

ANNEXURE

CONSUMER STUDIES

More detailed information is given in this **Annexure** on topics where the information in textbooks is either outdated or inadequate. This should be used as an additional resource together with textbooks.

MANAGEMENT OF THE CONSUMER ROLE

Learning Outcome 1: Management of the consumer role

1.1 Investigation and evaluation of channels for consumer complaints

Channels for consumer complaints available in South Africa

- Dealers and manufacturers – first port of call
- Consumer organisations: Only SANCU and NCF need to be studied.
If the complaint was not resolved with the dealer or manufacturer, consumer organisations such as the:
 - South African Consumer Union (www.sancu.co.za) is a voluntary autonomous body that represents South African consumers. It aims to build up consumers' awareness of their rights, responsibilities and bargaining powers through education, information and protection. SANCU investigates certain non-legal consumer complaints or refers complaints to the Office of the Consumer Protector or the relevant Ombudsman's offices.
 - National Consumer Forum (www.ncf.org.za) is a volunteer association of people who are committed to the protection and promotion of consumer rights and interests in South Africa. The main function of the National Consumer Union is advocacy work, consumer education and research/surveys/testing. The NCF does not handle complaints but refers complaints to the department of trade and industry and other consumer complaints handling bodies. The National Consumer Forum published a list of organisations that can be contacted at <http://www.ncf.org.za/main.php?include=services/complain.html>
- Legal action
 - Small claims court for amounts not exceeding R12 000.
(<http://www.justice.gov.za/scc/scc.htm>)
 - Ordinary Magistrate's courts (also called District courts) can hear civil cases when the claims are for less than R100 000.
 - The High Court usually only hears civil matters involving more than R100 000. People who need to take legal action but cannot afford it may use one of the following:
 - Legal Aid Board (<http://www.legal-aid.co.za>)
 - Legal Resource Centre (<http://www.lrc.org.za>)

- Media:
All major media channels (such as newspapers, some magazines, some radio stations and some television programmes) have sections dedicated to consumer issues.

Claims for misleading descriptions in advertising and food labelling

Misleading descriptions in advertising:

Any person who believes that the content of an advertisement is untruthful, misleading or harmful in any way may lodge a complaint with the Advertising Standards Authority (ASA). This applies to advertisements in any media (<http://www.asasa.org.za/>)

Complaints regarding food labelling:

(Learners don't have to memorise this but must be aware of the different channels.)

Choose from the following routes:

1. The retailer at which the foodstuff was purchased
2. The manufacturer/packer/importer of the foodstuff (check the contact details on the label)
3. South African National Consumer Union (SANCU): 012 428 7122
4. National Government Consumer Affairs office: 0861 843 384
5. National Consumer Forum: 011 313 3237
6. The local inspector (contact the local municipality to enquire)
7. National Department of Health, Directorate: Food Control. The best person is Antoinette Booyzen (booyza@health.gov.za). The consumer should preferably submit a scanned colour label of the product in question together with the complaint in writing. Some labelling aspects fall under the jurisdiction of the Department of Agriculture or SABS/NRCS (National Regulator for Compulsory Specifications), in which case Department of Health might redirect you to them
8. Advertising Standards Authority (ASA) <http://www.asasa.org.za/Complaint.aspx>

In all cases, the complainant should remember that the matter has to be evaluated / investigated on its merit first before a ruling can be made.

How to complain:

- The National Consumer Union has published information on how to avoid complaints and how to complain on their website (www.sancu.co.za) This information can be found under the following headings:
 - Problems?
 - Avoid complaints
 - How to complain
 - Product specific
 - Service specific
 - Letters of complaint
- The National Consumer Forum published *8 habits of highly effective complainers* on their website. This can be found at <http://www.ncf.org.za/main.php?include=docs/publications/consumerfair/2005/vol1/complain.html>

The Consumer Protection Act

The Consumer Protection Act came into play on 31 March 2011.

Purpose

The Act not only provides consumers with protection against inferior service or dishonest marketing, it also protects them against harmful products.

A suggested summary of how the Act protects the consumer in some situations

- If you ordered goods online, the goods will have to be delivered at an agreed date, time and place. If not, you will be free to accept or cancel the agreement – it is your choice.
- If people do not have the ability to understand what is being sold to them, no one may sell them life insurance, funeral policies or anything else.
- You can demand that cell phone or credit-card companies, or anybody else that offer goods or services, do not contact you again.
- Contracts can no longer be renewed automatically. Suppliers are required to inform consumers when a contract has expired and to ask them if they want to renew the contract. They must also inform the consumers of possible price hikes.
- All possible product-related risks must be indicated e.g. airbags should carry a warning that if they are deployed they could cause children to suffocate.
- Companies may no longer charge consumers fees such as R5 or R10 an SMS to take part in competitions. They have to stick to standard network tariffs.
- Lay-buy promises must be kept e.g. if the store burns down or something else happens to your product the supplier is liable for the loss.
- “Voetstoots” or selling at face value is no longer applicable – the consumer has to be informed of all the defects including those that cannot be seen.
- Repairs: Companies have to provide you with an estimate for the work, which you must approve, and can not charge you more than that estimate. If more work is required above and beyond the estimate, they first have to get the go-ahead from you. Companies also can’t charge you for preparing their quote, unless you have agreed to that.
- Consumers will now be able to cancel a purchase made through direct marketing, which is when things are advertised to you directly, in person, in the mail, or electronically. You have 5 business days to change your mind. The company must be notified in writing and then they will have 15 days to pay you back in full. If the goods have already been delivered to you, you will have to return them before you get your money back. Suppliers may demand a reasonable cancellation fee if they suffer damage when a service is cancelled at the last minute.

Complain to: The National Consumers’ Commission, tel. 0861-843-384;

Fax: 012 394 2558; email: contactus@thedti.gov.za; postal address : Department of Trade and Industries, National Consumers’ Commission, Consumer Complaints, Private Bag X84, Pretoria 0001

1.2 The implication of taxes, interest rates and inflation on the management of available funds for acquiring food, clothing, housing and furnishings

Taxes

- Taxes are paid to the South African Revenue Service (SARS) <http://www.sars.gov.za>
 - Why South Africans have to pay tax:
The government needs the revenue from taxes to do its job. The state needs tax money to fund social and economic programmes, and to provide public goods and services, such as schools, universities, hospitals, clinics and roads, as well as defence and security.
 - The majority of the state's income is derived from income tax (personal and company tax). Nearly a third comes from indirect taxes, primarily VAT.
 - Every year (in February), the Minister of Finance presents the budget, which outlines the total government expenditure for the following financial year and the ways in which this expenditure will be financed.
 - South Africa has a residence-based system, which means residents are subjected to certain exclusions – taxed on their worldwide income, irrespective of where the income was earned. Non-residents are taxed on their income from a South African source.
 - Many different types of taxes are paid by South Africans and learners should know a short description (can be found on the SARS website) of the following taxes:
 - Capital Gains Tax (CGT)
 - Estate duty
 - Excise duty *
 - Income tax*
 - Pay As You Earn (PAYE)
 - Provisional tax
 - Transfer duty
 - Value Added Tax (VAT)*
- * indicates that more information follows.

Excise duty products are: Fuel/Petroleum products, tobacco products, beer, spirits, liquor products, wine and other fermented beverages. Other products include motor vehicles, electronic equipment and perfumeries.

South Africans pay income tax by submitting tax returns to SARS on the date given. Income tax returns are issued to registered taxpayers every year. The year of assessment for individuals covers 12 months, beginning on 1 March and ending on the final day of February the following year.

The Rates of Tax in respect of the 2011/2012 tax year are set out in the table below:
(Learners are not expected to remember figures, but must be able to interpret tables.)

Taxable Income (R)	Rates of Tax	
0–150 000	18% of taxable income	
150 001–235 000	R27 000 + 25% of taxable income above R150 000	
235 001–325 000	R48 250 + 30% of taxable income above R235 000	
325 001–455 000	R75 250 + 35% of taxable income above R325 000	
455 001–580 000	R120 750 + 38% of taxable income above R455 000	
580 001 and above	R168 250 + 40% of taxable income above R580 000	
Rebates	Value	Tax Threshold
Below age 65	R10 755	R59 750
Age 65 to below 75	R6 012	R93 150
Age 75 and over	R2 000	R104 261
Monthly Monetary Limits for Medical Aid Deductions		
Principal member	R720	
First Dependant	R720	
Each additional dependant	R440	

For example: For people who's salary falls in the tax bracket [R150 001 – R235 000], the R27 000 equals 18% of the first R150 000 they earn per year. They must also pay 25% tax on the amount they earn above R150 001.

Rebate means once your tax has been calculated, and you are below the age of 65, you don't have to pay the first R10 755 to SARS.

The tax threshold means that you only start paying tax when you earn more than the threshold amount, which is R59 750 for a person below age 65.

Value Added Tax (VAT):

VAT is presently levied at the standard rate of 14% on most supplies but there is a limited range of goods and services which are either exempt, or which are subject to tax at the zero rate.

Certain basic foodstuffs are zero-rated, provided they are not supplied for immediate consumption (that is, as a meal or refreshment). This means VAT is levied at a rate of 0%. These include the following: brown bread, brown- bread flour, hens' eggs, dried beans, maize meal, pilchards in cans, milk, cultured milk, milk powder and dairy powder blend, dried mealies and mealie rice, samp, fresh fruit and vegetables, lentils, rice, vegetables, cooking oil (excluding olive oil) and edible legumes and pulses, that is peas, beans and peanuts.

Property tax is not paid to SARS but to the local municipality.

SECTION B: FOOD AND NUTRITION

Learning Outcome 2: Knowledgeable Consumer Choices

2.1 Guidelines for the prevention and management of nutritional and food-related health conditions

- **HIV/Aids**

How to support the immune system through correct nutrition:

Reference for teachers: This information can be found in a publication by the Department of Health (2001) *South African National Guidelines on Nutrition for People Living with TB, HIV/AIDS and other Chronic Debilitating Conditions*, under the headings 'Supporting the immune system' and 'Nutrients and Immunity'. This can be found on <http://www.sahealthinfo.org/nutrition/sanational2.pdf>

- **The Glycaemic Index (GI) of food**

The best source of information on the GI of food is the GI Foundation: www.gifoundation.com. The World Health Organisation (WHO), the highest nutrition authority in the world, has recently stated that all people should eat a high-carbohydrate diet based on low Glycaemic Index (GI) foods.

- The Glycaemic Index (GI) ranks foods on a scale from 0–100, according to their actual effect on blood glucose levels. On the Index, glucose is taken as 100 since it causes the greatest and most rapid rise in blood glucose – all other foods are rated in comparison to glucose. The GI is a ranking of foods based on their actual effect on blood glucose levels instead of on assumptions and therefore it provides an accurate tool for regulating blood glucose levels.

High Glycaemic Index foods (GI 70+) cause a sudden, rapid rise in blood-glucose levels.

Intermediate Glycaemic Index foods (GI 55–69) cause a medium rise in blood-glucose levels.

Low Glycaemic Index foods (GI 54 or less) release glucose slowly and steadily into the bloodstream without over stimulating the pancreas to produce too much insulin.

- By using the GI concept, people with diabetes, people who suffer from low blood sugar (hypoglycaemia), and sportsmen may optimise their blood glucose control. By using the GI concept in combination with low-fat foods, blood pressure may be lowered and HDL-cholesterol (good cholesterol) may be increased. Following a low GI diet may also help with weight loss.
- GIFSA endorsement: The GIFSA specifications classify food products according to how suitable they are for use by people suffering from lifestyle diseases. Foods are rated according to their GI and their effect on overall health in respect of total fat, saturated fat, sodium, fibre and sugar content. The GIFSA logo is available in four different grades – green plus, green, orange and red, with different criteria for each grade. This grading has been approved by the Department of Health and Welfare. More details are available on the website of the GI Foundation.

It is not possible to know the GI of all foods; however, learners should know whether the foods listed in the table are low, intermediate or high GI. The GI of more than 600 foods is listed on the website of the GI Foundation.

Various sources differ on the GI of foods but the information in the table comes from the GI foundation and is scientifically correct

The GI foods generally eaten by many people

Food categories	Low GI	Intermediate GI	High GI
Breads, cakes and crackers	low GI breads (e.g. low GI seed loaf or low GI brown bread) Provita	bran muffin most rye bread croissant	white bread cakes Marie biscuits
Cereals and porridge	most all bran flakes	cooked oats porridge	Maltabella porridge mealie meal porridge Weetbix corn flakes
Dairy and dairy products	milk (full cream, low fat and fat free) buttermilk yoghurt	condensed milk ice cream	
Drinks and juices	apple juice Grapetiser Peartiser	Coke iced teas mango juice orange juice	Energade, sports or energy drinks litchi juice
Flour	digestive bran oat bran	rye flour	bread flour cake flour corn flour
Fresh Fruit	apples, berries, grapes, mangos, guavas, pears, peaches, plums	Apricot banana papaya pineapple	watermelon
Legumes	most beans have a low GI		
Sugars		brown, white and icing sugar	
Starches	brown and white rice, cooked green mealies sweet corn	Couscous basmati rice	samp most potatoes
Vegetables	aubergines, cooked butternut, cabbage, cauliflower, carrots, cucumber, gem squash, green beans, onions, spinach, fresh tomato	Beetroot marogo	cooked pumpkin green beans with potato

3.1 Identification of a consumer issue related to the impact of the selection and use of food on the natural or economic environment, and the suggestion of a strategy for addressing the issue

Food labelling (Summary of document from the Dept of Health)

South Africa's new regulations relating to the labelling and advertising of foodstuffs have become law, with Regulation R146 published in the *Government Gazette* of 1 March 2010, with a few amendments that were published on 19 November 2010 as R1091/2010. These regulations control the sale, manufacture and importation of all foodstuffs within South Africa. This Act is administered by the Department of Health.

It focuses on several strategies to improve public health through healthy food choices. It plays a role in assisting consumers with reliable label information to make informed choices about healthier food options because healthier food choices are an integral part of a healthy lifestyle.

Only the less complex and controversial aspects of the intended regulations have been published, while several other issues are on hold pending further developments, reports and scientific data.

Information for the teacher: The regulations and their backing guidelines can be downloaded from <http://www.doh.gov.za/departments/index.html>. Click on 'Legislation' on the orange tool bar or Google: Food Control AND South Africa.

Summary of some aspects of the Regulations relating to the labelling and advertising of foodstuffs

Information on labels

- Information that appears on any label must be in English and, where possible, in at least one other official language of the Republic of South Africa.
- Information must be clearly visible, easily legible and indelible and the legibility thereof must not be affected by pictorial or any other matter, printed or otherwise.
- The name of the foodstuff must appear on the main panel of the label in letters not less than 4 mm in height, unless a smaller size of lettering is permitted by the regulations.
- Where the name is not a proper description of the foodstuff, the name must be accompanied by an appropriate description, for example:
Name: SKIPPY
Crunchy peanut butter (Description is essential to qualify the name in order to inform the consumer about what type of product SKIPPY is)
- The pictorial representation on the label or any advertisement of a foodstuff may not be presented in a manner that is false, misleading or deceptive.
- The name and physical address of the manufacturer, importer or seller.

- Instructions for use of a foodstuff, where it would be difficult to make appropriate use of such foodstuff without such instructions.
- The list of ingredients (including the use of herbs, spices and additives sold as such) must be listed in descending order of mass as present in the end product under the heading 'Ingredients'
- Any additive which is added for or used in a foodstuff must be indicated in the list of ingredients and may in most cases be indicated by the name of the category. However, the yellow colourant 'Tartrazine', preservatives and anti-oxidants (as additives) shall be listed both by their chemical names as well as their technological functions.
- Where a product or its packaging material contains any common allergen, its presence must be indicated. Common allergens are egg, cow's milk, crustaceans and molluscs, fish, peanuts, soybeans, tree nuts and any significant cereals, as well as ingredients derived from these foodstuffs that have retained its allergenicity in the final product. Significant cereal means any one of the following cereals: wheat, rye, barley, and oats.
- Special storage conditions, where applicable. Words that indicate the appropriate storage instruction before and after opening, must appear in bold font, upper-case letters not less than 3,0 mm in height on the label.
- The net contents of the container
- Country of origin: The country of origin of a foodstuff must be declared.
- Batch identification: A container of a foodstuff shall be clearly marked with a batch number in such a way that the specific batch is easily identifiable and traceable.
- Date marking: The date must be preceded by appropriate words 'best before' and/or 'use by', and/or 'sell by', depending on the nature of the product. The date must be in the order: 'Day-Month-Year'.
Some foodstuffs are exempted from a date of durability, e.g. alcoholic beverage, chewing gum, sugars, fresh fruits and vegetables which have not been peeled or cut, processed meats such as biltong and dried sausage which have not been pre-packed, honey, vinegar, ready-to-eat flour confectionary and unprocessed, unpacked fish, meat and poultry.
- Nutritional information: When any nutrition claim (nutrient content claim such as low fat or source of fibre or high in Vitamin C or a comparative claim about a certain nutrient such as light in alcohol or lower fat) is made, the nutritional information, containing the following, must appear on a label:
 - The heading 'Typical nutritional information'
 - An indication of the mass or volume of a single serving
 - The nutritional information as prescribed in the Regulations

For example, a "low fat" claim can only be made if the food product contains a maximum of 3 g fat per 100 g.

Prohibited statements

The following information or declarations must not be reflected on a label or advertisement of a foodstuff:

- Words, pictures, marks, logos or descriptions which create an impression that such a foodstuff is recommended by a health practitioner or organisations (excluding religious certifying organisations), unless approved
- An endorsement of a manufacturer or seller in the form of a logo, mark, symbol, written or verbal statement regarding the nutritional or safety properties of the foodstuff
- The words 'health' or 'healthy' or other words or symbols implying that the foodstuff has health-giving properties
- The words 'wholesome' or 'nutritious' or any other words with a similar meaning in any manner including the name and trade name
- A claim that a foodstuff provides complete or balanced nutrition in any manner including the name and trade name
- The word 'cure' or any other medicinal claim

Negative claims

No claim, declaration or implication may be made on the label of a foodstuff that such foodstuff -

- Alone possesses a particular characteristic, property or substance when in fact similar foodstuffs in the same class or category also possess the same characteristic, property or substance
- Is free from a particular characteristic, property or substance when in fact similar foodstuffs in the same class or category are also free from the same characteristic, property or substance

Misleading descriptions

- Statements to the effect of being 'fresh', 'natural', 'nature's', 'pure', 'traditional', 'original', 'authentic', 'real', 'genuine', 'homemade', 'farmhouse', 'hand-made', 'selected', 'premium', 'finest', 'quality' or 'best' or any other words or pictures shall be permitted only if compliant with stipulated criteria.
- Food products that were frozen and then thawed for subsequent sale shall not be labelled 'fresh' and must indicate the words 'previously frozen'.

Comparative claims

No claim which compares the total fat, saturated fat, cholesterol, sugar, sodium or salt, energy value or alcohol level of two or more similar foodstuffs by using the following words: 'reduced', 'less than', 'fewer', 'light', 'lite' can be made on the label or in an advertisement of a foodstuff.

Exemptions

Certain foodstuffs are exempted from any labelling requirements such as fresh fruits and vegetables.

SECTION C: CLOTHING

Learning Outcome 2: Knowledgeable Consumer Choices

2.3 Application of clothing theory to the selection of clothing for the world of work

- **Wardrobe planning for the world of work**

Characteristics of a functional wardrobe for the world of work:

- Fits your personality, figure type and working activities, including social occasions that form part of your work responsibilities.
- Ideally a different outfit for every day of the week.
- Clothes are suitable for your work situation and reflect the image of the company you work for.
- Clothes are comfortable and pleasurable to wear.
- Best quality that you can afford.
- A core of basic, classic styles in neutral colours.
- Items can be mixed-and-matched / co-ordinated in terms of style, colour and texture.
- More tops than bottoms (3-5 tops for every one bottom)
- About 70-80% plains and 20-30% prints.

Fundamental items for a woman's basic wardrobe:

Bottoms (skirts or pants): Two in basic colours, e.g. black and grey

Tops: Three, two plain and one printed

Jackets: One to match both bottoms

Shoes: One pair to wear with pants and skirts

Fundamental items for a man's basic wardrobe:

Trousers: Two in basic colours, e.g. charcoal and grey

Shirts: Three, two plain and one striped

Jackets: One to match both bottoms

Shoes: One pair, black

SECTION D: HOUSING

Learning Outcome 2: Knowledgeable Consumer Choices

2.5 The financial and contractual responsibilities of the occupants of different housing options and the different role-players in accessing housing

- **Different housing options: Buying**

The transfer process

South Africa has implemented a law (Financial Intelligence Centre, also referred to as FICA) that is designed to combat money laundering, which is the abuse of financial systems in order to hide and/or disguise the proceeds of crime. In terms of FICA, all accountable institutions (such as banks) have specific duties to help prevent money laundering and buyers will have to submit some documentation to prove that they are who they say they are.

The Transfer Process	Buyer Seller Estate Agent
<u>The Sale Agreement:</u> The Deed of Sale (Offer to Purchase/Sale Agreement) is a binding contract signed by the Buyer and Seller. In the case of a private sale, a conveyancer (attorney) is consulted to draw up the Agreement.	Estate Agent ensures that the parties understand the terms of the Agreement before signing. Seller appoints the Transferring Conveyancer.
<u>Suspensive Conditions:</u> These must be fulfilled before the Transfer Process can begin. The most common conditions are the securing of a bond by the buyer, or the conditional sale of another property. If these are not fulfilled, the sale will lapse.	Buyer secures the bond (if required) Buyer/Seller/Estate agent supplies the conveyancer with FICA requirements.
<u>Cancellation of the Existing Bond:</u> If the Seller has an outstanding balance on his bond, the amount due will be settled on transfer, and the bond cancelled. The Seller's bank appoints a conveyancer to attend to the cancellation of the bond.	Seller advises the bank to cancel the existing bond. Seller pays bond cancellation costs.
<u>Registration of a New Mortgage Bond:</u> The Sale Agreement specifies a time period in which to secure a bond if required. Should the suspensive condition not be met, the sale lapses. The bank granting the bond appoints a conveyancer to register the bond. The Buyer's bond will be registered on transfer.	Buyer signs the bond documents. Buyer pays the bond registration costs.
<u>Transfer of Property:</u> Once all the documents are signed and costs paid, the transfer, bond and cancellation documents are prepared for lodgement at the Deeds Office.	Seller and buyer sign the transfer documents. Buyer pays transfer costs.
<u>Registration:</u> Once documents are lodged at the Deeds Office they are examined. This process takes approximately 10 working days. If all in order, the Transferring Conveyancer, the Bond Cancellation Conveyancer and the Bond Conveyancer can register. This must happen simultaneously.	The property is registered in the Buyer's name. Seller's bond is cancelled. Buyer's bond is registered. Estate Agent receives commission.

- **Finances related to buying a house**

- **Transfer duty**

- Transfer duty on property purchases concluded on or after 23 February 2011 is structured as follows:

- R0–R600 000,00 – Exempt from transfer duty

- Above R600 000,00 - Transfer duty is paid on a sliding scale.

- **Contracts**

- General information regarding contracts

- A contract is an agreement between two or more persons older than 18 years, which can be verbal or written
 - People who enter into an agreement are called the parties to the agreement.
 - A contract lists all the things that parties agree to. They are called the terms and conditions.
 - If the contract is broken (breach of contract), you can demand that the money you have spent be paid back.
 - Your responsibility in a contract is to fulfil the commitments or obligations contained in the agreement and you must respect the other person's rights.

- For a contract to be valid, it must meet certain general requirements:

- The parties (e.g. buyer and seller) must have the capacity to enter into an agreement of this nature (they must be of legal age and of sound mind)
 - The parties must agree about the contract
 - The contract must be lawful
 - Performance (payments) in terms of the contract must be possible
 - The contract must comply with the prescribed legal formalities. For instance, the document must be correctly signed, initialled and witnessed.

- What to do before signing a contract:

- Contracts are legally binding documents and therefore you should read every detail and clause (including the small print) carefully to make sure that you fully understand and agree to all the conditions before signing the contract. You need to know exactly what you are signing.
 - If you are unsure or unsatisfied about any aspect of the document, discuss the contents with a professional, unbiased third party.
 - Delete clauses that are not applicable.
 - Make any changes to the agreement in writing on the document.
 - Cross through any blank spaces, so that no one can add something to the document after it has been signed.
 - Both parties must initial all alterations and deletions and also initial each page at the bottom to indicate that they both understand and agree to the contents of the entire document.

- **Financial implications of running your own home**

- Water, electricity, refuse and sewerage accounts must be paid (responsibility of the person living in the home, whether it is the owner or a tenant)
- Paying rates and taxes to the municipality (responsibility of the home owner)
- Security costs such as an armed-response company
- Maintenance (responsibility of the owner)
- Home owner's insurance (responsibility of the owner)
- Household insurance is to insure the contents of the home, for example, furniture and electrical appliances (responsibility of the owners of the goods)
- Bond repayments (owner of the house) or rent (tenant)
- Mortgage (bond) protection insurance (owner of the house)

- **Different role-players involved in the acquiring of housing**

Only about 30% of households in South Africa qualify for mortgage bonds from the formal banking sector to assist them in acquiring housing.

Following the appointment of a new administration in May 2009, the name of the Department of Housing was changed to the Department of Human Settlements. The aim is to transform the country's residential areas and build communities with closer access to work and social amenities, including sports and recreational facilities. The Department of Human Settlements determines finances, promotes, coordinates, communicates and monitors the implementation of policy for housing and human settlement.

Rental housing for the poor

The department has formulated an affordable rental-housing programme for people in the low-income bracket who may live in housing arising out of:

- Public-sector hostels provided for the purposes of housing migratory labour in the previous dispensation
- Municipal rental stock
- New high-rise housing stock

National Institutions

Government has established national institutions to facilitate the specific housing and housing-related needs of the market, in addition to the role provincial governments and municipalities play.

The institutions are:

National Home Builders Registration Council (NHBRC)(www.nhbrc.org.za)

National Housing Finance Corporation (NHFC) (www.nhfc.co.za)

National Urban and Reconstruction Agency (NURCHA)(www.nurcha.co.za)

Rural Housing Loan Fund (RHLF) (www.rhlf.co.za)

Social Housing Foundation (SHF) (www.shf.org.za)

Housing Development Agency (HDA) (www.thehad.co.za)

(Learners do not have to know details about these institutions; they only need to know that they exist)

Government Housing Subsidies

A Government Housing Subsidy is a once-off grant by Government to qualifying beneficiaries for housing purposes. The grant is not paid in cash to beneficiaries and does not have to be paid back. The grant is either paid to a seller of a house, or in new developments, the grant is used to construct a house that complies with the minimum technical norms and standards, which is then registered in the name of the beneficiary in the Deeds Office.

Housing grants are also used to finance the provision of rental accommodation. Rental housing units are provided by approved housing institutions that also manage and maintain the units.

Applicants for the Housing Subsidy must satisfy the following qualifying criteria:

- You have to be a South African citizen
- You must be competent to contract (i.e. over 18 years of age and of sound mind)
- Not yet benefited from Government funding
- First-time property owner (an applicant or his/her spouse may not have owned and/or currently own a house)
- Must be married or live with a partner or be single and have dependents (parents and/or children you are responsible for)
- You must have a total household income of less than R3 500 per month

A housing subsidy will only be approved if the application form is correctly completed and all the required documents submitted to the housing section of the local municipality or the Provincial Department responsible for Human Settlements in the province.

People who apply for a housing subsidy must remember the following:

- They will only ever get one housing subsidy so they must use it wisely
- The names of both partners go on the data base. If you split up with your partner you will not get another subsidy with your new partner

Different types of housing subsidies are available (Learners need not know the different types of subsidies)

2.6 Comparison and evaluation of the choice of household equipment, and explanation of the contractual responsibilities in buying furniture and household equipment

Points to keep in mind when selecting household equipment:

- Impact on the environment: energy and water efficiency
 - Energy efficient labelling and rating
 - Class A+ excellent
 - Class A–C good
 - Class D average
 - Class E–G poor

- Calculation of the average operating cost for any electrical appliance:
 $\text{Watt}/1\ 000 = \text{kW} \times \text{hours of operation} = \text{kWh} \times \text{kWh rate} = \text{cost}$
 $\text{Volt} \times \text{amp} = \text{watt}$
 - Saving money and time
 - Purchase price
 - True cost
 - Operating costs
 - Reliability of the dealer
 - Materials, construction and special features
 - Easy to use
 - Ease of cleaning
 - Safety
 - Your needs (size)
 - Available space
 - How the item is rated in consumer comparison studies
 - Quality
 - Warranty/Guarantee

The financial and contractual responsibilities when buying furniture and household equipment

Relevant contracts

When buying on credit, using instalment sale, accounts or lay-buys, a contract with the retailer must be signed. The contract is a legal document and both parties should honour it. A contract should be read in detail before signing it. The Credit Agreement Act states that all credit agreements must be in writing and signed by both the purchaser and the seller on every page.

A credit agreement contract must contain the following details:

- The names and addresses of both the buyer and seller
- An accurate description of the item bought
- The cash price and other charges, such as finance charges and insurance, that make up the total price of the item
- The deposit that the purchaser must pay
- The amount of each instalment, including the last instalment, and the day of the week or month by which it must be paid
- The condition that ownership stays with the seller until the buyer has paid the full price of the item.

2.7 Investigation and reporting on the following issue

Waste control and recycling of household waste

Our growing population, urbanisation and industrialisation have resulted in sharp increases in the volume of waste generated by people.

- Problems created by waste (it is ugly, pollutes the air, soil, rivers and ground water, creates health hazards and fills up landfill sites)
- Benefits of controlling waste:
 - Conserves valuable resources such as minerals, energy, trees, petroleum and landfill sites
 - Saves money
 - Reduces the impact on the environment as fewer areas are affected by landfill sites and less fossil fuels need to be burnt for energy, thus reducing the release of greenhouse gases and other pollutants
- The three R's of waste control and ways to achieve them:
 - Reducing waste
 - Reusing waste
 - Recycling waste
 - Benefits of recycling
 - What can be recycled
 - What cannot be recycled
- Composting waste

SECTION E: THEORY OF PRODUCTION

Learning Outcome 4: Production and marketing of Food, Clothing and Soft Furnishing Products

4.1 Application of theoretical knowledge to produce quality marketable products

- **Important issues for the efficient production of products for marketing**
 - **Adhering to specification and standardisation**
Product specifications are the standards that must be maintained in making a product. Product specifications include: A description of the product, raw materials, instructions for the production of the product, time schedule, criteria for quality control.
Important: Following clear specifications ensures that each item is as much like the original as possible, thus ensuring consistent quality and customer satisfaction. Waste is also prevented.
 - **Quality control**
Quality means that a product is of a particular level of excellence or standard. Quality control should be built into each process (buying raw materials, storing, production, packaging, labelling, and presentation of the product all in context of the home). A quality system involves the following:

Detailed specifications (such as a good standardised recipe), testing of raw materials, corrective procedures, final inspection.

Standardisation and quality control to ensure quality products

- **Quality of packaging**

- Functions of packaging: Reduce waste, give information, make product easier to handle, transport and store, improve hygiene, advertise the product
- Packaging requirements: Safe, strong, hygienic, attractive, easy to handle and transport, convenient, informative, see-through, airtight or waterproof if necessary, able to keep its shape, suitable for product and target market
- Packaging materials: metal, glass, plastic, paper and card
- Important elements in the designing of packaging: Colour and pictures, economical, ease of opening and usage, speed of packaging, environmental concerns (prevent over-packaging, use recycled materials or materials that can be recycled), clear and accurate information.

4.2 Implementation of a plan for the production and marketing of a product

- **Entrepreneurship**

What is an entrepreneur?

- A person who starts and manages his / her own business.
- A person who recognizes business opportunities, has the courage to seize them, and the ability to manage them.
- A person who sells or produces products or services, in order to make a profit.

Some qualities of a successful entrepreneurs

- Confident
- Optimistic and positive
- Creative: The ability to think of new, original ideas and generate innovative ideas and products.
- Good at identifying opportunities.
- Responsible: Entrepreneurs are people who do not take foolish risks. They examine business opportunities intelligently and weigh up the risks involved before reaching a decision.
- Hardworking and energetic: As long hours and hard work are usually needed when starting a business, having more energy than the average person is often required to achieve business success.
- Business know-how: An understanding of how to manage and run a business. (Accounting, marketing, advertising, etc.)
- Good organisational skills
- Good management skills: How to put the right people together to do a task.
- Good human relationship skills: Good communication, motivation and leadership skills
- Technical competence: Know how to do the job.

Reasons why some entrepreneurs fail

- Lack of management skills.
 - Poor decision-making
 - Lack of experience in the field of his / her business
 - Poor business knowledge
 - Poor technical skills
 - Shortage of capital – starting the business with too little money
 - Customer credit
 - Over investing in premises, equipment, etc.
 - Poor planning
 - Stock shortages
 - Attitudes – success requires hard work
 - Poor ethics – dishonesty
- **Finding a business idea (choosing a product)**
 - Offer real value
 - Be different
 - Don't be too different
 - Check the availability of raw materials
 - Have a competitive edge

4.3 Evaluate the sustainable profitability of the enterprise

The following formulas could be used to do calculations:

Selling price = production costs + profit

Production costs = cost of materials + overheads

Summary of what must be done to ensure a sustainable and profitable business:

1. Ensure the product meets the customers' needs or wants.
2. Keep costs as low as possible without sacrificing quality.
3. Make sure customers enjoy all their contact with the business
4. Every aspect of the business must be planned methodically and the plan should be adhered to as far as possible.
5. Draw up budgets. Compare budgeted figures with the actual figures and take corrective action where necessary.
6. Keep up to date with the latest techniques and technology.
7. Know the competitors and have a competitive advantage over them.
8. Ensure that an acceptable profit is being made.