)(b)(v)]

The following members were appointed on 4 March 2009 for a period of three years:

Mr C Senzani
Mr B Maseko
Mr J van Rensburg

The terms of office of the following members expired on 31 December 2009:

Chairperson : Adv JJ Noeth SC
Members : Ms I Wilken
Ms S Machaba
Mr C Johnston
Ms R Ferreira

By 28 February 2010, at the end of the year under review, appointments had not been made by the Minister of Justice and Constitutional Development. In order to follow an open and democratic process the positions were advertised calling for nominations. Consequently there had not been a properly constituted Council for

the period 1 January 2010 up to the end of the year under review.

In terms of section 3(3) of the Act Ms I Wilken has been elected vice-chairperson by the members of the Council. She has served in this capacity during the year under review until 31 December 2009.

In terms of section 4(1) of the Act the Council must meet at least three times in every financial year. During the year under review the Council met on four occasions:

24 March 2009
18 May 2009
26 August 2009
16 and 17 November 2009

All the meetings were attended by all members.

Committees

Executive Committee

In terms of section 4(1) of the Act the Council may appoint not less than three and not more than five of its members as an Executive Committee provided that the majority of members of the Executive Committee must be members other than members who have been appointed by virtue of the fact that they are debt collectors.

During the year under review (until 31 December 2009) the Executive Committee was constituted as follows:

Chairperson: Adv J J Noeth SC
Vice-chairperson: Ms I Wilken
Member: Mr C Johnston

The Executive Committee met on six occasions during the year under review:

21 April 2009
18 June 2009
31 July 2009
22 September 2009
28 October 2009
17 December 2009

All the meetings were attended by all members.

Audit Committee

Although no specific provision has been made in the Act for the appointment of an audit committee, the Council has deemed it necessary to convene such a committee from the members of the Council with the required expertise in order to promote the principles of sound corporate governance recommended in the King Report on Corporate Governance.

During the year under review (until 31 December 2009) the Audit Committee was constituted as

follows:

Chairperson: Ms S Machaba CA (SA)
Member: Ms R Ferreira

The Audit Committee met on five occasions during the year under review:

18 March 2009
6 May 2009
3 August 2009
1 October 2009
9 October 2009

All the meetings were attended by all members.

A report by the Chairperson of the Audit, Risk and Finance Committee appears in Chapter 3.

Secretariat of the Council

The Council is assisted in its task by a full-time secretariat. There are 15 posts on the Council's establishment which are filled by the following persons:

Executive Director:

Mr W Henegan

Legal component:

Adv A Cornelius – senior legal officer
Adv T Gildenhuis – legal officer
Mr R Thulo – legal officer (with effect from 1 January 2010)
Ms C Gouws – curator (with effect from 1 January 2010)
Ms J Makwela – legal secretary

During the year under review it was decided to create an additional post of legal officer on the establishment of the Council since the consultant which had been utilized by the Council had to be employed on a full-time basis due to the increase of work in the legal section. Consequently the services of the consultant were terminated. The post was advertised and Mr R Thulo was appointed as legal officer with effect from 1 January 2010.

As a result of the pending amendment of section 20(8) of the Act an additional post of curator was created on the establishment of the Council to cater for the additional work emanating from the proposed amendment. The post was advertised and Ms C Gouws was appointed with effect from 1 January 2010. (For an exposition of the proposed amendments to section 20(8) of the Act see page 43 below.)

Administrative component

Ms M Lulekwa – Public Relations Manager
Ms R Joubert – Systems manager
Ms E Maritz – Chief financial officer
Ms D van der Walt – Administrative manager

Ms S Freeman – Financial assistant
 Ms S Sibiya – Administrative and system assistant
 Ms J Nel – Private Assistant to the Chairperson
 Ms L Mabaso – Receptionist
 Ms M Malapane – Office assistant
 Ms T Swart – Administrative assistant
 Mr C Bredenhann – Investigator
 Ms S Maleka – Data capturer

During the year under review it was also necessary to devote attention to the expansion of the administrative section of the secretariat to provide for increased efficiency in the capturing of data on the Council's Information Technology System. In terms of the agreement the Council's service provider has to provide, for its account, the services of one data capturer. Due to the increase of data to be captured the appointment of an additional data capturer became necessary. Ms S Maleka, formerly employed by the service provider was appointed on the Council's establishment in the newly created post of data capturer with effect from 1 January 2010. With effect from 1 January 2010 the service provider appointed a data capturer for its account in terms of the agreement.

Functionally the administrative component is divided into three divisions:

- An administrative division which handles new applications for registration and renewals of current debt collectors;
- A systems division which is responsible to maintain the information of the Council electronically; and
- A financial division responsible for the management of the Council's finances.

The increase of the establishment since 2003 is reflected in the table below:



The Council has a relative small administrative component to deal with a considerable workload. The Council wishes to express its appreciation to the members of the secretariat for their

outstanding services, their commitment to service excellence and for the high standard of work delivered. These conclusions based on the experience of Council and management are supported by numerous accolades received from clients on the high level of service delivery. What is particularly pleasing is that a limited staff component succeeded in ensuring that there were no delays in the registration of debt collectors. It is also gratifying to report that no financial losses occurred during the year under review.



Chapter 6

Information technology

The new software system that has been developed resulted in the capturing and scanning of documents at the Council's premises resulting in a more efficient registration process. A concomitant benefit is the elimination of the risk of the possible loss of original documents leaving the premises of the Council.

Numerous refinements were incorporated in the new software system enhancing productivity enabling the Council to render improved service delivery to its clients. The most important refinements include the following:

- Initially a weekly update of the registers prescribed by section 12(1) of the Act in stead of a monthly update of the registers as prescribed by section 12(2) of the Act was done. The updating of the registers has now been refined to provide for live updates as registration transactions occur including any other register related updates are captured on the system.
- The submission of the prescribed audit certificates has been computerized. This enabled the Council to generate approximately 900 letters by computer, which would otherwise had to be individually prepared, in respect of audit certificates which had not been submitted. The system has also been adapted to generate a summary of the outstanding audit reports.
- The new system generates a number of new reports facilitating the administration of registrations.
- The statistics provided by the old system have been revised and the new system is capable of generating additional as well as more refined statistics.
- The financial system has been refined to provide a summary of money received which in the past was done manually.
- It is now possible to print certificates and identity cards per invoice number preventing the inadvertent printing of erroneous certificates.
- The system has also been adapted to provide for the direct linking of e-mails received to the Council's electronic data base. This avoids the printing and scanning of e-mails received.
- In addition the system has been safeguarded by limiting the access of the various users.
- In respect of the legal section a number of refinements were developed to facilitate the administration including the upgrading of statistical reports.

These measures contributed to a hands-on approach in management.

Following these refinements the Information Technology policy of the Council has been revised, amongst others, by the inclusion of a detailed back-up policy to ensure the integrity of the Council's data at all times.

External backups

The service provider makes a daily backup of the software application (programme) on a USB memory stick.

The service provider makes a weekly backup of the software application (programme).

The backups of the software application (programme) are kept off site by the service provider.

Internal backups

- The System Manager makes a daily backup of the Synaxon database and Pastel on a USB memory stick.
- The System Manager makes a weekly backup of the Synaxon database and Pastel on CD/DVD.
- A weekly backup of all the data on the server is made to an external hard drive. (Two external hard drives are available. While data is continuously stored on one external hard drive, the other external hard drive is stored off site with the previous update).

The backups on the USB memory stick and the back ups on CD/DVD are stored off site by the Systems Manager while the backup on the hard disk is stored off site by the Executive Director.

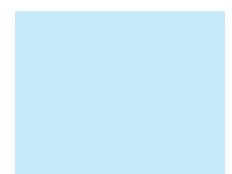
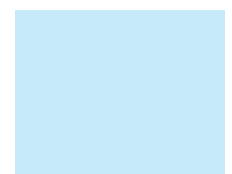
During the year under review a number of improvements were effected to ensure the integrity of the Council's data:

- The server was operating in a degraded capacity. Consequently the fault tolerance has been increased by implementing a RAID 1 array (two mirror hard drives) with a global hot spare hard drive in addition.
- A UPS (Uninterruptible Power Supply) was installed to enhance overall system reliability. In the event of unclear or interrupted power supply the servers on the system continue operating on full capacity until a clean shut down has achieved.
- A NAS (Network Area Storage device) which is a highly flexible and secure file and backup destination has been installed and will be used as the primary recovery and storage location. A NAS device of this nature is specially equipped to recover our entire network from total failure in a very

short space of time. This particular piece of hardware is critical to the risk management profile of any institution looking to ensure their data integrity.

- The antivirus and security system has been upgraded to Trend Warning Free Advanced which is ISO (International Organization for Standardization) compliant. This ensures peace of mind in the event of a virus outbreak.
- The Windows Server Update Service (WISUS) has been installed and configured on the server to perform the distribution of approved and critical updates.
- The Microsoft baseline analysis tool is run periodically to ensure conformity with the best practices of Microsoft.

In addition a new website has been developed which is hosted from the Council's offices facilitating the updating of the website. The PDF search tool to facilitate searches on the registers has been replaced and narrowed by a new MsWord dedicated search tool. This resolves enquiries received from users that the PDF search tool is not user friendly.





Chapter 7

The registration of debt collectors

Procedural requirements

In the previous annual report the Council expressed its concern about the number of defective applications submitted for consideration. These applications caused a delay in expeditious processing. It causes not only an unnecessary burden on the Council's staff but, more importantly, places a serious impediment on applicants to start their business.

While there has been an improvement there is still room for further improvement. To reduce the number of defective applications a system whereby a contact person has been identified in the bigger firms of debt collectors to facilitate direct contact to overcome any problems with applications, has been introduced.

To assist the smaller firms, sole proprietors and new entrants in the occupation of debt collectors the registration requirements are fully dealt with below.

An application for registration as a debt collector must be lodged with the Council on the prescribed form and must be accompanied by the registration fee and annual subscription fee prescribed by Regulation. Should an applicant's application be unsuccessful the annual subscription fee will be refunded but the registration fee will be forfeited. In cases where the subscription fee is not paid at the time the application to be registered is lodged, the registration will be suspended.

The total fees (registration fee and annual subscription fee payable) including VAT are:

- R 3 420.00 in respect of a company or close corporation;
- R 1368.00 in respect of each director or member of the company or close corporation.
- R 912.00 in respect of every officer of the company or close corporation who is involved in debt collecting.
- R 912.00 in the case of a natural person.

Form 1A must be used for the registration as debt collector by an officer in the employ of a juristic person, a director of a company or a member of a close corporation.

Form 1B must be used for registration as debt collector by a juristic person, company or close corporation.

Form 1C must be used for registration as debt collector by a person other than an officer in the employ of a juristic person, a director of a company or a member of a close corporation. (This form must be used by sole proprietors, trusts and partnerships.)

All questions must be answered and the application must be signed by the applicant. The original application must be submitted – copies and faxes are not accepted. The following documents must be attached to the application

- A copy of the applicant's identity document;
- A letter from the bank indicating that a trust account has been opened in terms of section 20 of the Act;
- A letter from an auditor or an accountant indicating his or her appointment to audit the trust account; and
- Proof of payment of the registration and annual subscription fees applicable.

In the case of new companies or close corporations who want to register, the following documents must also be attached to the application:

- CM 29 in respect of a company; or
- CK 1 or CK 2 in respect of close corporations.

Non-compliance of these requirements will result in delays – applications will only be considered once all the procedural requirements have been met.

Transfers

In the case of a transfer from another juristic person, company, close corporation or a sole proprietor, a new application must be lodged complying with the applicable procedural requirements. Proof of payment of R 114 VAT inclusive must accompany the application and the original registration certificate should be attached.

Notes:

- The disqualifications for registration as a debt collector are contained in section 10(1) of the Act. Of importance is the fact that if one of the directors of a company or a member of a close corporation is not competent to be registered, such company or close corporation cannot be registered.
- A person who is not competent to be registered in terms of section 10(1) of the Act because he or she has in the preceding 10 years been convicted of an offence of which violence, dishonesty, extortion or intimidation is an element may in terms of section 10(2) of the Act apply to the Minister of Justice and Constitutional Development, Private Bag X 276, Pretoria, 0001 to be exempted from the disqualification. The

application must correspond substantially with Form 2 prescribed by regulation 3. If the application is successful, such person can be registered.

Fee structure

The Council is aware, and also sensitive, to the current down turn in the economy. Consequently there has been no increase in the registration and annual subscription fees. The fact that there has been no increase since 2003 in these fees can be attributed to the Council’s tight budget controls particularly in respect of expenses. This is a considerable achievement in the Council’s view taking into account the cumulative inflation rate since 2003.

The compliance of debt collectors with registration requirements and the increase in the number of new registrations led to an increased income which had not, and could not, been foreseen in 2003. As a result of the increased income generated by the 2003 adjustments supplemented by the subsequent increase in registrations and the Council’s conservative financial management there has not been any subsequent increase since 2003.

In the process of re-assessing the current fee structure the following will also have to be considered:

- Although there has been a constant increase in the Council’s income due to the increase in registrations, the possibility of a further decrease in new registrations must be taken into account and requires ring-fencing an amount as a reserve for this eventuality. When the 2003 increase was considered the independent advice obtained indicated that there should be adequate reserves to sustain the Council for three years.
- The need to upgrade, maintain and develop the Council’s computer system.
- The fact that the Council does not receive any government funding and is financially self sustaining.
- An increase in the Council’s establishment and the remuneration packages of staff members.
- The increase in costs to lease accommodation.
- The financial impact of current and future litigation.
- The impact of proposed legislation in particular the amendment of section 20.
- The increase in the number of complaints and the need to appoint investigators.
- The establishment of a fidelity fund.

Registration trends

The total number of approved applications as debt collector since the inception of the Council reached the number of 34 912 on 28 February 2010. The table below reflects the increase in the number of applications received since 2003:

Financial Year	Number of applications approved
28 February 2003	8
29 February 2004	6 580
28 February 2005	8 945
28 February 2006	13 251
28 February 2007	18 233
29 February 2008	23 326
28 February 2009	29 683
28 February 2010	34 912

Graphically displayed the information can be presented as follows:



From the available information it appears that since 2005 the total number of applications received has increased in excess of 5 000 per year.

The occupation of debt collector is a volatile one which reflects a high turnover. At the end of the year under review there was a total number of 13 362 active debt collectors from the ranks of the applications initially approved as opposed to 10 242 in 2009 and 10 509 in 2008..

During the year under review:

- 6 089 applications were received of which 5649 were approved.
- 219 registrations were cancelled at the request of the debt collector concerned.

The registration trends since 2007 are as

follows:

REGISTRATIONS TRENDS		
	Applications received	Applications approved
2007	5 354	4 947
2008	5 803	5 645
2009	6 360	5 950
2010	6 089	5 654

The difference between applications received and applications approved is as a result of cancellations before registrations at the request of the applicants.

As has been reported in the previous annual report a comparison between the records of the Council and that of the Registrar of Companies reveals that in an alarming number of instances companies and close corporations do not register all their directors and members as required by the Act. It was also found that companies and close corporations do not consistently ensure that new directors and members are registered. This constitutes misconduct and appropriate disciplinary action has been taken and, where appropriate, severe penalties have been imposed. This tendency appears to be continuing and the Council will not hesitate to take sterner action against those who fail to comply with the relevant provisions of the Act.



Chapter 8

The functioning of the legal section

Disciplinary procedure

Any allegation of improper conduct against a debt collector must be in the form of a written affidavit, stating the date, time and particulars of the incident, the name of the debt collector and the names of any witnesses to the incident, and must be submitted to the Council as soon as practical after the incident, together with any corroborative documents, if any.

The complaint form is obtainable on the Council's website which can after completion be forwarded to the Council by mail, fax or in scanned format.

Broadly speaking the following disciplinary procedure is followed:

- Once the Council has received a complaint that meets the requirements outlined above, the complaint is brought to the attention of the debt collector concerned. This has to be done within 14 days of receipt of the complaint.
- The steps outlined above start the investigation process. The investigation is done by way of correspondence between the parties and correspondence received from the debt collector is forwarded to the complainant for comment.
- Once all aspects have been canvassed and the investigation completed the matter is referred to a committee of the Council for a decision whether disciplinary proceedings should be instituted. That decision may include but is not limited to a decision to charge the debt collector, to close the file, or to continue with the investigation on aspects that the committee would like resolved.
- Once a decision has been taken both parties are informed of the decision.
- Should the decision be to proceed with disciplinary proceedings, the debt collector is informed of the charges to be answered, and the date and time to attend the inquiry. This inquiry is heard by members of the Council other than those members who made the initial decision to have the debt collector charged or by a person or persons appointed by the Council to conduct such an inquiry. The complainant is also instructed to attend the proceedings and give evidence when necessary.
- Should the result of the inquiry be a guilty verdict, the committee determines a suitable sentence as provided for in section

15(3) of the Act which also provides for the withdrawal of registration or conditional suspension of registration.

The Council has no jurisdiction over the actions or fees charged by attorneys (excluding an agent of an attorney), micro lenders, banks or furniture stores. These institutions are controlled by their respective bodies or applicable legislation. In the case of attorneys by the law society who has jurisdiction, in the case of banks by the Banking Ombud and in the case of micro lenders and furniture stores by the National Credit Regulator.

Complaints received by e-mail (excluding scanned complaints received by e-mail) cannot be investigated as they do not meet the requirements laid down by the Regulations. They are not made under oath and can therefore not be investigated.

Where possible the address (physical and postal) and telephone number of the debt collector against whom the complaint is lodged, together with at least one document received from the debt collector should be furnished.

Statistics on disciplinary hearings

For the year under review the statistics in respect of complaints and disciplinary hearings are as follows:

Number of investigations carried over	84
Complaints received complying with regulations	790
Investigations finalised (no disciplinary action taken)	659
Number of cases in which a decision has to be taken by the Executive Committee	86
Number of disciplinary hearings finalised	49
Number of part heard disciplinary hearings	3
Complaints still under investigation	79

The number of complaints received during the year under review has decreased from 811 in the previous year to 790. The number of disciplinary hearings finalised remained constant at 49 although considerably more time has been spent as a result of complex and protracted hearings. The number of investigations finalised where no disciplinary action was taken has increased from 592 to 659 for the corresponding periods. The relatively high number of complaints where no disciplinary action was taken in relation

to the number of complaints received can be attributed to the following:

- The Council is by statute compelled to commence an investigation even where it is evident from the facts submitted in the complaint that no transgression has been committed.
- The complaint received does not constitute a contravention of the Act, Regulations or the Code of Conduct.
- On submission of the complaint to the debt collector involved an acceptable explanation is received.

The Council also received 148 written complaints where the Council has no jurisdiction. These matters were referred to the appropriate authorities.

Outcome of disciplinary hearings

During the period November 2005 (the date on which disciplinary hearings were computerized) until 28 February 2010 there had been 99 disciplinary hearings of which 2 were withdrawn. In the case of 97 disciplinary hearings 9 respondents were found not guilty and 88 were convicted of misconduct.

Having regard to the number of convictions for improper conduct in relation to the number of registered debt collectors as referred elsewhere in this report the industry needs to be complimented for the high level of self-regulation which is evident from these statistics.

During the period November 2005 (the date on which the imposition of fines were computerized) until 28 February 2010 fines totalling an amount of R 3 448 236 have been imposed of which a total amount of R 944 000.00 was suspended. Consequently the total amount of fines payable amounted to R2 504 236

During this period a reprimand in terms of section 15(3)(d) was considered an appropriate sentence in five disciplinary hearings.

Cost orders made in terms of section 15(3)(e) of the Act in respect of cost incurred by the Council can be summarized as follows:

Financial Year	Amount
2005/2006	R 2000.00
2006/2007	R 43 516.00
2007/2008	R 122 516.00
2008/2009	R 134 741.75

Financial Year	Amount
2009/2010	R 471 445.00
Total	R 774 219.25

Orders for reimbursement in terms of section 15(3)(f) of the Act to persons prejudiced by the conduct of debt collectors can be summarized as follows:

Financial Year	Amount
2005/2006	R 2 000.00
2006/2007	R 0.00
2007/2008	R 10 649.10
2008/2009	R 119 176.13
2009/2010	R 344 668.12
Total	R 476 493.35

In respect of the orders set out above two orders were made where interest was added to the reimbursement orders.

Unregistered debt collectors

The Council is aware of debt collectors which failed to register as prescribed by section 8 of the Act. This constitutes a criminal offence in terms of section 25(a) of the Act. During the next financial year the Council will, in consultation with the National Director of Public Prosecutions and the South African Police Services, ensure that criminal action is taken against offenders.

Pending litigation

Proceedings were instituted in the High Court in the case of Pholosa Asset Management (Pty) Ltd v the Council for Debt Collectors and others. However, a plea of guilty was tendered and the respondents were convicted of contravention of two counts of section 5(3) of the Code of Conduct in that the respondents made demand for payment without indicating the name of the creditor to whom the debt is owed, the balance of the account and the identity and the basis of the claim of the person making the demand.

They were convicted on both charges and the following sentence was imposed:

- An amount of R 100 000 in respect of costs incurred by the Council;
- A fine of R 25 000 on each of the two counts were imposed.

In the case of Creditworxs S&V v The Council for Debt Collectors the applicant applied for

orders declaring that –

- When a debtor, in his or her agreement with a creditor, has agreed to any tracing costs or all costs incurred by the creditor, a debt collector is entitled to recover from the debtor all expenses reasonably incurred in tracing such a debtor;
- A debt collector is entitled to recover 10% of each installment paid in redemption of a debtor's debt, which includes all amounts legally due to the creditor including interest and allowable fees and expenses, subject to the maximum amount prescribed in the Regulations from time to time;
- A debt collector is entitled, subject to the maximum amount prescribed in the Regulations from time to time in respect of letters, faxes or e-mails to charge a fee for SMS's sent to debtors.

On 17 March 2009 the Court held that the applicant is not entitled to the declaratory orders applied for. Leave to appeal was granted but the matter has not yet been set down for hearing.

Disciplinary hearings

Subsequent to the year under review but during the preparation of this report an important, complex and extended disciplinary hearing was concluded.

A disciplinary hearing against the company Kochnel Bantjes and Partners Pty (Ltd) as 1st Respondent and 3 directors as 2nd to 4th Respondents commenced on 22 November 2006 and was concluded on 25 June 2009.

In total 296 charges were put to the Respondents:

- Charges 1 to 7 dealt with the non-registration as debt collectors of directors and employees of the Respondent.
- Charges 9 to 295 dealt with the allegation that the Respondents had compiled and/or submitted false and/or fraudulent or forged documents pertaining to be valid court orders to various sheriffs' offices for service on the debtor's employers, and that as a result of their actions amounts were consequently illegitimately deducted from the salaries of those debtors.
- Charge 296 was only against the 2nd Respondent alleging that he had resigned as a director of the Company without informing the council of his resignation as required by the Regulations.

Respondents 1, 3 and 4 were found guilty on all charges. All charges against the 2nd Respondent were withdrawn.

At the conclusion of the disciplinary hearing the following sentence was imposed:

- Charges 1 to 8 were taken together for sentencing purposes and the Respondents were jointly and severally fined an amount of R10 000.
- On charge 297 the Respondents were reprimanded.
- Charges 9 to 295 the Respondents were, jointly and severally, sentenced to a fine of R5000 in respect of each charge resulting in a total fine of R 1 435 000.00.
- The registration certificates of all 3 Respondents were suspended for a period of 6 months on condition that the fines imposed were paid within 6 months and that the Respondents were not during the period of suspension convicted of a contravention of the Debt Collectors Act.
- The Respondents were also ordered to pay an amount of R170 000 for the costs incurred by the Council in connection with the investigation.

The respondents have commenced appeal proceedings to the Council against the conviction and sentence. The appeal was heard on 30 November 2009.

In a disciplinary hearing against Francois Horn CC the respondent was convicted of a contravention of section 19(1)(a) and (b) [count 1] of the Act and a contravention of section 20 of the Act [count 2]. On count 1 the respondent was reprimanded and on count 2 a suspended sentence of R 5000.00 was imposed. A reimbursement order of R 9 200 was made in favour of the complainant in respect of payments due. In addition a cost order in terms of section 15(3)(e) was imposed to the amount of R 62 000. The cost included the Council's expenses for multiple appearances in Port Elizabeth. An appeal was lodged to the Council which was argued on 1 December 2009.



Chapter 9

Enabling legislation

Amendments to the Act, Regulations and Code of Conduct

The Act as well as the Regulations have been amended during the year under review. These amendments have been incorporated on the Council's website.

Amendments to the Act

The Judicial Matters Act, 2008 (Act 66 of 2008) contains amendments to the Debt Collectors Act, 1998 (Act 114 of 1998). Section 26 of the Judicial Matters Act, 2008 amends section 23 of the Act by providing that the Minister of Justice and Constitutional Development may make regulations regarding the recusal of members of committees referred to in section 15(2) – that is in respect of disciplinary committees. The amendment came into operation on 1 December 2009.

The remaining section amended by the Judicial Matters Act, 2008 relates to trust accounts regulated by section 20 of the enabling Act and has not been put into operation pending a further amendment to this section. [See Amendments under consideration below.]

Amendment of the Regulations

During the year under review there have been several amendments to the Regulations.

Regulation 4A has been inserted in the Regulations to prescribe the documentation that should be submitted to the Council when a debt collector applies in writing for the cancellation of his or her registration.

Regulation 7 of the Regulations has been amended by the substitution of the word "summons" wherever it appears in subregulations 15(b) and (16) of the word "subpoena". This amendment stems from the fact that in the context of the regulation in question the word "summons" was erroneously used. Consequently the existing Form 4 contained in Annexure A to the Regulations has been replaced by a new Form 4 reflecting the amendment to Regulation 7.

Pursuant to the enactment of the amendment of section 23 referred to above Regulation 7 has been amended by the insertion of a new Regulation 7A to regulate the recusal of members of disciplinary committees.

The tariffs and fees contained in Annexure B of the Regulations have been replaced by a new annexure B containing an upward adjustment of the fees and tariffs. As a consequence Regulation 11 has been amended by the substitution of the amount of "R 630" with the

amount of "R 697".

The amendments referred to above came into operation on 1 December 2009 and have been incorporated in the information contained in the Council's website.

Amendments to the Code of Conduct

There have been no amendments to the Code of Conduct during the year under review.

Amendments under consideration

Amendments to the Act

The development of a number of amendments to the Act is under consideration by the Department of Justice and Constitutional Development for inclusion in the Judicial Matters Bill, 2010 which entail the following:

Trainee debt collectors

Provision is made in the proposed amendments for the possibility of appointing trainee debt collectors. It must, however, be pointed out that a person wishing to carry on business as a debt collector is not obliged to be a trainee debt collector. The proposed provision merely creates the possibility of a person working as a trainee debt collector under the direct supervision and control of an employer (registered debt collector) for a period of three months. A person may, in terms of the proposal, only be registered as a trainee debt collector once with the same employer and not more than twice in total. Provision is also made for the cession of a trainee debt collector's contract of service in certain circumstances and the liability of the trainee debt collector and his or her employer. Practical experience has emphasised that there is a need to allow registered debt collectors to employ trainee debt collectors.

Section 8 of the Act prohibits anyone who is not registered in terms of the Act from acting as a debt collector. This leads to a number of unintended consequences, partly as a result of widely prevailing employment practices and the costs related to the registration of a person as a debt collector. It is a widespread practice to make a new employee in a debt collection business subject to a probationary period of three months. During this period the employer assesses the new employee's general suitability for the job while the new employee is given an opportunity to decide whether he or she is interested in a career as a debt collector. The Act, as far as this aspect is concerned currently –

- creates a barrier to entry into the debt

collection industry, particularly in relation to PDI's;

- gives rise to employers failing to notify the Council of newly appointed employees in order to avoid the cost of registration and accompanying administrative responsibilities while the new employee is on "probation";
- sometimes gives rise to the situation where employers deduct money from the salaries of new employees in order to meet the registration fees; and
- gives rise to employers being reluctant to take on new staff because each new employee must be registered immediately at an initial outlay of R912-00 with the risk that the new employee may prove to be unsuited for the job or that the new employee may even come to the conclusion that he or she has made the wrong career choice.

In order to avoid abuse of the proposed trainee procedure in the form of repeated registrations of individuals as trainees, it is necessary for the proposed amendment to restrict the number of times a person can be registered as a trainee debt collector and to restrict the number of trainee debt collectors a registered debt collector may have under his or her supervision and control at any given time. The proposed trainee procedure will, by its very nature, better equip entrants into the debt collection industry in carrying out their responsibilities and duties in a professional manner.

Admission of guilt

Cases of alleged misconduct by debt collectors may be dealt with quickly and cost-effectively should the Act make provision for the payment of admission of guilt fines. Cases of misconduct often relate to minor or less serious transgressions of the Act which do not warrant a disciplinary hearing. The proposed amendment provides that the Council may afford a debt collector the opportunity to pay an admission of guilt fine, without appearing at an investigation instituted in terms of section 15(2) of the Act under certain conditions. If a debt collector pays the admission of guilt fine, he or she will be regarded as having been found guilty of the improper conduct in question.

Inspectors

Provision is also made in the proposed amendment for the appointment of inspectors to assist the Council in investigations of alleged misconduct by debt collectors. The appointment of inspectors enables the Council

to authorise on site visits to certain premises in the course of an investigation. A warrant is not needed in the case of visits to premises where debt collectors conduct their business, but it is needed in visits to other premises, if the owner of the premise does not give his or her permission for such visit. It is also necessary to provide for limited powers for investigators to enable them to perform their functions effectively. Investigators report to the Council and are liable to the Council. In order to ensure the effectiveness of inspectors, provision is also made that a debt collector who does not comply with a directive or request of an inspector may be found guilty of improper conduct.

Trust accounts

Sections 20(8) and (9) were inserted in the Debt Collectors Act, 1998, by the Judicial Matters Amendment Act, 2008, but have not been implemented because of technical problems identified which required further amendments. These provisions were intended to regulate the situation where a debt collector dies, becomes insolvent, has his or her registration as a debt collector withdrawn, is declared by a court to be incapable of managing his or her own affairs or abandons his or her practice or ceases to practise as a debt collector. However, there should be provisions in place on the management of the trust account of the debt collector in question in order to protect the interests of the public. These provisions provide that the Council must take control over, administer and finalise a trust account or apply to the Master of the High Court to appoint a curator bonis, with the rights, duties and powers as may be prescribed by regulation, to control, administer and finalise the trust account. These provisions were based on similar provisions contained in section 78(9) of the Attorneys Act, 1979, dealing with trust accounts of attorneys. The attorneys' profession does not rely on section 78(9), which has proved to be impractical. If a Law Society is confronted with a situation as outlined above, it applies to Court in terms of section 78(8) of the Attorneys Act, 1979, for an order prohibiting the attorney from operating his or her trust account as well as for the appointment of a curator bonis to control and administer the trust account, with such rights, duties and powers as the Court deems fit. This includes the remuneration of the curator bonis. It is understood that a curators bonis appointed in these circumstances is remunerated from the funds of the particular Law Society. The Council is, however, not in a financial position to file court applications for orders prohibiting debt collectors from operating their trust accounts or to carry the costs for the remuneration of

such a curator bonis, as is the case with the attorneys' profession.

Section 20(8) was intended to provide the Council with two inexpensive options, either to take over, administer and finalise the account itself or to approach the Master for the appointment of a curator bonis. The Council has, however, indicated that these provisions require further amendments. It has been pointed out that the Council will invariably not have the resources or expertise to administer trust accounts. Because the Council does not have the resources to pay the remuneration of a curator bonis, they will have to be paid from the funds in the trust account, an aspect which will have to be regulated specifically in primary legislation since it affects a common law principle. Although this particular amendment allowing trust money to be used for the remuneration of a curator bonis, is not ideal, the only other option would be not to regulate this issue at all. To leave this issue unregulated, as is the case at present, is possibly worse than departing from the common law. In terms of the proposed amendment the account and the trust monies belonging to third parties will be administered by a person (curator bonis) in the interests of the beneficiaries. To leave the matter unregulated may give rise to the situation where the debt collector squanders the money and depletes the trust account to the detriment of the beneficiaries. Section 20(8), as worded presently does not take into consideration the possibility where a provisional sequestration order of a debt collector is not made a final order. Neither is the Council required to finalise the trust account, as presently proposed, but merely to administer it. Section 20(8) should also provide for the situation where a debt collector's registration is suspended.

The proposed amendment:

- Provides that if a debt collector dies, is sequestered or placed under judicial management, whether provisionally or finally, or in the case of a company or close corporation, is liquidated or placed under judicial management, whether provisionally or finally, has his or her registration withdrawn or suspended, is declared by a court to be incapable of managing his or her affairs or abandon his or her practice or ceases to practice, the Council must immediately take control over the trust account but may designate a person, body or institution to take control over the account on behalf of the Council.
- Provides that the Council, person, body or institution which has taken control over the account must either control and administer the account on behalf of the debt collector or control, administer and finalise that

account or apply to the Court or to the Master to appoint a provisional curator bonis to control and administer the trust account on behalf of the debt collector or to appoint a curator bonis to control, administer and finalise the account, whichever is required in the circumstances.

- Confirms that a provisional curator bonis or a curator bonis may be appointed, either by a court, on good cause shown by the Council, or by the Master. In the case of a court application, the court will determine the conditions of appointment and the rights, duties and powers of the curator bonis. In the case of an application to the Master, regulations will determine these conditions, rights, duties and powers.
- Sets out the circumstances in which a provisional curator bonis or a curator bonis will be appointed.
- Provides that the Council must, after the appointment of a curator bonis, whether provisional or not, hand over its control over the trust account in question to the curator bonis.
- Provides, among others, that the Master may, in the case of a curator bonis appointed by him or her, require security to be lodged by the curator bonis to the Master's satisfaction for the proper performance of his or her functions.
- Provides that a curator bonis, whether provisional or not, is entitled to the fees as may be prescribed by the regulation. These fees, when prescribed, will be kept to the absolute minimum.
- Provides that fees payable to a curator bonis will be paid from funds in the trust account, but excluding accrued interest which is payable to the Board in terms of section 20(3).

Delegation of powers by Council

The proposed amendment provides that the Council may, if it so wishes, delegate any of its powers and functions to certain persons on the conditions the Council may deem fit. Currently there is no provision for such delegations, which in practice creates problems as the Council only meets at certain intervals and some of the functions need to be performed immediately.

Exemptions from the provisions of the Act

The Minister may currently after consultation with the Minister of Trade and Industry, in the manner prescribed, exempt any person from all the provisions of the Act. Situations may arise in practice where exemptions from certain

provisions of the Act would be appropriate. Consequently the scope of the provision is extended to provide for this eventuality. It is proposed that the section is further amended to provide that the Council, may on the conditions it deems fit, exempt a debt collector, on good cause shown, from the requirement to open or maintain a trust account as contemplated in section 20(1). The disqualification to register as a debt collector on account of being found guilty of improper conduct in terms of section 15, as contemplated in section 10(1)(a)(ii) may also, in terms of the proposal qualify for exemption. In practice there are debt collectors who do not receive money on behalf of other persons and the current peremptory provision causes hardship in practice. The need for an exemption of section 10(1)(a)(ii) also stems from the fact that if an unregistered debt collector is convicted on a charge of misconduct his registration is prohibited even if the misconduct was not of a serious nature. Likewise a debt collector who failed to pay his or her annual subscription fee and whose registration is subsequently suspended may not re-register in the event of a conviction.

Regulations

Provision is made to provide that the Minister may, after consultation with the Council, make regulations where regulations have been prescribed in the proposed amendments.

Amendments to the Regulations

The enactment of the Judicial Matters Bill, 2010 will require the promulgation of regulations dealing with the following:

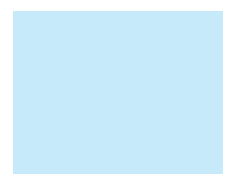
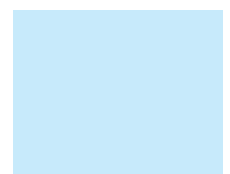
- Prescribing the manner and conditions in which an employer may be exempted from the number of trainee debt collectors that may be registered.
- Prescribing the manner in which an employer applies for the registration of a trainee debt collector, the application fees payable to the Council, the format of a certificate of registration as a trainee debt collector and the particulars to be entered in the proposed register in respect of trainee debt collectors.
- Prescribing the manner of application for the appointment of a provisional curator bonis or a curator bonis.
- The appointment of a provisional curator bonis or curator bonis, the remuneration, rights, duties and powers of a provisional curator bonis or a curator bonis.
- The powers and duties of the Master of the High Court.

In order not to delay the coming into operation

of the proposed amendments the Department of Justice and Constitutional Development has kindly, in anticipation of the passing of the Act by Parliament, already prepared draft regulations to facilitate the coming into operation of the Act.

Amendments to the Code of Conduct

There are currently no amendments to the Code of Conduct under consideration.





Chapter 10

Public relations

Public consultation

The Council depends for the efficient performance of its functions on the co-operation of institutions and persons who are interested in or effected by the activities of the Council. Consequently it has been the Council's policy to inform debt collectors, the public and other role players of its activities.



Electronic and printed media

The Council maintains good relations with the electronic and printed media and follows an open door policy in this regard. Information that, in the Council's opinion, is newsworthy is supplied to the media and enquiries are replied to fully and promptly.

Website

The Council hosts a website to enhance accessibility of information on the Council and to make information required by debt collectors more readily available.

Awareness campaigns

In order to expand the Council's public relations, awareness campaigns are hosted annually.



Successful awareness campaigns were conducted in 2005, 2006, 2007 and 2008.

Based on the success of these campaigns a further awareness campaign was conducted in 2009.

The campaign conducted during the year under review hinged on the effective use of community radio stations, electronic and printed media.

The campaign message was developed on 7 levels:

- A total of 1536 Public Service Announcements were advertised to promote a live broadcast on 24 June 2009.
- Five minute interviews, in which 48 of the community radio stations listed in Annexure 1 participated, to promote the live broadcast on 24 June 2009 were broadcasted two weeks prior to the live broadcast.
- On 24 June 2009 a 60 minute live broadcast via satellite to fifty national community radio stations was conducted. The total airtime was 3000 minutes. During the broadcast the Council gave an overview of its functions with particular emphasis on informing debtors on the protection of their rights. Members of the public could phone in during the live broadcast to raise and discuss their particular problems. All official languages were used in the broadcast. The participating radio stations are reflected in Annexure 1.
- A media briefing and interviews with journalists were hosted at the Council's offices. The briefing was attended by E-TV and SABC journalists to further broadcast on news for extensive coverage.
- A media release was made available to the newspapers listed in Annexure 2 immediately after the live broadcast.
- In addition radio interviews with the community radio stations reflected in Annexure 1 covering all official languages were conducted during a period covering three weeks following the live broadcast. The panel of interviewees thoroughly addressed issues raised by the public.
- National awareness was further established by utilizing the commercial radio stations listed in Annexure 3. A news item was flighted and interviews were also hosted on Motsweding FM and twice on Ligwalagwala FM.

For the duration of the campaign more than 15 000 000 listeners were reached and more than 100 000 people had the opportunity to be exposed to the Council by means of reading about their rights and responsibilities.

As a result of the live broadcast on 24 June 2009 the electronic media approached the Council to

participate in the following broadcasts:

- E-TV: 3rd Degree on 23 June 2009
- SABC and E-TV: News on 24 June 2009
- Follow-up interviews on several radio stations on 25 June 2009 to the end of July 2009
- E-TV: Sunrise show on 26 June 2009
- Tru FM on 20 – 24 April 2009

During the year under review the Council did not conduct any workshops as was the case in the previous financial year. This was due to the cost implications and the need for a shift in emphasis to communicate with members of the public. The emphasis in this campaign has been on consumer education. The Council has established a good working relationship with a number of NGO's and has constantly engaged the Black Sash, National Consumer Forum, National Credit Regulator and the SA Savings Institute.

In the course of the year the following outreach publicity events took place following the engagement of NGO's:

- IMATU Open Day in Newlands, Johannesburg on 13 March 2009
- Debt and Credit programme by Black Sash in Johannesburg on 20 May 2009
- National Consumer Forum Town Meeting in Soweto on 1 August 2009
- Debt Management Launch: PIKITUP in Johannesburg on 12 August 2009
- Varsity Savings Campaign at Wits on 29 September 2009
- Road show: Kopanong Shopping Mall in Hammanskraal on 13 November 2009
- Launch of Access to Knowledge Centre NCF: KwaMhlanga on 19 February 2010

Approximately 6 000 members of the public were reached which constitutes a considerable improvement in attendance compared to the workshops conducted during the previous financial year. Pamphlets explaining the rights and obligations of members of the public and how the Council could assist members of the public were distributed in all official languages.

Phadzimo Consultants Communications Company has assisted the Council with further exposure in electronic and printed media since October 2009 until the end of the year under review. The following exposure was arranged as a result of their engagement:

- Broadcast on SABC 1 Shift on 23 October 2009
- Broadcast on Motsweding FM Current Affairs on 10 November 2009

- Article in Daily Sun Newspaper on 18 November 2009
- Broadcast on Ikwekwezi FM Current Affairs on 2 December 2009
- Broadcast on Radio 702 on 3 December 2009
- Broadcast on Soweto TV on 9 December 2009
- Article in Sowetan Newspaper on 27 January 2010
- Broadcast on Ukhozi FM on 29 January 2010

The Council's Public Relations Manager participated in all the broadcasts explaining the role and function of the Council. All official languages were covered. In some of the programmes the public had the opportunity to phone in and seek guidance in the solution of their problems.





Annexures

- Annexure 1**
- Annexure 2**
- Annexure 3**

Participating radio stations - live broadcast

<i>Eastern Cape (7 stations)</i>	<i>Audience</i>	<i>Demographic</i>	<i>Language</i>
1. Nqkubela CR	241 000	Urban	English, Xhosa, Afrikaans
2. Unitra CR	396 000	Peri-Urban	English, Xhosa, Afrikaans
3. Alfred Nzo FM	35 000	Peri-Urban	English, Xhosa
4. Radio Khanya	86 000	Urban	English, Xhosa, Afrikaans
5. Vukani CR	141 000	Rural	English, Xhosa
6. Takalani CR	48 000	Urban	English, Xhosa, Afrikaans
7. Radio Unique	13 000	Rural	English, Xhosa, Afrikaans
<i>Free State (6 stations)</i>	<i>Audience</i>	<i>Demographic</i>	<i>Language</i>
1. Mosupatsela FM Stereo	184 000	Peri-Urban/Rural	English, Sotho, Tswana, Xhosa
2. Naledi CR	25 000	Rural	English, Afrikaans, Sotho
3. Qwaqwa Radio	215 000	Peri-Urban/Rural	English, Afrikaans, Sotho
4. Sesotho Stereo	38 000	Peri-Urban/Rural	English, Sotho
5. Lentswe Stereo	29 000	Rural	English, Afrikaans, Sotho
6. Rosestad FM	38 000	Urban	English, Afrikaans
<i>Northern Cape (3 stations)</i>	<i>Audience</i>	<i>Demographic</i>	<i>Language</i>
1. Radio Kaboesna (Calvinia)	10 000	Peri-Urban/Rural	English, Afrikaans, Xhosa
2. Riverside FM (Upington)	80 000	Peri-Urban/Rural	English, Afrikaans, Xhosa, Tswana
3. Radio Teemaneng (Kimberley)	96 000	Urban/Rural/ Peri-Urban	English, Afrikaans, Tswana, Xhosa
<i>North West (3 stations)</i>	<i>Audience</i>	<i>Demographic</i>	<i>Language</i>
1. Radio Mafisa	224 000	Peri-Urban	English, Tswana, Sotho, Afrikaans
2. Vaaltar CR	160 000	Rural	English, Tswana, Sotho
3. Letlhabile CR	50 000	Rural	English, Tswana, Sotho, Afrikaans
<i>Western Cape (6 stations)</i>	<i>Audience</i>	<i>Demographic</i>	<i>Language</i>
1. Radio Atlantis	25 000	Urban	English, Afrikaans
2. Radio KC	61 000	Urban	English, Afrikaans
3. Radio Namakwaland	33 000	Urban	English, Afrikaans
4. Radio Tygerberg	272 000	Urban	English
5. Zibonele CR	180 000		Xhosa, English
6. Valley FM	64 000		English, Afrikaans, Xhosa
<i>KwaZulu-Natal (5 stations)</i>	<i>Audience</i>	<i>Demographic</i>	<i>Language</i>
1. Imbokodo CR	120 000	Urban	Zulu
2. Durban Youth Radio	83 000	Urban	English, Zulu
3. Newcastle CR	109 000	Urban	English, Afrikaans, Zulu

4. Icora FM	141 000	Rural	English Zulu
<i>KwaZulu-Natal (5 stations)</i>	<i>Audience</i>	<i>Demographic</i>	<i>Language</i>
5. Maputaland CR	119 000	Rural	English, Afrikaans, Zulu, Tsonga, Swazi
<i>Mpumalanga (5 Stations)</i>	<i>Audience</i>	<i>Demographic</i>	<i>Language</i>
1. Moutse CR	103 000	Rural	Ndebele, Sotho, Tsonga, Zulu, English, Sepedi
2. Barberton CR	128 000	Peri-Rural	English, Siswati, Zulu
3. Kangala CR	41 000	Semi-Rural	English, Siswati, Ndebele, Shangaan, Zulu
4. Bushbuckridge CR	113 000	Peri-Urban/Rural	English, Zulu, Tsonga, Swazi, Sepedi
5. Middelburg CR	11 000	Rural	English, Zulu, Sotho, Afrikaans, Ndebele, Setswana
<i>Limpopo (5 Stations)</i>	<i>Audience</i>	<i>Demographic</i>	<i>Language</i>
1. Mohodi FM	29 000	Rural	English, Pedi
2. Univen Radio	169 000	Peri-Urban/Rural	English, Luvenda, Pedi, Tsonga
3. Mokopane CR	46 000	Rural	English, Pedi
4. Sekgosese CR	263 000	Rural	English, Pedi, Selobedu, Luvenda
5. Radio Turf	47 000	Urban/Peri-Urban	English, Pedi
<i>Gauteng (10 Stations)</i>	<i>Audience</i>	<i>Demographic</i>	<i>Language</i>
1. Soshanguve CR	113 000	Urban/Peri-Urban	English, Tswana, Sotho
2. Moretele CR	87 000	Rural	Tswana, Ndebele, Tsonga, English
3. TUT FM	34 000	Urban	English, Zulu, Sotho, Tswana, Venda, Shangaan
4. East Rand Radio	39 000	Urban	Sotho, English, Zulu, Afrikaans
5. Josi FM	545 000	Urban	English
6. Impact Radio	45 000	Urban	Englisho
7. Radio Islam	32 000	Urban	English, Afrikaans, Zulu, Arabic
8. Voice of Tembisa	76 000	Urban	English, Afrikaans, Sotho, Zulu
9. East Wave Radio	43 000	Urban	English, Afrikaans, Urdu
10. Thetha FM	192 000	Peri-Urban	English, Tswana, Sesotho

Reach per province

Eastern Cape	960 000
Free State	529 000
Northern Cape	186 000
North West	434 000
Western Cape	635 000
KwaZulu-Natal	572 000
Mpumalanga	396 000

Limpopo	554 000
Gauteng	1198 000

TOTAL 5 464 000

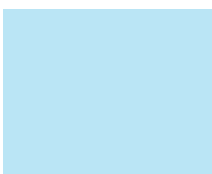
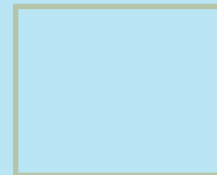
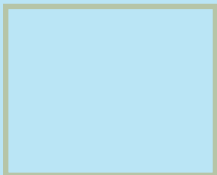
These audience ratings are 95 % accurate and are based on the ratings received from the South African Advertising Research Foundation (SAARF) for the month of April 2009.

Annexure 2

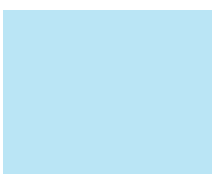
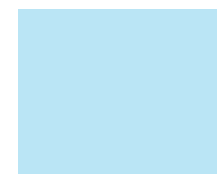
Daily
● Beeld
● Star
● Pretoria News
● Daily Sun
● Citizen
● Business Day
● City Press
● Sowetan
Weekend
● Sunday Independent
● Sunday Times
● Rapport
● Sunday World
Weekly
● Record
● City Vision
Radio
● SABC Radio News
Other
● Reuters
● SAPA

Annexure 3

Ikwekwezi
Lesedi
Ligwalagwala
Motsweding
Munghana Lonene
Phalaphala
RSG
SAFM
Thobela
Ukhozi
Umhlobo Wenene



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