

SUDAN RED – THE THREAT RETURNS

Two years since the last scandal, this cancer-causing chemical is back on our shelves
Page 5

NO STOPPING THE MAIZE PRICE FROM RISING

Hikes in staple foods are bad news for the poor
Page 6

WHY SA NEEDS MORE COMPETITION

The Competition Commission is vital in keeping our prices affordable
Page 13

CONSUMERS ARE NOT TO BLAME FOR INFLATION

Higher interest rates will hurt consumers, but will they help?
Page 14

RELIEF FROM RETIREMENT RIP-OFFS

Check if you will benefit from overturned charges
Page 16

Consumer *fair*

Putting consumer issues on the agenda

March–April 2007

Published by the National Consumer Forum

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World Consumer Rights Day Conference 2007 Holding to account public and private sectors

The National Consumer Forum celebrates the 2007 World Consumer Rights Day with a high-profile conference in Johannesburg, in partnership with Absa Bank, to be addressed by Reserve Bank Governor Tito Mboweni, Member of Parliament Patricia de Lille and other experts in protecting consumer rights.

The country's consumer movement has taken a back seat in recent years, as community-based and non-governmental organisations (NGOs) have struggled to survive without donor support. The conference hopes to re-ignite civil society's practical engagement with government and the private sector.

South Africa's law-makers have been making good progress in deepening South Africa's democracy by empowering consumers with legislation like the National Credit Act, passed last year, and the Consumer Protection Bill, currently in process.

Along with other laws like the Competition Act, this legislation will try to ensure a fairer deal for consumers in the marketplace.

But regulations are not an end in themselves. They are tools for civil society to assert itself and to build a balanced society where all interests – including those of the poor and voiceless – are recognised and addressed.

"Addressing consumer issues is an important way of ensuring that our constitution is working," said NCF chairman Thami Bolani, "as the constitution also entrenches our rights as consumers."

The first of the eight internationally recognised Consumer Rights is the right to the satisfaction of basic needs, said Bolani. These include access to adequate food, drinking water, shelter, clothing, health care, electricity and education.

The Consumer Protection Bill itself will also try to encourage and support the development of civil society groups that empower consumers. The law by itself cannot make this happen; consumers need to be prepared and empowered to be involved in shaping the marketplace and society around them.

The Consumer Rights Day Conference will bring together business, government and non-government organisations to address ways of making both the public and private sectors more accountable to consumers.

"Ordinary consumers need to help build that culture of accountability that is envisaged by the principles of Batho Pele," he said. "Government has led the way with laws like the National Credit Act, as well as with the Consumer Protection Bill. Now consumer groups need to work with government and business to ensure implementation of the various services and initiatives that affect consumers."

Also included in the high-profile speaker line-up will be Competition Commissioner Shan Ramburuth, National Credit Regulator Gabriel Davel, and SA Bureau of Standards regulatory executive Moses Moeletsi.

For more information ...
www.ncf.org.za

Global theme for Consumer Rights Day

Unethical Drug Promotion

World Consumer Rights Day (WCRD) 2007 will mark a day of action around Consumers International – the global federation of consumer groups – will be marking World Consumer Rights Day by campaigning for an end to Unethical Drug Promotion.

Research by the organisation in 2005 showed that 19 of the 20 largest drug companies in Australia and the UK failed at least once to keep within the standards that the industry had written for itself. And in Germany in 2004, research showed that 94% of drug advertisements were not supported by scientific evidence.

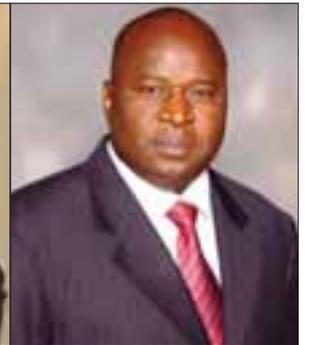
Consumers are largely unaware of how their drug consumption choices are being shaped by corporate motives for gargantuan profits, says Consumers International. It says that unethical promotion of drugs puts our health at risk and it continues because regulations to curb it are failing.

Consumers International's campaign is trying to get:

- Industry to comply with global codes for ethical drug promotion
- Governments to rigorously enforce regulations on drug promotion, so that consumer rights to safety and information are protected
- Better access for consumers to credible, reliable and transparent drug and health information

For more information ...

www.consumersinternational.org



Western Cape Office of Consumer Protection

DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

We would like to wish all the consumers country wide a very happy consumer month. Watch this space for interesting consumer related articles and news from the Western Cape.



Ground floor, 80 ST George's Mall,
Waldorf Building
Cape Town 8001
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Editorial

A combination of lack of proper control and the criminal arrogance of certain unscrupulous business leaders is leading to a credibility crisis for the industry that is supposed to manage our savings.

Letters to the editor

Post to: PO Box 4487, Halfway House, 1685

Consumerfair

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Website: www.ncf.org.za

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Widows and orphans of workers killed in mining accidents are the latest victims of an investment sector in South Africa whose reputation just gets worse and worse.

Last month, the Financial Services Board brought a court application against asset management company Fidentia, alleging that over R400 million of investors' money was 'unaccounted for'.

Fidentia has been put under curatorship, and investigators are trying to find out where all the money has gone.

In the meantime, the lives of thousands of families – many of whom live on the breadline in remote rural communities – are being falling apart. The Mineworkers Pension Fund was a substantial investor in Fidentia.

It looks like the company administering the pension payments – Living Hands – was not preparing audited statements for the

Master of the High Court, which is responsible for the safe-keeping of assets managed by private sector umbrella trust funds.

The out-going Auditor-General, Shauket Fakie, has also given a damning report to Parliament on the way that the R3,4 billion Guardian's Fund is being administered. Guardian controls money that is due to dependants of people who died without a will, or whose wills are 'irregular' in one way or another.

Fakie said that the Master of the High Court "had not yet implemented a proper control framework and financial accounting processes to ensure the effective administration of the Guardian's Fund."

This is really not what consumers should be hearing. A combination of lack of proper control and the criminal arrogance of certain unscrupulous business leaders is leading to a credibility crisis for the industry

that is supposed to manage our savings.

It is hard enough for people to save money for their retirement – with high management costs and crippling fees (see article on page 13) – without having to harbour doubts about whether it's going to be stolen or mismanaged.

The Living Hands company, for instance, simply placed all its assets under the control of Fidentia, where it was allegedly spent on buying companies at inflated prices, meeting operational costs of other Fidentia Group firms, sponsoring sports teams, and lining the pocket of the group's chairman (who has now been arrested). The industry, and the government agencies that regulate it, need to do some serious self-inspection to get things right – and a massive communication programme with consumers will be necessary to re-instill the faith that has been lost.

INCREASED PRIZE MONEY!

990 000⁰⁰
to be won!

The search is on for
**COMMUNITY
HEROES**



We're looking for heroes who work to improve the lives of the families in their communities. Is this you, or someone you know? **Enter the 2007 Jet Community Awards!**

CATEGORIES FOR ENTRY

Community innovator – Individuals making a difference in their communities

We care – Organizations helping vulnerable children, the elderly, or working in healthcare

Education – Organizations offering education with a difference

Vukuzenzele – Entrepreneurs, organisations or individuals that create jobs, stimulate economic development and promote community sustainability through projects that are:

- run by previously disadvantaged 18-35 year olds
- owned by black women
- small enterprises (in all sectors) in rural areas

Answer the questions below and send your entry to Jet Community Awards, Box 15077, Vlaeberg 8018.

- ▼ Name of individual/group/project
- ▼ Name of contact person/nominee
- ▼ Physical address and postal address
- ▼ Province in which you are based
- ▼ Daytime telephone, cell and fax numbers
- ▼ Tell us about your work in the community
- ▼ What is the need in your community that you are helping with?
- ▼ When did you start this project?
- ▼ What goals have you achieved?
- ▼ What challenges have you faced?
- ▼ How much money do you spend in one year to do your community work?
- ▼ Do you have a formal committee/board?
- ▼ Do you have partnerships with local leadership, government, local police or any other formal structures?
- ▼ Do you have a constitution?
- ▼ Does the organization have a bank account in its name?
- ▼ Do you keep financial records?
- ▼ If your project wins, how will the prize money be spent?

For more information on the competition and prizes, or how to enter, call Greater Good South Africa on (021) 794-0580 or email info@ggsa.co.za.

Rules • Previous entrants may enter again. • The budget for your organization or project must be less than R250 000 per year. • Prize money must be used for the betterment of the organization or project and not for individual gain. • Entries close on 31 March 2007.

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2007 DTI Consumer Champion Awards

In the spirit of democracy and in the interest of South African consumers, The Department of Trade and Industry (the dti), has organised the 2007 Consumer Champion Awards.

The awards recognize the contribution of organizations and individuals in four categories:

INDIVIDUAL CONSUMER CHAMPION

A private individual who actively protects consumers against unfair business practices, abuse and dangers; and helps improve the lives of consumers.

CONSUMER JOURNALIST

A journalist who helps consumers to understand and fight for their rights

by exposing consumer problems, dangers and unfair business practices, including misleading advertising, and who gives consumers useful advice. This category covers both electronic and print media.

ORGANISATIONAL CHAMPION

A business association or committee that has made a significant and demonstrable contribution to raising public awareness about consumer issues or harmful business practices, consumer research and advocacy of consumer issues.

NON-PROFIT REPRESENTATIVE ORGANISATION

An organisation that actively protects consumers against unfair business practices, abuse and dangers; and helps improve the lives of consumers. This organisation may be a union, NGO or any other non-profit support or working group.

Three finalists in each category (see list of finalists below) were selected by a panel of judges, based on the following criteria:

- Current engagement in a national course or campaign, or representation of the interests of consumers nationally
- A track record in the protection of consumer rights, with identifiable milestones and/or results
- Creativity in addressing issues, resolving cases or raising the profile of consumer rights, in spite of limited resources, language barriers and/or geographical constraints
- Exceptional or above average

courage, tenacity, responsibility, consistency, professionalism and commitment in championing and protecting consumer rights

The winners will be determined by public vote – conducted through a round of road shows in all nine provinces – and will be announced at a ceremony to coincide with the International Consumer Rights Day on 15 March.

Consumer Champion Awards THE SHORT-LIST

The nominations for the dti Consumer Champion Awards are short-listed by a panel of judges, who select candidates in each category.

Individual Consumer Champion

This category is for a private individual who actively protects consumers against unfair business practices, abuse and dangers, and helps improve the lives of consumers. The short-listed nominees were:

- **Ina Wilken, Chairman of the South African National Consumer Union.**

Ms Wilken represents consumers on many bodies including the Office for the Banking Ombudsman, Debt Collectors Council, Luthimvulo, Agricultural Research Council, SABS Consumer Sector Board (Chairperson), Financial Services Advisory Committee, Consumer Panel of the Financial Advisory Board, and the Oil and Protein Seeds Trust (Vice Chairperson).

Ms Wilken has published 'The self help approach to personal budgeting and money management', intended to educate consumers at all levels of society. She is currently completing a new guide to basic personal budgeting in layman's language. Ms Wilken contributes monthly to Plus 50, and does regular presentations and radio interviews as well as frequent articles for Sarie, You, Huisgenoot, Keur and Essentials.

- **Nonhlanhla Kathleen (Pinky) Madlala, Co-ordinator of the Access to Justice programme.**

Ms Madlala was one of the first members of the Legal Resources Centre and dedicated many years to dealing with issues around the UIF, labour law, credit agreements, mortgage bonds, housing, disability grants, psychiatric welfare, civil claims, maintenance, workmen's compensation, identity documents, unfair dismissal, family and marital disputes.

Since 1999, Ms Madlala has served in her current role with Access to Justice. She has served on the Micro Finance Regulatory Council as well as the Estate Agents Board, Short term Ombudsman Council, Consumer Credit Information Ombudsman Council, and recently a presidential appointment to the National Credit Regulatory Tribunal. Ms Madlala's dedication to and advocacy of consumer rights, as a constitutional right, has made a critical difference in the lives of thousands of South Africans.

Consumer Journalist

This award is for a journalist who helps consumers to understand and fight for their rights by exposing consumer problems, dangers and unfair business practices, including misleading advertising, and who gives consumers useful advice. This category covers both electronic and print media.

- **Ina Opperman, Journalist for the Beeld newspaper, for her commitment to consumer advocacy**

in her three weekly columns (Koop Slim met Ina, Motor Beeld, and Tot u diens).

Ms Opperman is viewed as a specialist in the field of consumerism, often speaking on radio and television. She is the editor of the second South African National Consumer Union book 'Buy Right – A Consumer Guide for South Africa'.

- **Wendy Knowler, Journalist, for her tenacity in tackling consumer issues and delivering advice to consumers.**

Ms Knowler is vastly experienced in the field of consumerism and writes weekly columns for newspapers in all the major cities in SA.

- **THULI ZUNGU, Consumer Editor on the Sowetan newspaper, for an endless list of exposés on unfair business practice and for actively solving consumer issues.**

Her career spans years of consumer advocacy at the Offices of Consumer Affairs and then as journalist at City Press, before joining the Sowetan. In this role, she has recovered close on R3 million for consumers.

Organisational champion

This category is for business associations or committees that have made a

THE PANEL OF JUDGES

This year, the sixth year of these awards, the panel making the short-list was made up of the following experts:

- Mr Achmed Mayet (Attorney, Legal Resources Centre)
- Mr Soza Maluleke (Manager, Supply Chain Management, Department of Economic Development, Environment and Tourism)
- Ms Mapula Maupye (Member of the Consumer Court, Department of Finance and Economic Affairs)
- Ms Reeva Welman (Deputy-Director: Complaints Management, Office of the Consumer Protector, Department of Economic Development and Tourism)
- Ms Isabel Jones (Member of the Gauteng Consumer Affairs Court and Chairperson of the Short-term Insurance Ombudsman Board of Directors)
- Advocate Trevor Bailey (Attorney and Alternate Chairperson for the Gauteng Consumer Affairs Court)

significant and demonstrable contribution to raising public awareness about consumer issues or harmful business practices, consumer research and advocacy of consumer issues.

- **The Ombudsman for Short-term Insurance – for assisting consumers with their complaints against insurers since 1989.**

During 2006, this office applied for, and received, recognition in terms of the Financial Services Ombudsman Act.

- **Liquefied Petroleum Gas Association of Southern Africa**

For promoting the use of LP gas in poor communities as an alternative to electricity and the traditionally unhealthy, unsafe and inefficient fuels such as wood, coal and paraffin.

Non-profit representative Organisation

This category is for an organisation that actively protects consumers against unfair business practices, abuse and dangers, and helps improve

the lives of consumers. This organisation may be a union, NGO or any other non-profit support or working group.

- **You and your money – as consumer activists through their Consumer Rights Workshops**
- **Port Elizabeth Consumer Association – for informing, educating and protecting consumers in that city for 47 years**
- **Relemogile Advice Office – for being the only community-based paralegal advice office;**

Located in the rural areas of Mopani District and Greater Tzaneen (Limpopo Province), the office is involved in consumer rights advice and referrals through one-on-one consultation.

Curious about the winners?

Winners of the accolades will be determined by public vote and announced at a ceremony to coincide with World Consumer Rights Day on 15 March.

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Who is a consumer?

The dti's definition of a consumer does not only encompass a person to whom a commodity is offered, supplied or made available, it also includes any person from whom an investment is solicited or who supplies or makes available an investment. In this vein, the dti views entrepreneurs and all small enterprises (from stokvels to manufacturers) as consumers and is therefore fully committed to supporting and facilitating their rights as consumers.

How are your consumer rights as small enterprise protected?

The dti administers legislation that provides consumers with protection in a number of areas. The legislation provides consumers with protection from unscrupulous businesses and regulates the conduct of micro lenders, banks, retailers and estate agents that offer goods on credit. Any consumer, including small enterprises who experience difficulties with regard to the above can lodge a complaint or seek assistance and advice from the dti.

What consumer protection legislation is currently in place?

In 2004, the dti initiated a review of the consumer legislative framework. This

resulted in the publication of a draft green paper on consumer policy. The policy seeks to provide a broad framework for consumers in South Africa, particularly to promote consistency, coherence and efficiency in the implementation of consumer laws. In order to achieve these policy objectives the dti has formulated the National Credit Act, which was passed in 2006. This Act will ensure that consumers have the ability to repay borrowings and do not become over-indebted.

Looking ahead, the Consumer Protection Bill, which should be passed this year, will function to promote a fair, accessible and sustainable marketplace for consumer products and services and a consistent enforcement framework relating to consumer transactions and agreements. But the Bill

goes further in that it prohibits certain unfair marketing and business practices and makes provision for improved standards of consumer information (knowledge is power). Should the Bill be passed, it would recommend the establishment of a National Consumer Commission, which would serve to strengthen consumer's rights and ensure fair treatment.

In addition to legislation, what other support systems does the dti offer small enterprises, as consumers?

Any consumer can approach the dti with a problem that relates to the conduct of a business, ranging from an unfair complaint to a problem with a micro-lender or with a credit bureau

or with an electricity bill. The dti can only directly address those problems that fall within the ambit of legislation that it administers. Where the dti does not have jurisdiction over a matter, it will refer the consumer to the correct institution.

In addition, the dti maintains a database of institutions that can assist consumers in a host of other areas that are not in its direct control. Consumers can approach the dti for assistance or referral to an appropriate institution.

The dti also offers:

- Training by way of the SMME programme which aims to ensure that all sector development policies incorporate development, growth and investment measures

- Financial support through a host of loan and credit application facilities and programmes, especially designed for the small enterprise market.

As South Africa strives towards developing into a world-class economic powerhouse, the dti will continue to support the small enterprise sector which has been identified by both government and business as the one with the most potential to create employment and grow South Africa's economy. At the core of this commitment is the ongoing protection, education and support of this sector by making its stakeholders aware of their rights, advising them where necessary and empowering them to achieve success for themselves and South Africa's economy.



THE DTI'S VISION FOR SOUTH AFRICA ...

The dti's vision is of a South Africa with a vibrant economy, characterised by growth, employment and equity, built on the full potential of all citizens.

South Africa's Bill of Rights includes internationally recognized guidelines for consumer rights:

- The right to satisfaction of basic needs
- Consumers should have access to basic goods and services such as adequate food, clothing, housing, health care, education, clean water and sanitation.
- The right to safety
- From a trade and industry perspective, consumers should be protected against production processes, products and services that are dangerous to health or life.
- The right to information
- Consumers must be provided with the facts needed to make informed choices and to be protected against dishonest or misleading advertising and labeling.
- The right to choice
- Consumers should be able to choose from a range of products and services, offered at competitive prices with an assurance of satisfactory quality.
- The right to representation
- Consumers' interests should be represented in the making and execution of government policy, and in the development of products and services.
- The right to redress
- Consumers must receive a fair settlement of just claims, including compensation for misrepresentation, or shabby goods or services.
- The right to consumer education
- Consumers need to acquire knowledge and skills needed to make informed and confident choices about goods and services, while being aware of basic consumer rights and responsibilities and how to act on them.
- The right to a healthy environment. Consumers should live and work in an environment that is not threatening to the well-being of present and future generations.



the dti

Department
Trade and Industry
REPUBLIC OF SOUTH AFRICA

FOOD SAFETY

Sudan Red returns

Two years after the first Sudan Red scandal, when this cancer-causing chemical was found to be present in a range of spices sold in South African grocery stores, the national newspaper Sunday Times has discovered that the problem has not gone away. Below is a summary of what the Sunday Times discovered.

What the shops said

Some of the companies again blamed their suppliers. Sudan 1, 2, 3 and 4 is used in foods to enhance the colour of chilli powders so the seller can get a better price.

Manager Zubair Solomon said that since the last shock that its products were contaminated it had been very careful not to find itself in the same situation. "We are horrified. Now we only buy from big companies and they give us certificates that their spices are not contaminated. We trust them to do the testing and they should make sure they do not sell us contaminated stuff. If we cannot trust the big guys then who can we [trust]?" He said the batch number on the 2007 peri peri spice showed it had been bought from a major supplier based in Cape Town.

Ismed Amod, owner of Shaikhs Exotics, said he has put his suppliers' names on all his products. "I will pull my product off every shelf that it is on, at the Kenilworth Centre in Cape Town and at my shop in Lansdowne and from every Pick 'n Pay store we supply. It is shocking that the stuff is contaminated again. After the last scare in 2005 I took great care to make sure I did not have Sudan in my products."

Ismail Osman of Osman's Spice Works said samples taken from his company by health inspectors five weeks ago had come back clean. "I don't believe what you are saying ... it doesn't make sense. I will test for myself and if it comes back contaminated then I'll believe you. And I'll sue the supplier."

Owner Mohamed Ismail said he was furious that one of his products was found to be contaminated for a second time. "I buy from my Rustenburg supplier who gives me a certificate that says

my stuff is Sudan-free. The Department of Health has to get its act together. It has to test the main suppliers and make them accountable. When the Sunday Times told us two years ago we were contaminated we changed our suppliers. We threw their stuff away and had a huge fight with them as we refused to pay them. Now, my supplier should be taken to court. We are a small business and buy our products from our suppliers in good faith."

Bart Pieterse, who supplies Ma's Spices and a number of other stores in Laudium and Azaadville, said he was unaware that his curry powder was contaminated. "I buy about 30kg to 40kg of chilli powder a month from my supplier. I have not given anyone a certificate to show that it is not contaminated."

Pakco, which bought Adamsons Foods a month after the contamination scandal in April 2005, said that for quality reasons it had rejected all finished goods from Adamsons when it had acquired the company. Technical director Gerald King said that since then it had reformulated the product under the Adamson brand but with its own raw material. King said the company had never sold to Gateway Superspar. "We are looking at listing Adamson in the major chains and bringing it out as one of our brands ... it will become a real debate now as to what we do with the brand given this story," said King.

In 2005, three samples of Adamson Spices Mother-in-law spice bought at different locations were found to be contaminated with Sudan. In 2007, the Sunday Times retested only one sample of this spice.

Adamson Spices Chicken Tikka spice, found contaminated in 2005, was not tested again this year because it could not be found.



Contaminated products in 2005	Contaminated products in 2007	Bought where?
In 2005, when the first round of tests were carried out, 13 products were found to contain the banned industrial colourant which is illegal for use in food.	In March 2007, six of these products have again been found to be contaminated.	
Robertsons Peri Peri Spice (contaminated in 2005 with Sudan 4)	Robertsons Peri Peri Spice (contaminated in 2007 with Sudan 2)	Shoprite, Adderley Street, Cape Town
Bombay Special Peri Peri Spice (contaminated in 2005 with Sudan 1 and 4)	Shaikhs Exotics Peri Peri spice - known in 2005 as Bomba\$y Special Peri Peri Spice (contaminated in 2007 with Sudan 1)	Shaikhs Exotics spice shop, Lansdowne, Cape Town.
Osman's Taj Mahal Chilli Powder (contaminated in 2005 with Sudan 1)	Osman's Taj Mahal Extra Special Chilli Powder (contaminated in 2007 with Sudan 4)	Checkers Hyper, Gateway, Umhlanga
Osman's Taj Mahal Extra Special Curry Powder - Medium (contaminated in 2005 with Sudan 1)	Osman's Taj Mahal Extra Special Curry Powder - Medium (contaminated in 2007 with Sudan 3)	Pick 'n Pay, Musgrave Centre, Durban
Ma's Spices Curry Powder (contaminated in 2005 with Sudan 4)	Ma's Spices Curry Powder (contaminated in 2007 with Sudan 1 and 4)	Ma's Spice Emporium, Lenasia
Adamson Spices Hot Curry Powder (contaminated in 2005 with Sudan 1 and 4)	Adamson Spices Hot Curry Powder (contaminated in 2007 with Sudan 1 and 4)	Superspar, Gateway, Umhlanga
Allifa's Extra Special Curry Powder, Chiefs Mango Achar Spicy and Adamson Spices Mother-in-law spice	All found to be free of Sudan red in 2007.	

An angry shop owner says: "I will pull my product off every shelf that it is on, at the Kenilworth Centre in Cape Town and at my shop in Lansdowne and from every Pick 'n Pay store we supply. It is shocking that the stuff is contaminated again. After the last scare in 2005 I took great care to make sure I did not have Sudan in my products."

Promises, promises...

When the Sunday Times exposed spices with Sudan Red in March 2005, the Consumer Goods Council of SA and the Department of Health gave these assurances to consumers:

- That the industry would rid SA of Sudan contamination in 90 days;
- That testing for Sudan contamination in food would increase "considerably";
- That it was committed to addressing the issue "once and for all";

- That legal action would be taken against those selling contaminated products and who could not show they had done "satisfactory" sampling and analysis of products;
- That an independent testing facility would be established;
- That updated quality assurance programmes would be developed to ensure that contamination could not be repeated;
- That the new amendments to

beef up food legislation were on the cards and could lead to public name-and-shame lists exposing products in which Sudan was found; and

- That a new regulation forcing all importers of food to supply certificates declaring their products were Sudan-free was in the pipeline.

Are these things happening? The public would appreciate some feedback

on what is being done.

It looks like testing facilities are still a problem. Ismed Amod, whose shop Shaikhs Exotics was found to be selling contaminated spices, told the Sunday Times that he tried to send samples to be tested every two months at the Department of Health's laboratories in Woodstock. But they stopped helping him. "They told me to find another place to do my testing as they could not cope as they did not have the capacity," said Amod.

Give them a piece of you mind

Contact the Consumer Goods Council of South Africa's Food Safety Initiative on fsi-info@cgcsa.co.za, phone them on 011 789 5777 or visit their website at www.foodsafetyinitiative.co.za

Contact the Department of Health's director of public information Solly Mabotha at mabotha@health.gov.za or phone 012 312 0491, or visit their website at www.doh.gov.za

Send a copy of your email to the National Consumer Forum: nfc@sabs.co.za

FOOD PRICES

No stopping maize price hikes

Food price increases – especially maize, wheat and meat – are bad news for consumers, especially the poor, and some concerted action is needed.

In October 2002, the National Consumer Forum welcomed a call by Governor of the Reserve Bank Tito Mboweni called for a strong consumer movement to tackle rocketing food prices. It is almost five years later, and consumers still have few effective channels to make their views felt as prices head upwards again.

“We are on the brink of another tragedy in terms of what’s happening on maize prices. We’ve got some really big worries if this heat cycle is not broken quite quickly,” said Nick Dennis, chief executive of South Africa’s largest food manufacturer, Tiger Brands – reported in the Sunday Times on 4 March

by Adele Shevel.

Shevel reports that the company will have to import baked beans within the next three months, and is concerned about the price of wheat, rice and oats. A drought in Australia is threatening to push up the price of oats, and South Africa’s sorghum crop is much smaller this year.

“In many categories you pass on [increases in the price of raw materials], but in many categories you can’t. It’s a balance between what you can pass on [to consumers] and what you have to absorb internally,” says Dennis. He said it is a delicate balance between protecting margins and en-

suring customers are not faced with astronomical price increases.

Maize has been trading internationally at record highs; this month, South African maize prices are over R1,800 per ton, up from R1,300 per ton last October and R500 per ton in 2005.

The high prices are said to be driven by global moves to diversify energy sources – producing more bio-fuels as an alternative to fossil fuels. Maize is among the crops which can be turned into bioethanol.

The high staple prices are also in part driven by less planting last year, but the record prices have led farmers to scramble to make new plantings.



BUSINESS PLEDGE AND WORLD CONSUMER RIGHTS DAY

The Consumer Affairs Division of KwaZulu Natal has notched up another first in the country by honoring service providers with a certificate of excellence in the market place. On the 14 of March 2007, fifty two service providers will receive the Business Pledge certificate for successfully endorsing the principles of corporate good governance and fair business practices.

This follows extensive research and field work by the Consumer Affairs Division to promote ethical business standards from within the business sector and an appeal to business in both public and private sectors to uphold the tenets of corporate good governance and promote the principles of consumer protection. The pledge is part of a greater campaign promoting the Principles of Corporate Good Governance as outlined in both the King one and two Reports released in 1997 and a firm commitment undertaken by private and public entities/service providers to practice fair business practices and provide quality products in the market place.

The Consumer Affairs Division will host an exhibition at the Gateway Shopping Mall, north of Durban.

The exhibition will commence 15 March 2007 and run until March 17 2007. The event commemorates World Consumer Rights Day, celebrated by both government and consumer activist agencies throughout the world. The exhibition is open to the consuming public and the intention is to provide exhibitors from both regulatory and self-regulatory institutions, an opportunity to provide consumers with education and information programs.



Department of Economic
Development
Umnyango Wezokuthuthukiswa
Komnotho

KWAZULU - NATAL

ADVERTORIAL

VISION

To be a world-class leader in energy regulation

MISSION

To regulate the energy industry in accordance with government laws, policies, standards and international best practices in support of sustainable development.



WHO IS NERSA?

The National Energy Regulator (NERSA) was formally launched on 22 November 2005 and entrusted with a responsibility of regulating piped-gas, petroleum pipelines and taking over the regulation of electricity from the National Electricity Regulator (NER) as from 17 July 2006.

While the electricity industry has been regulated for the past ten years, the piped-gas and petroleum pipeline industries in South Africa were regulated for the first time on 1 November 2005. NERSA's mandate is further derived from written government policies as well as Regulations issued by the Minister of Minerals and Energy. NERSA is expected to proactively take necessary regulatory actions in anticipation of and in response to the changing circumstances in the energy industry.

HOW CAN NERSA HELP YOU AS AN ELECTRICITY CUSTOMER?

1. Dispute resolution

The Electricity Regulation Act (Act No 4 of 2006) mandates NERSA amongst other things, to resolve disputes between suppliers of electricity and their customers, as well as between suppliers themselves. If you were not happy with the way your electricity supplier handled your complaint, NERSA can help you. REMEMBER THAT YOUR FIRST POINT OF CALL SHOULD BE YOUR ELECTRICITY SUPPLIER (FOR EXAMPLE, MUNICIPALITY OR ESKOM)

2. Lodging a Complaint

Remember the first point of call should be to your local distributor. The customer has the right to complain about the quality of service rendered by the local distributor. If the customer was not satisfied with the outcome or the manner in which the complaint was handled, the customer may refer the matter to NERSA for assistance.

NERSA handles many of the complaints that could arise with your electricity including:

- Billing and account queries
- Quality of supply
- Quality of service

3. How to lodge a complaint?

- First lodge your complaint with your supplier
- If the complaint remains unresolved, phone, write or e-mail the NERSA Customer Service Department, and
- Provide them with all the relevant details of the complaint including your contact details.

REMEMBER

As a consumer of electricity you have the obligation to pay for the services received. If you have problems keeping up with your account payments perhaps pre-paid meter could be an option for you. In that way you will be able to control your consumption. Theft of electricity affects all consumers in that it invariably puts upward pressure on the price, to recover the costs incurred through theft. Complaints should be referred to the Regulator as a last resort. Customers are encouraged to contact their distributors directly and lodge their complaints with them. If you do not get any satisfaction, you can refer the matter to the National Energy Regulator who will investigate it on your behalf.

The Regulator through its customer service department, is committed to improving the quality of service in the electricity supply industry and keeping customers informed on issues pertaining to electricity supply.

CONTACT CENTRE:

NERSA has a contact centre which handles all complaints from 08:00 am to 16:30 pm. However, customers can also leave a message after hours which will be attended by our contact centre agents the following day. The contact numbers are as follows:

Tel: (012) 401 4600

Fax: (012) 401 4700

E-mail: info@nersa.org.za

PO Box 40343

Arcadia 0007



CONSUMER TIPS



Providing South African Banking Customers with a free, informal dispute resolving service

The Ombudsman for Banking Services (OBS) resolves individual complaints about banking services and products. We aim to do this impartially, fairly and confidentially.

Any bank customer who has a complaint against his or her bank may approach the OBS for assistance. Unlike most things connected with the banking industry in this day and age, the OBS service is free of charge to all bank customers in South Africa and the only requirements that must be met are that:

The complaint must be within our jurisdiction.

The customer must have followed the bank's complaint handling procedures before approaching the scheme for assistance.

Visit our website : www.obssa.co.za

for more information

or call our share call number: 0860 800 900

Tel: (011) 838-0035 Fax: (011) 838-0043

TIPS FOR CONSUMERS

Building or renovating your home

- The bank's assessor cannot be relied upon to advise you of any problems related to the quality of the building work done

Be aware when using an ATM

- Make yourself aware of the numerous ways in which ATM thieves will try to obtain your card and PIN while you are at an ATM

Beware when selling your goods privately (Junk mail fraud)

- Never accept a deposit slip as proof that the selling price was deposited into your account

Internet transfers and teller deposits

- The banks systems only use the account number for the transfer. It does not cross verify the account number with the payee's name or any other information

Cheque scams

- Know the difference between a deposited cheque that has been cleared immediately for withdrawal and special clearance on a cheque.

Mortgage bonds

- Know the difference between House owner's cover – which is insurance against damage to the property and Homeowner's life cover – which is insurance against death or disability etc. They can look very similar on the bond account statement

Credit cards

- Do not count on your signature protecting you from credit card fraud.
- Treat your credit card as cash
- Check your statements regularly for fraudulent transactions

Beware when purchasing a bank-repossessed or auctioned property

- Be aware that one may encounter difficulties in having occupants of the property evicted. You may find yourself having to pay a bond on a property you cannot take possession of.

Financial difficulties

- If you are in financial difficulties and cannot make payments on your loans – discuss it with your bank as soon as possible. Missed payments affect your credit record, cause an increase in the interest rate you are charged and causes the debt to escalate very quickly.

Contracts

- Take the time to read any contract properly before you sign it. Once you have signed a contract it is presumed that you read the contents and agreed to it. It is highly unlikely that you will be released from any conditions even if they are onerous.

Surety contracts

- Know the difference between an unlimited and limited surety contract. An unlimited surety holds you liable for all present and future debts of the principle debtor irrespective of time, amount or nature of the debt. A limited surety only holds you liable for a specific debt, time or amount.

Investments

- Are the returns guaranteed or are they only shown as "illustrated returns" which are not guaranteed?

Debit orders

- A debit order means you grant permission to a third party to take money out of your account – usually on a monthly basis. A stop order is an instruction to the bank to pay a certain amount to a third party – usually on a monthly basis.
- Since you granted the permission to a third party to debit your account you must first contact them to cancel the order. If the third party does not comply you can approach your bank.

Find out more ...

www.obssa.co.za

For useful advice and frank opinions on consumer and small business matters, listen to NCF chairman Thami Bolani on

Ikwewezi FM

every weekday morning 8:30 – 9:00
FM 93.6, 97.3 or 91.8 – MW 10.98

ABSA – FINANCIAL LITERACY FEATURE

Five steps to financial freedom

Here are some basic small steps that will help to make your financial worries a thing of the past:

1 KNOWLEDGE

There is no substitute for knowing the facts. There are two parts to financial knowledge: educating yourself generally and knowing your own specific financial situation.

Financial knowledge can be obtained without too much difficulty through newspapers, TV, radio, the internet, from your bank's experts, etc.

2 GOALS

We should all have goals, which require that we plan and budget. Goals could be long-term (e.g. to retire with enough to live comfortably), medium-term (e.g. to be able to pay for a child's university education, extend a home or start a business), or short-term (e.g. to budget effectively to control one's spending in order to establish a

healthy saving pattern). Take a closer look at your own goals and work out the financial implications. With realistic goals for which to strive, financial discipline and self-control become much easier.

3 HONESTY

In good money management, honesty means being committed to a realistic budget which enables you to pay your debts and achieve your goals. Honesty means addressing yourself, your needs and your areas of weakness. By facing the facts honestly, you can change your habits and achieve your goals.

4 DISCIPLINE AND SELF-CONTROL

Financial freedom does not mean having unlimited money. It means managing what you have in such a

way that you are free from worry. Applying discipline where it is required reaps great rewards.

Learn to say "no" to yourself. If you keep your goals in sight, it is easier to be disciplined. Self-discipline comes easily to people who have clear goals and plan how to achieve them. Revisit your goals regularly, apply discipline and self-control, and you stand a good chance of realising your dreams.

5 COMPASSION

Acquiring wealth can be a worthwhile goal, but on its own it may not bring satisfaction or fulfillment. True happiness comes from using our resources – whether money, energy or talent – to make a positive difference to the world around us. By using your resources to help others, you will find that the value of your money far exceeds its spending power.



CONSUMER TIPS FROM ABSA

Venete Klein
Executive Director
Absa Retail Banking



SECURE YOUR FINANCIAL FUTURE TODAY

We all have dreams and aspirations for the future. But with the increasing cost of living, inflation and unforeseen expenses, it is absolutely necessary to start planning for your future sooner rather than later.

As one of the leading financial institutions in South Africa, we have compiled valuable tips that assist you when planning for your future and thereby ensuring a stable financial platform for your family.

The two areas that need to be assessed from a financial planning point of view are: protection from unforeseen events and investment for the future.

• Insurance

Insurance products are specifically designed to protect you against unexpected expenses or losses. When considering insuring your assets or buying cover for your life or unforeseen disability, the most important points to consider are: which is the right product provider to meet your individual requirements; what are the costs involved in buying the product and last but not least, reading the "fine print" of the contract in order to understand exactly when and in what circumstances you are covered.

• Investment

Different investment opportunities offer different returns. As a rule of thumb, the higher the risk involved, the higher the expected returns. Some investment products offer a balance between growth and safeguarding of capital. It is very important to understand your own needs and goals within a specific time frame in order to assess your risk profile and then to determine the appropriate investment solution that suits your needs and objectives within that time frame.

Although many companies sell insurance and investment products directly to the public, the services of a Trusted Advisor help to determine your individual needs and supply you with a solution that meets your financial planning requirements within the time frame. They will analyse your needs, provide you with all the necessary information on your investment and insurance, and help you to make an informed decision on a product best suited for you needs and financial capacity. It is advisable to ensure you use a reputable advisor who is registered with the Financial Services Board.

With these tips in mind, start investing in your future today by carefully assessing your current needs and buying the right financial tools for tomorrow.

For more information or advice on our insurance and investment products/services, please contact us, or visit one of our branches.

Action Line: 0800 41 41 41

Venete

Venete Klein

ABSA

Today, tomorrow, together.

Member of the BARCLAYS Group
ABSA Bank Ltd, Reg No 1986/004734/06. Authorised Financial Services Provider.

Ombudsman for Banking Services

Formerly known as the Banking Adjudicator, the Ombudsman for Banking Services (OBS) offers a free service to customers, displaying impartiality, fairness and confidentiality and is supported by all major banking institutions.

Structure of the OBS

Banks, who are members of the Banking Association, agreed to be bound by the jurisdiction of the OBS on a voluntary basis.

In other words, there is no law that requires banks to belong to the OBS scheme. However, if a bank does not want to be subjected to the OBS, the said bank may also not be a member of the Banking Association.

The OBS Office is an independent and impartial Section 21 company which is a non-profit institution. The OBS Office reports to the OBS Board – not to the Banks.

Independence of the OBS

The Board consists of 4 independent directors, 3 directors nominated by the Board of the Banking Association of South Africa and a Chairman. The Board is composed mainly of non-bankers and one of its tasks is to ensure and protect the Ombudsman's independence.

Jurisdiction of the OBS

The OBS functions according to the Terms of Reference and Operational Procedures. The Terms of Reference and the Operational Procedures are approved by the OBS Board. The Terms of Reference are very important because that determine what type of complaints the OBS can accommodate, the power the OBS has with regard to the enforcement of the decisions and the general duties of the OBS.

Bank clients may lodge complaints with the OBS free of charge and the jurisdiction of the OBS can be summarised as follows:

The OBS can handle a complaint if:

- The complaint relates to the bank's own products or services and advice given by the bank's own staff regarding its own or another institution's products;
- There has been maladministration on the part of the bank,

leading to some loss, distress or inconvenience;

- The complaint involves a claim for less than R1 000 000;
- The complaint arose within the past 3 years;
- The complainant has tried to resolve a complaint with his bank first (a reference number given by the bank will be proof of this).
- The bank concerned is a member of the Banking Association of South Africa.

The OBS cannot handle a complaint if:

- The claim is for more than R1 000 000;
- The complainant business/trust/corporation's turnover is over R5 million per year;
- The case will be more appropriately handled by a court;
- The bank has exercised a commercial judgment, which involves

interest rates, bank charges or a decision with regard to credit or lending, unless there was maladministration by the bank;

- The claim has prescribed by law;
- The complaint is brought in a frivolous, vexatious, offensive, threatening or abusive manner;
- The matter is already the subject of litigation – with certain exceptions.

Power of the OBS

Criteria to be used to resolve disputes:

1. The law, especially FSOS and NCA
2. Applicable industry codes or guidelines
3. Good banking practice
4. Banking practice in other jurisdictions; and
5. Fairness under all the circumstances.

Process to resolve complaints

- The OBS may make use of the following to resolve a complaint:

- Assessment of merits of the case.
- Mediation between the parties.
- HEARING - all parties concerned are in agreement to a material and conclusive dispute of fact can best be decided by a HEARING of evidence.
- A written recommendation describing how the matter should be resolved and the reasons for the recommendation.
- The OBS may personally make a binding written determination, based on the law or the Code in a case where a recommendation has not been accepted by all the parties concerned.

Ombudsman for Banking Services

P O Box 5728, Johannesburg 2000
 Telephone Number: 0860 800 900
 (011) 838 0035
 Fax Number: (011) 838 0043
 Website: www.obssa.co.za
 E-mail: info@obssa.co.za



Tips to consider before buying a vehicle:

Knowledge is very important – educate yourself about the vehicles you are interested in.

- Avoid setting your heart on one particular model or make of vehicle – there are thousands of vehicles out there, and by narrowing your focus, you could cost yourself a lot of money
- Be practical but don't be too practical! A vehicle is one of the most costly possessions you can buy, make sure you enjoy your purchase
- Knowledge is very important – educate yourself about the vehicles you are interested in. Read magazines and the motor section of papers, search the internet or even talk to others regarding their experiences with certain vehicles
- Buying a new vehicle has its advantages – as they have warranties that cover most eventualities,

and often roadside assistance is also available

- But don't rule out pre-owned vehicles as if you find one that has been well maintained with relatively low mileage, you could save yourself a lot of money
- If you are unsure about the condition of a vehicle, take it to the AA or a mechanic you trust. Its worth paying a professional to check the vehicle, it could save you thousands in the future.
- If you are serious about a vehicle, take it for a long test drive. Start out on city streets and then head out to the highway. Pay attention to steering ease, turning radius, visibility, the brakes and acceleration.
- Make the test drives separate events from the negotiations.

Tell the salesperson that you are test driving the vehicle because you are seriously considering a purchase. But don't buy the vehicle on the same day you test drive it – go home and think about it, you are less likely to make an emotional decision this way.

- You can apply for finance via the dealership or by going into a branch.
- Always take your ID and payslip with you.
- Before you sign anything, make sure you read the small print thoroughly.
- Ensure you know what your monthly instalments will be. You can visit www.absa.co.za and use the instalment calculator to work out what you can afford.

Building a good credit profile

The key to a good record is to be totally organised when it comes to payment of your bills. As each bill is paid on time, this information is recorded by the retailers and banks, and is distributed to the bureau to place on your record.

Your credit record has is the measure of your good faith in dealing with others in the business world. Quite simply, it shows your financial reputation.

It is the most important thing that a bank or lender looks at when deciding whether to give you credit or not. But it is more than this: many prospective employers will check your credit record when you apply for a job, or even when you apply for a promotion with your current employer.

For these reasons, it is important to build your credit profile – slowly but surely, so that when you need credit, you can get it.

Who keeps your credit record?

Your credit record is stored in a database held by the leading credit bureaus – TransUnion and Experian. These bureaus collect both positive and negative credit patterns and behaviours which are recorded on the customers credit record.

The reality is that any negative information on your record can be a stumbling block to your aim of being as credit-worthy as possible. Credit grantors and employers may view even a default with a clothing retailer as a good enough reason to decline your

credit application, even if the account was eventually paid up in full.

Develop good payment habits

The key to a good record is to be totally organised when it comes to payment of your bills. As each bill is paid on time, this information is recorded by the retailers and banks, and is distributed to the bureau to place on your record. Any missed payments will similarly be recorded, and will reflect negatively on your credit profile.

When you skip two or three payments, your account will go into default, and the default will be recorded. Thereafter, your creditor may apply to court to take judgment against you, which will also be recorded on your profile. All this translates into a negative credit record, so don't ignore legal advices by your creditors.

When you can't pay

When you can see that you're not going to be able to meet your payments on a loan or something you've bought on credit, let your creditor know this. Tell them about your circumstances and ask for their understanding.

Staying in touch is unfortunately not good enough, however. Most companies

have strict credit policies and you will need to make some payment, even if it is below the minimum instalment due. It is essential that the creditor confirm in writing that they will accept a lower instalment for a period of three or six months while your financial position stabilises. If you don't get some written confirmation of this arrangement, they will probably list you as a slow payer.

Sometimes, even when you do everything in your power to show your good faith, you may still have the creditor send an 'arrear payment indicator'. Worse, they could list your name with the credit bureaux as being 'in default'. While this will reduce your ability to obtain credit and worsen the terms of credit obtained, it can usually be remedied.

Do you know your credit status?

There may already be negative information on your record, and it is a good idea to find out what information (good and bad) is on your credit profile. The new National Credit Act now makes it possible for you to get one credit profile a year for free, from either TransUnion ITC (www.transunion.co.za) or Experian (www.experian.co.za). This service is being rolled out month by month since

FIND THE CHEAPEST LOAN: ASK FOR APR

When shopping around for the best value among different types of loan, it is sometimes difficult to compare apples with apples – as loans have different terms, costs and interest rates.

The APR – Annual Percentage Rate – is the figure that tells you the whole cost of the loan, taking into account the interest and other charges. It includes:

- The interest rate you must pay;
- how you repay the loan;
- the length of the loan agreement (or term);
- frequency and timing of instalment payments; and amount of each payment;
- certain fees associated with the loan; and
- certain compulsory insurance premiums (for example payment protection insurance).

All lenders have to tell you what their APR is before you sign an agreement. Generally, the lower the APR, the better the deal for you.

September 2006, so that you can get a free profile only when your birthday month has arrived. For instance, if you were born in April, you will probably have to wait until April 2007 before you can get your free credit profile.

With Transunion, you can download your free credit profile from their website (or go straight to their credit profile website at www.mycredit.co.za). With Experian, you can phone their customer call centre at 0861 10 56 65; you also need to verify your identity by providing a copy of your identity

document and proof of residence. Talk to the call centre if you don't think you have the required documentation.

Not happy?

If you are not happy with the information on your credit profile, and you believe it is incorrect, you can inform the credit bureau directly. If you are not satisfied with their response or their actions, you can take up your problems with the National Credit Regulator – which was set up last year to regulate the activities of credit bureaux, among other things.

What kinds of credit are available?

The danger with an overdraft is that, if you are not disciplined, you end up using it all the time – and therefore paying interest on it almost permanently.

Bank overdraft

This is an arrangement with your bank that allows you to spend a certain amount more than you actually have in your bank account (and usually it will be on your current/cheque account). Depending on what you earn and how much the bank thinks you can repay, they give you – say – a R5,000 overdraft limit, allowing you to spend R5,000 more from that account than you put into it.

You draw the money from your current account as and when you need it, and there is no minimum repayment. The interest you pay is calculated on how much of the overdraft you use; in other words, you don't pay interest on the whole R5,000 if you've only used R2,000.

The danger with an overdraft is that, if you are not disciplined, you

end up using it all the time – and therefore paying interest on it almost permanently.

Mortgage loans

A mortgage is a loan that you take to purchase a house or building, and is secured against the value of that asset. It is mostly the same as any other loan: you borrow the money, and you pay it back with interest over a period of time. But because it is secured against your home, the bank can sell your home to recover the money that you owe – if for any reason you can't repay it.

Personal loans

These can be 'secured' or 'unsecured' loans. Secured loan: You can only apply for a secured loan if you are a home owner, using your home as security. This means that if you get

into difficulties repaying the loan, the lender could repossess your home and sell it to get their money back.

Unsecured loan: If you fail to pay the loan, the lender cannot repossess your home. Even so, you are legally obliged to pay back the loan as you agreed.

With either of these loans, you borrow a fixed amount and repay it in fixed instalments over a set period (the term). The interest you pay is also usually fixed. Rates for secured loans are usually lower but there could be extra fees, and of course there is the danger that your home is at risk of being repossessed.

Credit cards, store cards and in-store finance

Credit cards are a common way of paying for goods and services instead of using cash or cheques. You apply

for a card in the same way as you apply for a loan and if you're successful, you will be given a limit up to which you can spend. Credit means you can buy today and pay tomorrow, but at a charge if you don't pay off your bill each month.

Store cards are like credit cards. You are given a spending limit based on your creditworthiness. They tend to charge higher rates of interest than most other loans, and you can usually only use them in that store or group of stores.

In-store finance may be useful to help you pay for expensive purchases such as furniture or large electrical goods over time.

But make sure that the store discloses exactly what interest rate they charge, and what other costs they will add into the deal. Also check the legal

implications of missing a payment, as many stores are quick to repossess goods.

Other types of borrowing

Micro-lenders are licensed lenders who are willing to make loans to people who are unable to get credit from mainstream lenders because of a poor credit record. They often charge a much higher rate of interest than banks and building societies.

Loan sharks are unlicensed lenders, operating without any legal control and will lend you money when nobody else will, but their rates will be very high and you may find it difficult to keep up the repayments. You may be forced to get a second loan to pay off the first, causing your debts to spiral out of control. Avoid these at all costs.

The debt-trap: How to see the warning signs

15 questions to find out how badly in debt you are

While you might diligently be paying off your monthly minimum payments, you're losing your hard-earned money that could potentially have been used for savings or good-return investment options.

It's almost flattering when you receive a credit card facility in the post, un-requested. You might even think to yourself: "Wow, my money can't be too badly managed if my favourite store is giving me this kind of credit facility!"

"It's this thinking that can all too easily get you into bad money management or even a debt crisis," says Michael Bouchier, managing director of Credit Health, a company specializing in assisting clients to reduce their levels of debt by settling legal debt.

He explains that although you may be able to pay your minimum payments each month, you might still have a debt problem. "Remember, low minimum payments are designed to look affordable to the debtor, but ultimately the only ones to benefit in the long run are the credit card companies."

These low monthly repayments lock you into a long debt settlement scheme, thereby becoming enslaved to debt. In the end, it means you'll be paying a grossly inflated price for the product, because of the interest charges that accumulate over the lengthy prepayment plan. "And this," cautions Bouchier, "is how credit card companies make their money, but eventually drain you of yours."

So while you might diligently be paying off your monthly minimum payments, you're losing your hard-earned money that could potentially have been used for savings or good-return investment options. Bouchier encourages debtors to free themselves of 'old' debt to 'buy' the freedom needed to begin building wealth.

What should you do?

There are steps that the government is taking to prevent companies from lending to you in a reckless way – that is, lending you money (or selling you goods on credit) when you are not in a good position to pay it back. The National Credit Act is being implemented by the National Credit Regulator, and this agency is trying to encourage fair access to financial services while ensuring that consumers are protected from abusive lending practices.

It will also be developing a network of trained debt counselors – available from June this year – who can help you come to grips with your financial problems.

For your part, you need to take control of your spending habits and seek help from those reputable agencies and advice offices that currently offer debt counseling services.

These include legal aid clinics (often based in university law faculties, paralegal NGOs and legal firms). It is vital that you get the organization checked out before you knock on their door – make sure that they are credible and come with a recommendation. There are many fly-by-night businesses in this sector who can take you for a ride.

For more information ...

www.youandyourmoney.org.za
www.paralegaladvice.org.za
www.CreditHealth.co.za

A true-false test that could save your financial life

Answer 'true' or 'false' to these 15 questions:

		✓	✗
1	You don't have any savings.		
2	You make only the minimum payments on your credit cards.		
3	You use credit cards for things you previously bought with cash, such as groceries.		
4	You use more and more of your total income to pay off debts.		
5	You have more than two or three major credit cards.		
6	After you pay your credit card bill, you increase your balance by the same amount (or more) the following month.		
7	You are at or near your credit limit on your credit cards.		
8	You count on the float in order to pay your bills, writing a cheque hoping that you'll be able to cover it by the time it clears your bank.		
9	You are unsure of the total amount you owe on all your debts.		
10	You take out cash advances on your credit card to pay other bills.		
11	You have tried to make a purchase with your credit card and been declined.		
12	You have been denied credit.		
13	You bounce cheques (you write cheques, but your bank does not honour them – so the payment is not made).		
14	You get calls from debt collectors.		
15	You lie to your spouse or other family members about your spending, or you hide credit card statements from them.		

If you answer 'true' to one or more of the questions 1 to 6, and 'false' to the rest, you may have caught the problem early. Act now to change your spending habits, and save yourself much hassle and misery. If you answer 'true' to one or more of questions 7 to 15, your problem is much more serious and will require more drastic steps.

Either way, the sooner you act, the easier it will be to get out from under the burden of debt. While there's no easy fix, it is possible to turn your finances around if you work at it.



COMPETITION

What happens when big companies abuse their dominant position?

AND WHY DO THE POOR PAY THE HIGHEST PRICE FOR THIS ABUSE?

Geoff Parr

Published in Competition News, the official newsletter of the Competition Commission.

Does competition policy benefit the rich or the poor?

Less-developed economies have smaller markets that can often be served adequately by just one or two firms, but that means that there is less competition in many industries. Some competition could come from imports from adjacent countries, and this would make it harder for dominant domestic firms to keep prices high. But many of the local goods and services are not really 'tradable' because:

- the law restricts who can trade in some sectors (for example, in telecommunications and banking), or
- the inherent nature of the product (such as land and many services)
- the remoteness of the economy from other markets.

South Africa is one of the most geographically remote markets in the world, so we are a long way from our main trading partners. This makes transport costs high and acts as a natural tariff barrier – especially for low-value and high-volume goods which are expensive to import from a competing supplier. So, for reasons such as...

- import parity pricing (affecting petroleum, steel, chemicals etc),
- tariff protection (such as in the case of motor vehicles),
- licensing restrictions (such as in the telecom and retail banking sectors),
- inherent non-tradability, many final goods and services in South Africa are priced too high.

The competition authorities are concerned about how this puts consumers at a disadvantage – especially low-income consumers.

For while high-income households spend more on goods and services – in actual rands and cents – it is the low-income household that suffers the most when prices are too high.

High-income earners are in the fortunate position of having enough income to pay for all the 'basics' – food, housing, education, etc. After they have paid all these expenses, these households are able to set aside a sum for saving or investment purposes and many will still have some money left over as a cushion to meet price rises.

This is not the case for low-income households. The majority of South Africans spend virtually all of their income on:

- essential services (such as transport and accommodation)
 - non-durable consumption items (such as food and soap)
 - semi-durable consumption items (like clothing)
- and have little or nothing left over for:
- emergencies and medical aid
 - investments or savings
 - durable goods (goods consumed over several months or years).

For people living such a hand-to-mouth existence, they must simply consume less when prices go up higher than would be if there was more competition. Unlike the richer sector, poorer households will spend all of their income on essential items, so coping with high prices is not simply a matter of cutting out luxuries; it very often means cutting out essentials.

So what should we do?

Competition authorities in developing countries need to prioritise the fight against the overpricing of essential goods and services. If the prices of electricity, water, transport services, basic food, accommodations and so on are too high, then low-income households will have no option but to cut back on these essentials. In short, high prices lead to impoverishment for low-income households.

On the other hand, in response to higher prices on essential goods and services, high-income consumers will simply spend more on essentials or they may need to dip into their savings or divert some of their spending away from non-essentials.

If the prices of luxury goods rise, there is no effect on low-income households, because they were not spending their money on luxuries in the first place (let's ignore for the moment any seemingly irrational spending on gambling and alcohol, etc). High-income households will certainly be affected, but they can choose to simply cut back on these and still continue to satisfy their basic consumption needs without becoming poverty-stricken.

Standard anti-trust assessments of competitive harm apply to all markets, but we should remember that in markets for essential goods, the impact of a small but significant, non-transitory increase in price has a more serious socio-economic impact than it does in markets for luxury goods.

To protect consumers, the Competition Commission has to help prevent big business from abusing its dominant position in any market. In a recent article in the Competition Commission newsletter, economist Geoff Parr looked at why this 'abuse of a dominant position' (sometimes called 'unilateral conduct') is even more of a problem for smaller, developing economies than it is for industrialised economies. Below is a re-written version of his article.

CONSUMERS AND COMPETITION

Competition between businesses in the marketplace is the main reason why companies are forced to be efficient, so that they can produce and sell their products for as little as possible.

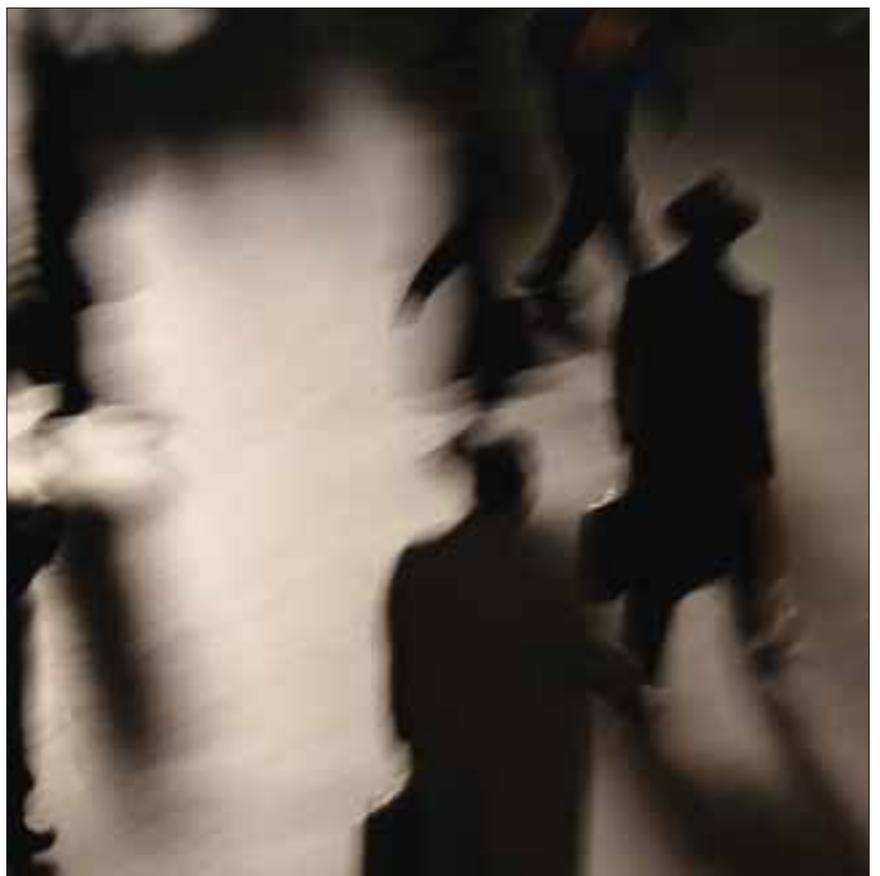
Without enough competition, companies will over-charge (because there is nothing stopping them) and make excessive profits for their owners. But this competition does not come naturally, as big businesses are always trying to gobble up as much of the market as they can.

One of the quickest ways of doing this is by buying out competitors – because the more businesses you own in one sector, the less choice consumers have of 'shopping around' for the best deal.

Ensuring that there is enough competition between businesses is one of the main tasks of the Competition Commission. It controls this by investigating the effects that a merger or buy-out will have; if it looks like the merger or buy-out will give a company too much of a dominant position in the market, the Commission can prevent the transaction from taking place.

More about Geoff Parr

Geoff was chief economist at the Competition Commission, and is now with law firm Deneys Reitz. He is experienced in assessing the effects of legislation and regulations on competition. Geoff has given economic testimony in several cases before the Competition Tribunal, including the Competition Commission v Patensie (abuse of a dominant position) case and the proposed Sasol/Engen merger case. He has also appeared in Parliamentary hearings to advocate policy positions in respect of draft legislation and regulations.



INFLATION

Are consumers really to blame for inflation?

In June last year, the Reserve Bank started raising interest rates for the first time in four years. The arguments behind this were that inflationary pressures were building due to consumer borrowing and spending on imported goods, and that this was a natural point in the economic cycle to tighten monetary policy using interest rates. While most citizens just nod, Réjane Woodroffe, chief economist at Metropolitan Asset Managers, takes issue.

Réjane Woodroffe

While inflationary pressures were indeed mounting, it was not due to consumer activity. The inflationary pressures were a direct result of rising international dollar oil prices, a weaker Rand and adverse weather conditions that pushed up food prices. Higher local interest rates simply have no impact on the international dollar price of oil and they can't make it rain!

While the higher interest rates should have supported the rand somewhat, the uncertainty surrounding the Reserve Bank's decision instead led to more currency volatility and exacerbated the currency's decline. Since early 2006, government and the Reserve Bank have voiced their concerns about a strengthening currency. This is mainly to keep the price of our exports cheap and support the manufacturing and tradable goods sectors.

However, not only does this lead to market uncertainty and exacerbate cur-

rency volatility but a weak Rand will directly impact on poor communities. With import parity pricing on maize and other basics, a weaker Rand will lead to higher food prices while the overall inflationary impact will lead to painful macro-economic adjustments as the Reserve Bank is forced to hike interest rates.

(Import parity pricing is where manufacturers and retailers sell goods in South Africa for what they can sell them for internationally. The argument is that if they can't sell the goods for the higher international price locally, they will sell all their produce overseas.)

Furthermore, with the government's current ambitious infrastructure plans, a weaker Rand will put further pressure on the size of the current account deficit because fixed investment has a 50% larger component of imported inputs than the manufacture of consumer goods. If we are going to build roads and energy plants and develop our capital infrastructure, we

will need a strong currency.

Instead, concerns about the development of the tradable goods sector should rather be addressed with a focus on competition and trade policy. Significant, negative impacts on development of the manufacturing and tradable goods sectors have been due to a decline in profitability in these sectors and also to South Africa's trade policy. Profit mark-ups are significantly higher in South African manufacturing industries than in corresponding industries worldwide (specifically, mark-ups are more than twice as large in South Africa), leading to lower productivity growth in manufacturing and lower employment growth.

A further area of reform that could assist the export sector is trade policy through lower import tariffs. The impact of lower tariffs in stimulating faster export growth is greater than the impact in stimulating faster import growth, mainly because South African non-commodity exports have a large

import component. This would serve to lower the price of imports for consumers and also stimulate exports, productivity and employment in South Africa.

Furthermore, the conventional wisdom that high consumer spending was to blame for the inflationary pressure is also easily debunked by examining the pricing power of producers. Manufacturing and retailers will always pass rising prices onto the consumer, if they can, that is, if they have pricing power. If the consumer was banging down the shop doors and spending frivolously, consumer prices would be rising and not just producer prices.

Instead, consumer prices have remained in a tight band of 3,5% to just around 5% since the end of 2003. Producer prices, however, buoyed by international oil prices and food have risen to over 10%. This gap between producer and consumer prices shows that consumer spending is not out of control and that producers have had to absorb the rising input costs into

their wide profit margins. The concern about rising consumer debt levels is similarly misplaced.

The Reserve Bank Monetary Policy Review document of May 2006 shows that international household debt to disposal income in the United States, Canada, the United Kingdom, Australia and New Zealand is over 120%. South Africa's household debt to disposable income is less than 60%.

In a developing country with a sophisticated banking system, one would expect debt levels to rise. Furthermore, cost of servicing debt in South Africa is less than half that of the other countries, as a percentage of income.

Does she have a point?

Email your thoughts to ncf@sabs.co.za. We'll publish the best letters in the next edition.

Get the credit you deserve!



Can I get a free credit report?

As of 1 September 2006, Experian now provides you with a free copy of your credit report once a year, provided that you apply in the month of your birth or thereafter. You can order your free Experian credit report by contacting Experian's Consumer Relations desk on 0861 10 56 65.

How do I query my credit report?

To query the information on your Experian credit report:

- Contact Experian Consumer Relations Division on 0861 10 56 65 and inform them that you wish to register a dispute.
- Experian will investigate the dispute and respond within 20 business days. Credit providers will be notified that there is a dispute on your record but will not be

able to view the disputed information during this investigation period.

- Should the information prove to be incorrect or unsubstantiated it will be removed immediately.
- Experian will notify both you and all relevant credit providers of the correction.

Should you not be satisfied with the resolution of your query you may contact the office of the Credit Information Ombud on 0861 66 28 37.

Remember, your credit report is your asset. It will help you get access to competitive credit – very quickly. Look after your report and it will look after you.

help desk: 0861 10 56 65
info@experian.co.za

www.experian.co.za





The National Credit Act (NCA) No. 34 of 2005 was enacted in March 2006 and became effective on 1 June 2006. It was implemented in phases, starting with the establishment of the National Credit Regulator and registration of credit providers and credit bureaux. The second phase was the implementation of certain sections of consumer credit information and establishment of the National Consumer Tribunal. The National Credit Act's compliance sections only come into effect on 1 June 2007.

Once implemented it will:

- regulate interest rates, meaning there will be limits on interest charged on different credit products;
- prohibit unfair credit and credit-marketing practices;
- promote responsible credit granting and use and prohibit reckless credit granting;
- in instances where there is over-indebtedness, provide for mechanisms such as debt counseling and debt restructuring;
- regulate consumer credit information held by credit bureaux and investigate related complaints;
- replace the Usury Act of 1968, the Usury Act Exemption Notice and the Credit Agreements Act of 1980;
- ensure consumer rights protection.

For all enquiries and/or complaints consumers can contact the NCR on 0860 627 627 or E-mail: info@ncr.org.za or visit our website: www.ncr.org.za

ADVERTORIAL



Province of the
EASTERN CAPE

DEPARTMENT OF ECONOMIC AFFAIRS,
ENVIRONMENT & TOURISM

CONSUMERS CRY FOUL AT THE HANDS OF UNSCRUPULOUS DEBT ADMINISTRATORS

In this edition we explore some of the problems experienced by consumers in the Eastern Cape based on cases reported to and observations made by the Consumer Affairs Offices of Department of Economic Affairs, Environment and Tourism [DEAET].

In our short discussion of this matter with the Business Regulation and Consumer Affairs Division within the DEAET which is responsible for consumer advice, education and awareness we agreed with their expressed sentiment of an urgent need for effective compliance monitoring and enforcement to stop these unscrupulous business practices. The Division further suggests that there may well be a need for the establishment of a commission to probe some of the complaints brought to the attention of the Office of Consumer Protector and imposition of heavy penalties on those businesses found to be acting against the law. In cases where industry codes of good practice are applicable licenses to operate must be revoked.

The DEAET has a network of five Regional Offices services the Nelson Mandela Metro and all the six District Municipalities of Cacadu, Amathole, Chris Hani, O.R. Tambo and Alfred Nzo stretching across the entire Province of The Eastern Cape from the west to the east. This demonstrates a commitment from the department to provide direct contact and accessible service to the public.

“Knowing What Is Right and What the Law Says Is Not Enough without Enforcement”,
there is, therefore, a
“Need For an Effective Compliance Monitoring and A Decisive Enforcement of the Law”

Let us then take you through some of the concerns that the Business Regulation and Consumer Affairs Division contends constitute legitimacy for its position on the issues affecting consumers in this sector and which in its view is a convincing basis to make the call summed up in its double phrased comment.

CONSUMER COMPLAINTS ABOUT HANDLING OF DEBT ADMINISTRATION

These are some of the reported complaints against Debt Administrators

- Payments collected are retained for longer than the legally prescribed period of three months
- Collected amounts are never paid over to nor received by the rightful creditors
- Records of receipts kept by administrators do not tally with amounts paid by or deducted from clients
- There are no statements issued if so not at regular intervals; and
- Consequently consumers do not always know the status of their accounts or balances owed

THE DEPARTMENT OF ECONOMIC AFFAIRS, ENVIRONMENT AND TOURISM HIGHLIGHTS IMPLICATIONS

- Evasion of Tax Laws and loss of revenue due to the State is a possibility
- Collusion of creditors with debt administrators cannot be ruled out
- Unfair enrichment from amounts collected illicitly is our strongest suspicion
- Duplication of payments by consumers may occur; and
- Prolonged and perpetual indebtedness of affected consumers is the most undesirable consequence

We as a the DEAET would like to urge all consumers who have at any point fallen victim to any unfair business practice to come forward and report such incidents, we would also in the same breath wish to urge both the law enforcement agencies and the respective industry regulation bodies to act strongly against unfair business practices within our province. For more tips please look out for the forthcoming edition of the Consumer Fair.

Assistance Is Available At DEAET Offices in Port Elizabeth (041) 508 5800, East London (043) 752 0340, Queenstown (045) 838 3984, Mthatha (047) 531 1191 and Kokstad (039) 727 4322/ 4499



SAVINGS

Protecting your retirement policies from big business rip-offs

Consumers who are trying to save for their retirement have for years been victims of greedy life assurance companies, who charge among the highest costs in the world for managing our life assurance retirement savings, and still penalise us when we can't afford to keep up payments or want to change to a better investment than theirs.

The situation has become so bad that, under political pressure, the life assurance industry agreed in December 2005 to pay back R3 billion to consumers who had been ripped off by these excessive fees.

Independent Newspapers magazine Personal Finance has put together a useful series of articles that explains who will benefit from this repayment, and how to ensure that your fund value is improved. Here is some information from that series; you can read a full version on the internet at <http://www.persfin.co.za/index.php?fSectionId=590&fArticleId=3671341>

The Statement of Intent

After the Pension Funds Adjudicator Vuyani Ngalwana had thrown a string of consumer complaints back at the big life assurance companies, it became clear that these companies were being unfair and punitive in their charges when customers wanted to reduce or stop payments. Some policyholders lost their entire investment.

So Minister of Finance Trevor Manuel hammered out a Statement of Intent with the Life Offices Association (representing the life assurance companies), in which the companies agreed to reimburse a group of life assurance policyholders and RA fund members who have already had their

policy values reduced.

The agreement also limits any future reductions in values for policyholders and RA members who are unable to maintain their premiums.

"The Statement of Intent has had other consequences," reports Personal Finance. "Life companies are examining their cost structures and the way in which upfront commissions, which were largely to blame for the fund value reductions, have historically been paid.

"Agreement has been reached that initially only 50 percent of commissions will be paid upfront, with the balance paid as and when you pay your premiums. This change will not only reduce the upfront costs that have contributed to the reduction in values, but it will help stamp out mis-selling by some unscrupulous intermediaries who have encouraged consumers to keep changing products so that the intermediaries can be paid another round of commissions."

Who benefits?

Those consumers with retirement annuity (RA) policies who will benefit from the new arrangement are mainly the following:

- Fund members who stopped paying their premiums – or who re-

duced their premiums – between 1 January 2001 and 1 December 2006, and whose fund values were reduced by more than 35%. (Your life assurance company is supposed to contact you about the adjustments by the end of May 2007.

- Fund members who retired early from the fund between 1 January 2001 and 1 December 2006 (before their policy had matured) and who received less than 65% of their fund value.
- Fund members who have already been paid their final benefit, where the benefit was reduced by more than 35% because of reducing or paying up your contributions.
- Fund members whose policies lapsed and who lost their entire fund value between 1 January 2001 and 1 December 2006. You have until 1 December 2009 to apply to your life company for a refund of 65% of the fund value at the time of the lapse.

There are also other categories of policyholders who will benefit from value improvements for endowment policies (and certain whole life policies).

For more information ...

See the Personal Finance (www.persfin.co.za) website for more information, or contact your life assurance company.

Examples of how policyholders may benefit

As part of its very informative series of articles on how policyholders are affected by the Life Offices Association's deal with the Minister of Finance, Personal Finance gives these examples of how consumers would benefit.

Prem Singh: Prem has an endowment policy that she took out in March 1996. She signed up to pay R500 a month for 15 years. In 2003, Prem found that she could not afford school fees for her children as well as pay the R500 premium. She reduced her premium to R200 a month. At the time her fund value was R18,490. As a result of the reduction in her premium, her fund value was reduced by 30% to R12,872.

The reduction was greater than the 21% (in other words, the maximum of 35 percent multiplied by the proportion by which the premium was reduced) that has been agreed to in the Statement of Intent for the period before 1 December 2006.

Prem's current fund value before any enhancement is R28,401. Her fund value must be increased by R1,735. Interest of R785 (10% a year) must be added, giving her a total enhanced value of R30,921. Prem is R2,520 better off.

Thabo Dlodlu: Thabo has a retirement annuity (RA) that he took out in December 2002. He signed up to pay R250 a month

for 20 years. In December 2005 Thabo lost his job and stopped paying his premiums. At the time his fund value was R8,773.

Because he had stopped his premiums, Thabo's fund value was reduced by 60% to R3,544. The reduction was greater than the 35% reduction in value that has been agreed to in the Statement of Intent for the period before 1 December 2006.

Thabo's current value before any enhancement is R4,792. His value must be increased by R2,158. Interest of R496 (10% a year) must be added, giving him a total enhanced value of R7,446. Thabo is R2 654 better off.

For more information ...

In most cases, your life assurance company will contact you if you qualify for a value enhancement. However, there are two instances where you need to contact them:

- If you received a final reduced fund value on a retirement annuity (RA) between 1 January 2001 and 1 December 2006 as a result of contractual changes; or
- The fund value of your RA was reduced to nil as a result of stopping your contributions between 1 January 2001 and 1 December 2006.

Contact the company with your name and id number, your postal address and other contact details, and your policy number.

Tired of disrespectful, greedy businessmen

Bruce Cameron, outspoken editor of finance magazine Personal Finance, is flabbergasted by the disrespectful way that greedy businessmen play fast and loose with our pension money.

"Why is it that the retirement savings and benefits of hundreds of thousands of hard-working people are seen as some sort of honey pot that can be simply dipped into by so many people, who live in splendid luxury at the expense of consumers who often barely make the pov-

erty headline?" writes Cameron.

He cites an example of life assurance companies "ripping into retirement savings through their retirement annuity (RA) products" by applying excessive charges and confiscatory penalties.

For more information ...

Read more of Bruce Cameron's insights in Personal Finance, or on their website at www.persfin.co.za

It has become clear that some companies are being unfair and punitive in their charges when customers wanted to reduce or stop payments.

UK nutritionist criticised by AIDS experts

British celebrity nutritionist Patrick Holford denies that he has said that Vitamin C is more effective in treating AIDS than the anti-retroviral drug AZT.

Kerry Cullinan, Health-e News Service

British celebrity nutritionist Patrick Holford has been asked to stop making claims that "have the potential to cause people with life-threatening illnesses to make medically unsound decisions".

Holford, who is touring South Africa, advocates mega-doses of vitamin C as an effective antidote to bird flu, and also claims that the vitamin

can prolong the lives of cancer patients and is more effective than the antiretroviral, AZT.

However, a group calling itself the "Coalition Against Fraudulent Claims about Medicines on Patrick Holford" has tackled these claims.

The group includes prominent AIDS experts Professors Hoosen Coovadia, Salim Abdool Karim and Quarraisha Abdool Karim and Dr Francois Venter, president of the Southern African HIV

Clinicians Society.

"Holford appears to base the above claims on in vitro (laboratory tests outside the human body) or disreputable research," claims the group.

However, Holford denies that he has said that Vitamin C is more effective in treating AIDS than the anti-retroviral drug AZT.

"This is not true. I have never made this claim," said Holford, adding that in 'in vitro' studies on human

T-cells, "vitamin C suppresses the HIV virus in both chronically and latently infected cells, while AZT has no significant effect".

He said: "It is a tragedy that this simple, non-toxic treatment hasn't been further tested."

Meanwhile, research released in the Journal of the American Medical Association this week found no evidence that taking beta carotene (Vitamin C), Vitamin A or Vitamin E extends life-span.

The research was compiled from data from 68 studies involving more than 232 000 people.

For more information ...

www.health-e.co.za Health-e is a news agency that produces news and in-depth analysis for the print and electronic media.

PUBLIC NOTICE OF GUARDIAN'S FUNDS AND THE ADMINISTRATION OF ESTATES

Department of Justice and Constitutional Development

WHAT IS GUARDIAN'S FUND?

The Guardian's Fund is a fund established where monies are deposited on behalf of minor children, undetermined heirs, absent heirs, mentally disabled persons as well as unclaimed dividends where the liquidator or trustee was not able to trace the creditor. Certain funds derive interest at a rate determined by the Minister of Finance each year.

WHO CAN CLAIM?

Any person whose money has been deposited into the Guardian's Fund can claim. In a case where a parent's pension money was paid into Guardian's Fund on behalf of a minor child, then the guardian of that child can claim an allowance for the needs of the child eg, for school fees, clothing, etc. Once a child attains the age of majority i.e. the age of 21 years and depending on the conditions of the Will, if any, the heir may claim the total of his/her funds from the Guardian's Fund. Should the heir decide not to claim on majority, he/she may leave the funds in the Guardians Fund and receive interest for an additional five year period, however during this period no other claims can be considered.

When claims are made for funds from the Guardians Fund a compulsory form has to be completed, there are different forms for different claims e.g. Heir attains majority he/she must complete "Application for Monies from the Guardians Fund". Should the guardian wish to claim maintenance, clothing, "Application for allowance or Interest" form must be completed. The Guardians Fund has their own set of requirements that must be complied with, one of which is a social worker's report with regards to the child's home circumstances.

WHERE CAN YOU CLAIM?

You can go to any of the following Master's offices: A master of the High Court is appointed for every provincial division of the High Court of South Africa. All magistrate offices are service points of the master.

Polokwane Tel: (015) 291 4300	Tohoyandou Tel: (015) 962 1032	Grahamstown Tel: (046) 603 4000	Cape Town Tel: (021) 410 8300/02	Kimberley Tel: (053) 831 1942	Pietermaritzburg Tel: (033) 342 0668	Mmabatho Tel: (018) 381 0003
Bisho Tel: (043) 608 6601	Durban Tel: (031) 301 5330	Bloemfontein Tel: (051) 448 2128	Pretoria Tel: (012) 339 7700	Johannesburg Tel: (011) 220 2514	Port Elizabeth Tel: (041) 502 7407	Umtata Tel: (047) 532 3716

One of the duties that the Master has to perform is to oversee the administration of estates, making sure that this is done in accordance with the law. The administration of Estate Act 66 of 1965 prescribes to the master what to do.

WHAT IS ADMINISTRATION OF ESTATES?

The Administration of estates is the reporting of an estate as soon as a person dies. The family members then report the estate at the Master's office.

WHEN AND BY WHOM ESTATES MUST BE REPORTED

The estate of a deceased person must be reported to the Master within 14 days from date of death. The death is to be reported by any person having control or possession of any property or document being or purporting to be a will, of the deceased. The estate is reported by lodging a completed Death Notice with the Master. The Death Notice and other reporting documents may be obtained from any Office of the Master of the High Court or Magistrate's Office.

WHICH ESTATES CAN BE TRANSFERRED TO THE MASTER'S OFFICE, NAMELY?

- Estates with wills.
- Estates with a value of more than R50 000, 00.
- Insolvent estates.
- Estates where one or more of the beneficiaries are minors and is not assisted by a legal guardian and the cash assets in the estate is worth more than R20 000, 00.

Depending on the circumstances of the estate additional information may still be requested. An example is where there are minors involved we require certified copies of the birth certificates, if placed under foster care a copy of the court order and maintenance certificates from the Principle of the school that the minor attends, pastor of the Church that the family belong to or a Social Worker. Should the amount be a considerable amount that the child would inherit but less than R 125 000-00 we require an attorney to be appointed to ensure that the money is deposited into Guardians Fund and they lodge an Income and Expenditure statement setting out the liabilities in the estate and how the amount that is deposited into Guardian's Fund is arrived at.

In cases where Letters of Executorship have been issued the executor has six months within which to lodge a Liquidation and distribution account with the Master indicating the assets the deceased had as well as the liabilities.

ACCESS TO JUSTICE FOR ALL



the doj & cd

Department:
Justice and Constitutional Development
REPUBLIC OF SOUTH AFRICA

FAMILY LAW



Getting married? Protecting yourself!

With an ante-nuptial contract

It's hard to think about the law when wedding bells are ringing and your head is swimming with plans for the ceremony, the party and the honeymoon. But this is the best time to get yourself organized with a proper contract between you and your partner, writes consumer rights lawyer Stephen Logan.

If you get married without a contract, you are assumed to be married 'in community of property'. This means that you and your partner will share each others assets (and debts!). For some people, this is fine. But is this what you want? You need to think about it and decide, preferably before you walk down the aisle.

It is always difficult to know how your relationship is going to work out, and many people feel that they need to keep a close control of their own financial affairs – so that each partner remains financially independent to an extent.

To do this, you can be married 'out of community of property' by signing an ante-nuptial or marriage contract (ANC) before your wedding. It is easier to arrange such a contract before the wedding (just ask an attorney to help you); if you want to arrange the contract after you are married, you have to apply to a court.

Being married in community of property is far more common than

being married out of community of property as most brides and grooms are not thinking about the financial consequences of their marriage in the days leading up to the wedding.

If you are married out of community of property by means of an ANC, your assets and liabilities are yours alone; likewise, your spouse's assets and liabilities are his or hers alone. This is extremely important where you want to either protect yourself from your spouse's creditors (people who he or she owes money to); by the same token, you probably don't want your creditors hounding your spouse for debts that you have incurred.

Many married couples who have acquired property and some wealth wish to secure this property from creditors claims by placing it in their wife or husband's name and then only incurring any liabilities in their name, or visa versa. By so doing, they are able to safeguard their assets against attachment by a creditor as the asset

belongs to their spouse alone and is no longer part of their property portfolio.

One of the most convenient aspects of taking this route is that you do not need to register a trust and transfer your assets (at extra expense) into the trust. In the event that you get divorced or your spouse dies you are able to claim your half share of the assets as the ANC gives you this right.

As previously mentioned, you have to apply to court for permission to register an ANC if you have already married. Your attorney will have to give notice of the court application to your creditors and get their permission. Once this is done the court will usually allow you to register the ANC and take the necessary steps to protect yourself.

For more information ...

Contact info@loganattorneys.co.za

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* Proceeds from Consumer Fair go towards the lobbying and educational work of the National Consumer Forum.
For more information, see our website at www.ncf.org.za

CONSUMER LAW

What is the Small Claims Court and how do you use it?

Going to court, especially with lawyers and other experts, is an expensive business, and not many South Africans can afford this in their personal capacity. The idea of the Small Claims Court is to give the ordinary citizen access to the courts, but without costing you a fortune in the process.

SMALL CLAIMS COURTS are usually part of the Magistrates Court, and will deal with civil cases (not criminal charges like theft) that involve claims of less than R7,000. Presiding over the Small Claims Court is a commissioner, who is usually a practicing advocate, attorney, legal academic or other competent person, who offers his or her services free of charge. The court is different from a normal court in these main ways:

- You can't take a lawyer with you to help you with your case, and neither can the defendant (the person you bring the case against). But you can get advice from a lawyer before your hearing.
- Legal assistants and clerks of the small claims courts will assist you for free.
- The commissioner's decision is final and there is no appeal to a higher court.

Who can use the Small Claims Court?

- You can only bring a case to this court as an individual. Organisations, companies, corporations or associations may not.
- You can even bring a case if you are under the age of 21 – but you must be assisted by a parent or legal guardian.

Who can you bring a case against? Anyone including companies, corporations, municipalities or other entities within the area of jurisdiction of the court, but not against the State.

What amount can be claimed?

You can only use the Small Claims Court if you have a claim against someone for less than R7,000. (If your claim is for R12,000 – for example – but you can't afford to go to a higher court, you can decide that you'll reduce the claim by asking for just R7,000. This will allow you to get your case heard by the Small Claims Court.)

Step 1

Contact the person against whom you are instituting legal proceedings in person (the opposing party, or defend-

ant), by telephone or in writing, and ask him to give you what you believe he owes you.

Step 2

If the opposing party does not give you what you want, send him a letter with all the facts on which your claim is based, and the amount of the claim. Tell him you want him to settle with you within 14 days of him getting the letter (the 'written demand').

Step 3

Deliver the demand by hand or by registered post to the opposing party. After 14 days have passed, go to the clerk of the court with:

- a copy of your written demand
- your proof that you delivered it to the opposing party (for example, a registered mail slip from the Post Office)
- the full name and address (home and business addresses, if available) and telephone number of the opposing party
- any contract or document to support your claim against the opposing party.

Step 4

The clerk of the court and the legal assistant will examine your documents and help you in drawing up a simple summons. He will give you a date and time for the hearing of your case in the court, and will issue the summons and hand it to you.

Step 5

You take the summons and give it to the opposing party – in person (that is, into his hands). Try to get him to sign a receipt, so that you can prove he got it. OR You can hand the summons to the sheriff in the district where the opposing party lives – but remember that this will cost you money, as the sheriff is an independent business and will charge you for serving the summons. Also remember that you must get written proof from the sheriff that he has served the summons – so that you can take this to the hearing.

Step 6

If you have witnesses that you want to be at the hearing, tell them the date and

time that the case will be heard and arrange for them to be present.

Step 7

If the opposing party pays up before the hearing takes place, give him a receipt for the money he has given you; then tell the clerk of the court immediately that your claim has been satisfied and that you will no longer proceed with the case.

Step 8

If the hearing goes ahead, you must appear in court in person, taking all the documents upon which your claim is based, your witnesses, and the written proof that the summons was served on the opposing party.

The court procedure is informal and simple. The commissioner of the

court (who acts as the 'judge' in your hearing) will ask you to state your case. Give him the facts as clearly and briefly as possible, and answer the commissioner's questions.

No cross-examination between the parties is allowed. With the commissioner's permission you may, however, put a few questions to the opposing party. Listen to the opposing party's explanations and once he has finished talking, bring to the attention of the commissioner any facts which in your opinion he has not presented correctly.

After the commissioner has heard you, your opposing party and any witnesses that may be present, the court can pass judgment. (The commissioner may also indicate that he will notify you of his judgment in writing at a later stage.)

Step 9

If the judgement is against you, you need to settle any order for costs that the court may make against you – such as the sheriff's costs.

If the judgement is given in your favour, the opposing party should pay you immediately if he has the money. If he can't, the court will look into his financial position and make an order for him to pay it off. Should he still not comply, the matter is transferred to the magistrate's court – and you will probably need a lawyer to take it further.

For more information ...

Find out where your nearest Small Claims Court is by asking at the Magistrate's Court in your area, or look on this website: www.lawinfo.org.za/courts/claims.asp

Bank Charges Tip for Consumers

It is important for consumers to understand the different service fees charged on their accounts

- Cash withdrawals have service fees
- Unpaid debit orders have a service fee
- Returned cheques have a service fee
- Debit orders and stop orders have service fees

Tips on how to save on bank charges

- Withdraw cash at the ATM rather than at a teller
- Withdraw at own bank instead of Saswath machines to save on costs.
- Withdraw one large amount to last for the week instead of smaller amounts

Tips on Relationship Building with your bank

- Build a relationship with your banker or service consultant
- Discuss all your credit needs and seek advice before entering into credit agreements
- Read the fine print on all documents before signing (terms and conditions)



NEDBANK

For more information and for free consumer education training contact the consumer education department on 011 295-5167(Wendy Selebi) or 100 295-3647 (Linda Botopela)

INFO & ADVICE

Kulungile ukusebenzisa umshwalense ukuvikela umndeni wakho

Umhlo wase Ngilandi owaduma kakhulu ngesikhathi sempi yomhlaba yesibili eyaphela ngonyaka ka1945, uWinston Churchill, wake waphawula ukuthi indoda engenawo umshwalense ukuvikela umndeni wayo, akundoda yalutho.

I National Consumer Forum (NCF) iyavumelana nalo mbono. Ngokusho kwabaholi be NCF, umshwalense ungadlala indima enkulu ekusizeni abantu base Ningizimu Africa ukugqeda ubuphofu, inani labantu abangasebenzi, ukuvikela amabhizinisi, ukufundisa izingane, ukugcina imali yomhlala-phansi nokunye okubalulekile ezimpilweni zethu.

Kufanele futhi sikhumbule ukuthi uMnuz Trevor Manuel, ungqongqoshe wezimali eNingizimu Africa, umezelele ukuthi kusukela ngonyaka ka2010, kuzobakhona i 'social security system' ezokwazi ukuvikela kakhulu abantu abampofu. Loku kukhombisa ngokusobala ukubaluleka komshwalense.

Inkinga enkulu yabantu abamnyama ezweni lethu, ukuthi iningi labantu elicishe lifike ku 18 million,

lihola imali encane kakhulu kanti futhi kunzima ukuthi kutholakale yonke imininingwane ephathelele nokuthi umshwalense usebenza kanjani nokuthi ungabasiza kanjani abantu bethu.

Loku kungase kushintshe maduzane nje. Emasontweni amabili edlule, izinkampani eziningi zomshwalense ezingamalungu enhlangano Life Offices Association (LOA), zimemezelele ukuthi zizoqala uhlelo olusha lokuthengisa umshwalense obizwa ngokuthi iZimela ezosiza kakhulu abantu abahola imali engadlulile ku R3000 ngenyanga.

Lesisinqumo sizosiza kakhulu ukunyusa inani labantu abanawo umshwalense ezweni lethu ngo 22% kuleminyaka engu 8 ezayo. Labantu bazokwazi ukuthi babenemali ezovikela imindeni yabo uma befa noma begula, ukukhokhela izingane ezikolweni, ukuvikela amabhizinisi abo nokuthuthukisa izimpilo zabantu abamnyama ezweni lethu.

Isinqumo salenhlango, noma sisihle, asiqalanga ngendlela efanele. Ngesikhathi simenyezela, kwavela ukuthi kuzoqalwa ngokudayisa um-

shwalense wokungcwaba. Kwathiwa abantu abamnyama bafuna lomshwalense kakhulu kuneminye.

UMongamele we NCF, uMnuz Thami Bolani, waphikisana kakhulu nalokhu. Wathi uma ephawula ngalendaba "akulona iqiniso ukuthi abantu bethu badinga ukungcwaba kuqala. Abantu badingi ukuphilisa imindeni yabo, ukufundisa izingane ezikolweni, ukubeka imali yomhlala phansi ngaphambi kwalokhu."

Eqhubeka ngalendaba, wathi "abantu bethu badinga ukuthi bakhulise izinga lempilo yabo nezizukulwane ezizayo. Lokhu kungenziwa kuphela uma sonke sizosebenzisa umshwalense ngendlela efanele, njengoba kwenza ezinye izizwe namanye amazwe omhlaba."

Lokho kusho ukuthi iNCF ifuna ukuthi abantu bazilungiselele kahle uma befuna ukuthenga umshwalense, baqale ngezinto ezibalulekile ukuze bakwazi ukuvikela kahle imindeni yabo. Okuhle ukuthi usizo ngalokhu luyatholakala mahhala ezindanweni eziningi njengasemahovisini eNCF nama Consumer Affairs Offices, akho-

na kuwo wonke amaprovinci.

Okunye okubaluleke kakhulu, okufanele ukuthi abantu bethu bakuqaphele ngaso sonke isikhathi, ukuthi abathengi banawo amalungelo avikelwa ngokomthetho uma bethenga umshwalense.

Lamalungelo athi abantu ngaphambi kokuthi bathenge kufanele baqiniseke ngalokhu okulandelayo:

- Umuntu othengisa umshwalense kufanele abe nesitifiketi sokuthi unalo ilungelo lokuthengisa nokuthi uqeqeshiwe;
- Kufanele iagent ikhombise umthengi ukuthi ikomishini yepholisi yomshwalense ingakani, bese umthengi uyayayina;
- Umuntu othengisayo kufanele kuqala ahlolisise isimo somthengi ngaphambi kokuthi amthengisele umshwalense. Umshwalense kufanele ukuthi ngaso sonke isikhathi ukwazi ukuxazulula izinkinga zomthengi;
- Umthengi kufanele ukuthi athole engakapheli amasonto amabili idokumente yepolisi ebhalwa ngolimi

lwesingisi esifundeka kalula kanti futhi ekugcineni kubekhona isamari ebhalwe ngesintu.

- Lokhu kufanele ukuthi kwenzeke noma umuntu uthenga ipolisi ngocingo. Ngaphezu kwalokho, kufanele ukuthi leyo nkulumo yocingo igcinwe ukuze ibe irekhodi lekotraki phakathi komthengi nenkampani;
- Abathengi kufanele ukuthi batshelwe ukuthi amahovisi ezinkampani akuphi ukuze uma befuna usizo bakwazi ukulithola kalula;
- Izinkampani kufanele ukuthi zibe nama Call Centre azokwazi ukusiza abantu abadinga noma uluphi ulwazi ngamapolisi abo omshwalense.
- Okukugcina ukuthi abathengi kufanele bagcine kahle amapolisi abo, angalahleki. Amalungu omndeni kufanele ukuthi azi ukuwathola uma kukhona okwenzekayo. Ngaphandle kwe-polisi akulula ukuthola usizo uma usufuna imali yanoma yiphi ipolisi.

SHODDY WORK

Consumer Court finds construction company at fault

Written by: Thomas Thatelo for Gauteng Consumer Affairs Office

The Consumer Court, which is situated at the Department of Economic Development (DED), continues to fight unfair business practice and protect consumers. Among cases brought before the Court last year was that of Arthur David Hunt of Rynfield of Johannesburg who was fighting A-Team Construction (ATC), a Kempton Park-based construction business.

Hunt hauled ATC before the Court after being disgruntled with the shoddy work the construction firm did on his swimming pool. Hunt had contracted ATC to marbleite his pool. The whole job was quoted at R16 520.

The Court heard that on 13 September 2005 Hunt had deposited R 8 300 into ATC's bank account and the R8 220 balance two weeks later. Work on the swimming pool started at the end of the same month.

However, ATC's workmanship was found to be defective. Hunt noticed that there were three patches as well as stains on the bottom of the pool caused by a hosepipe. He also found that mosaics were not done around the weir and that ATC had stored the marblelite on the brickwork surrounding the swimming pool (Query: What damage did storing marblelite on surrounding brickwork do?).

On numerous occasions Hunt attempted to no avail to get ATC owner Michele Prinsloo to have the problem fixed. He even approached swimming pool specialists such as All Projects, Cemcrete and the South African Fiberglass Poolbuilders Association (SAFPA) for advice.

When SAFPA visited Hunt's premises on 20 March 2006 to inspect the pool, the following was revealed:

- three black marks in the centre of the floor in the shallow end caused by the hose pipe being dragged on the marble plaster.
- The marble plaster was to have been a sky blue finish, but was dark blue, light blue and white areas all over the walls and the floor.
- There were several areas where the marble plaster was very rough.
- The mosaics had not been applied correctly; they were not straight with the coping pavers.
- White cement that fell onto the floor of the pool had solidified.

Advocate Pitso, a Consumer Protector at DED, also spoke to Prinsloo. An agreement was reached that the swimming pool needed to be emptied, but Prinsloo never complied with that undertaking and did not even appear at the office of the Consumer Protector.

The court's verdict was yet another way that consumers got justice.

WHERE DO YOU GO WHEN YOU NEED TO COMPLAIN?

Consumer Affairs Offices

These are government agencies that offer a free service – they are part of the Department of Trade and Industry

Eastern Cape Tel: 040 609-3052 Fax: 040 609-3231	Free State Tel: 051 400-4700/4852 Fax: 051 400-9610	Gauteng Tel: 011 355-8117 Fax: 011 355-3017
KwaZulu-Natal Te: 031 310-5310 Fax: 031 310-5416	Limpopo Tel: 015 298-7071 Fax: 015 295-8750	Mpumalanga Tel: 013 752-3761/5 Fax: 013 752-3729
North West Tel: 018 389-5046 Fax: 018 889-5636	Northern Cape Tel: 053 832-2566/7 Fax: 053 832-2564	Western Cape Tel: 021 483-4235 Fax: 021 483-3483

These organisations and associations can also help answer your questions and hear your complaints:

Banks The Banking Adjudicator 0860 800 900	Furniture retailers The Furniture Traders Association 011 789-6770	Building companies The National Home Builders Registration Council 011 348-5700
Registered micro lenders The National Credit Regulator 0860 627 627	Unregistered micro lenders The DTI customer contact centre 0861 843 384	Appliances and products The Consumer Provincial Offices see table above
Blacklisting Credit Information Ombud 0861 662 837	Unfair competition Competition Commission 012 349-3200	Motor vehicles Retail Motor Industry Organization 011 789-2542 www.rmi.org.za