

TRADE AND INDUSTRY PORTFOLIO COMMITTEE BRIEFING ON 2015-16 QUARTER 2 FINANCIAL AND NON- FINANCIAL PERFORMANCE

Adv Rory Voller
Acting Commissioner
18 November 2015



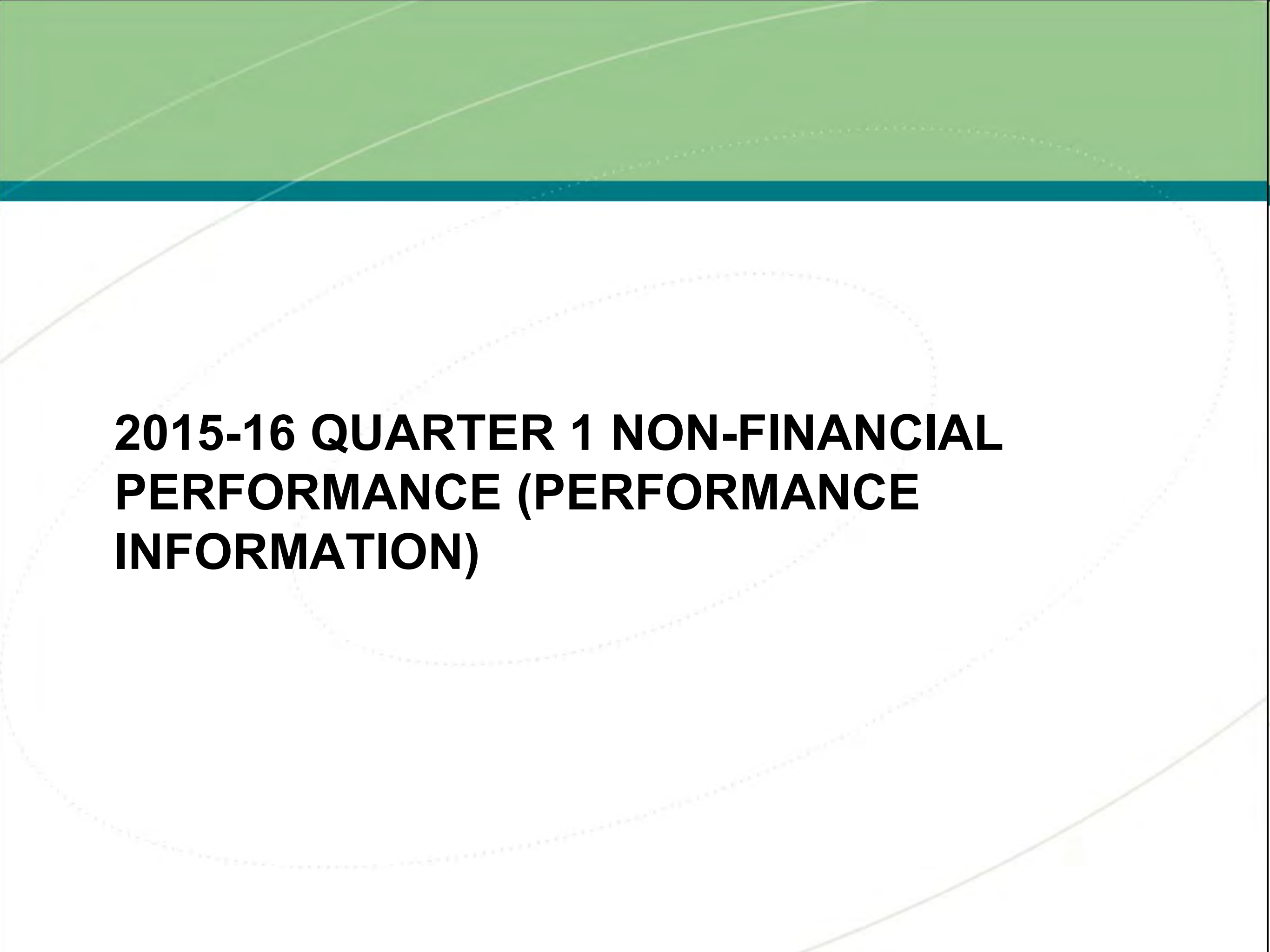
Purpose

To brief the Portfolio Committee on:

- 2015-16 Quarter 2 Financial and Non-financial Performance.



2015-16 QUARTER 1 FINANCIAL PERFORMANCE



**2015-16 QUARTER 1 NON-FINANCIAL
PERFORMANCE (PERFORMANCE
INFORMATION)**

2015/16 Focus

For the period 2015/16, CIPC planned to focus on the following:

- Enhancing on the first phase of the CIPC modernisation initiative;
- Enhancing accessibility of CIPC services by refining its existing partners, re-introducing a call centre and increasing education and awareness; and
- Improving basic compliance through education and awareness, monitoring, enforcement and compliance efforts.

A total of 16 Performance indicators/measures and targets were set and are monitored on a quarterly basis.

The slide features a green header at the top, a teal horizontal bar, and a large, faint dotted oval graphic in the center. The text 'MODERNISATION PROGRAMME' is centered in a bold, black, sans-serif font.

MODERNISATION PROGRAMME

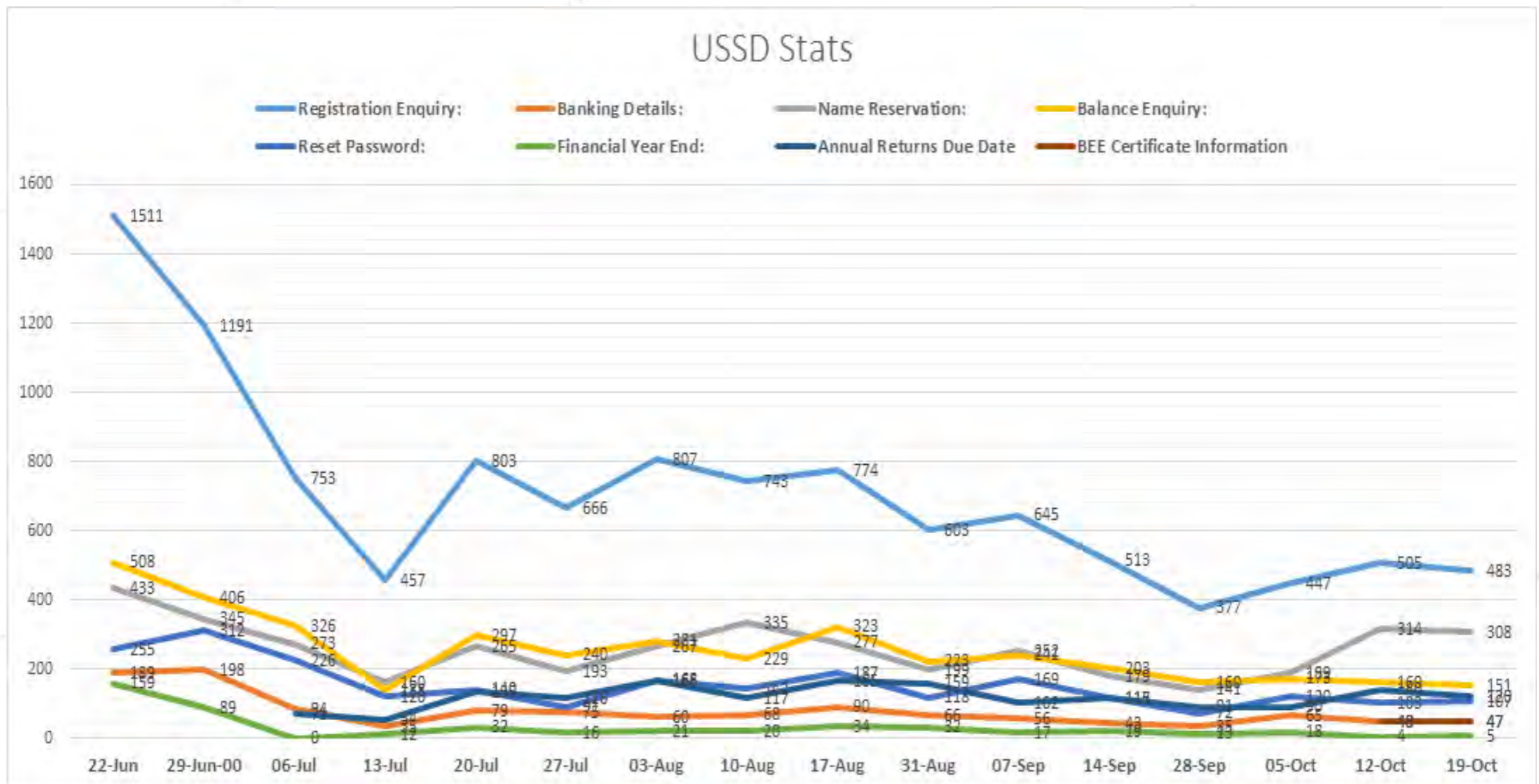
E-services and Collaboration

CIPC Business Intelligent Services Group (BISG) continues to set the ground work for modernization.

- E-service development, system testing for services such as Self Service Terminals (SSTs) is continuing.
- Continued improvement on scan indexing and image functionality
- Third party model development and testing
- Stabilising and enhancing the new automation portals/Services
- Launch of the Central Suppliers Database with National Treasury and SARS
- This also includes setting up integrated services with the South African Revenue Services (SARS), Standard Bank, ABSA and Nedbank

USSD

The use of the USSD function is continually monitored showing great results in service utilization.



BEE certificates

CIPC is the sole issuing authority of BEE certificates for Exempted Micro-Enterprises

Month	Company Registration	Annual Returns	Total
September 2014	100	0	100
October 2014	209	4	213
November 2014	65	0	65
December 2014	0	0	0
January 2015	1052	105	1157
February 2015	863	191	1054
March 2015	1515	306	1821
April 2015	980	300	1280
May 2015	1832	399	2231
June 2015	1443	464	1907
July 2015	1928	623	2551
August 2015	1690	530	2220
September 2015	1568	605	2173
October 2015	1649	787	2436
November 2015			0
December 2015			0

TOTAL

19208

On-line transactions

The table below also shows the percentage of on-line transactions over time on some of the core processes.

Service	% of on-line transactions in 2013/14	% of on-line transactions in 2014/15	% of on-line transactions in 2015/16 Q1	% of on-line transactions in 2015/16 Q2
Company Registration	81%	91%	94%	94%
Director changes	Not measured	80%	83%	91%
Trade marks applications	49%	93%	95%	95%
Patent applications	9%	48%	79%	77%
Designs applications	8%	28%	41%	28%
Copyright in film applications	14%	97%	97%	100%

New Automations

Names Automations

submitted from July – September: Q2

Total Number approved	101 263
Approved Automatically	33 579
Approved by Back Office	67 684

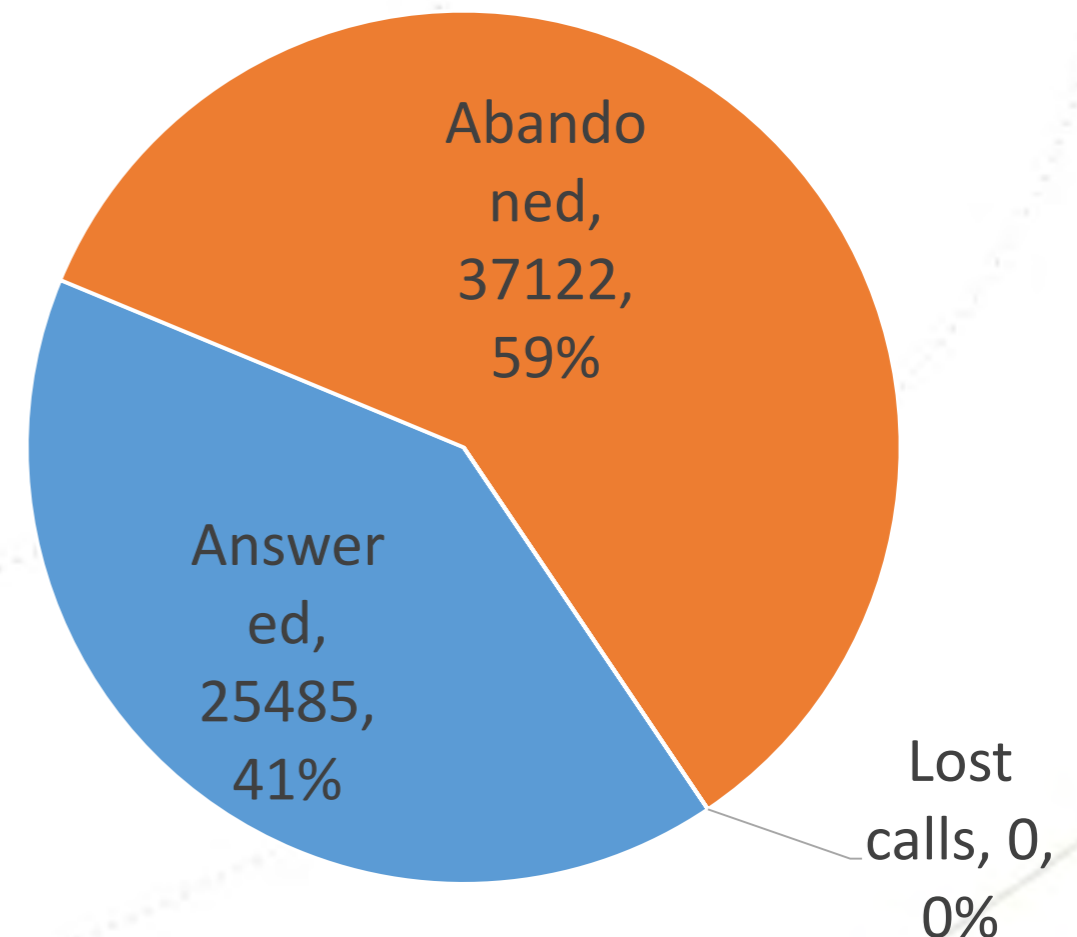


ACCESSIBILITY TO CIPC SERVICES

Call centre

- The call answering rate for Quarter 2 was 41%. This is an improvement, compared to Quarter 1 which was 21%.
- The call Centre Manager has also been appointed to ensure that there is adequate progress in the Call Centre
- CIPC continues to capacitate the call centre with additional recruitment and system enhancement

Q2 Total and % of calls answered, abandoned and lost
Q2 - Jul to Sep 2015



Webinars and Information Sessions

Webinar stats

Topic of discussion	Date	Number of attendees
Memorandum of Incorporation and Special Resolution	21 July 2015	851
New Company and Name reservation	13 August 2015	352
E-services and Close Corporations	17 September 2015	551

Information sessions

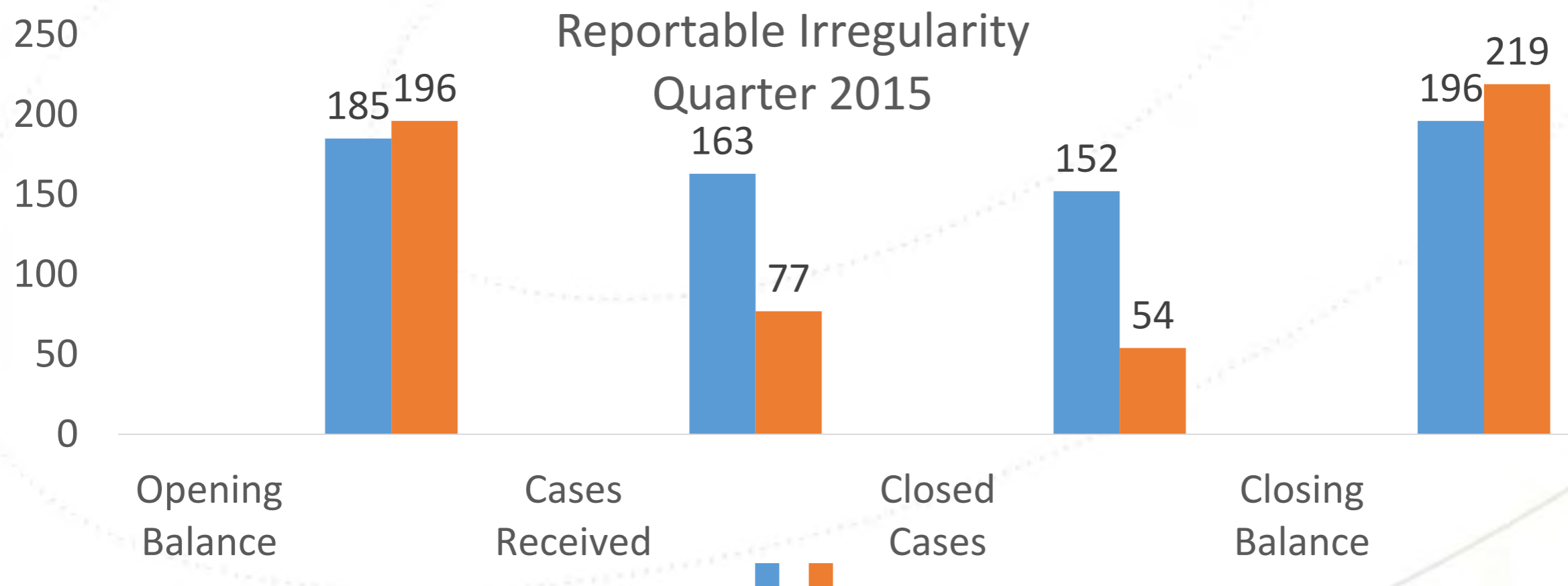
Topic of discussion	Date	Number of registrants
E-Services, MOIs, Query resolution	7 July 2015	127
IP Compliance, Company registrations	5 August 2015	158
E-services and Close Corporations	10 September 2015	94



IMPROVING COMPLIANCE

Reportable irregularities

The graph demonstrates matters received by CIPC and matters closed for various reasons in the past two quarters. Reasons for closure vary from entities which will have complied with our notice of intention to investigate; entities being liquidated; deregistered and or matters which will have been referred to other entities. With investigations being dependent on the response from the entity being investigated, the number of cases being closed varies from quarter to quarter.



Reportable irregularities reported by Independent Reviewers

Reportable irregularities reported by Independent Reviewers are not showing any increase and this could be attributed to the industry still being new under the Companies Act, 2008 and the need for increased education efforts.

	Q1	Q2
Opening Balance	0	9
Allocated (New)	11	7
Liability Exceeds Assets	0	2
Financial Assistance	0	2
VAT Tax Return Not Declared To SARS	1	1
Other	1	1
Total Closed	2	6
Closing Balance	9	10

Prospectus Registration

There is very low activity in this area due to the dependence by the market or industry in offering shares to the public as an activity which is beyond CIPC control. However, the transactions registered are from high impact industries such as the property development and financial services sectors.

	Q1	Q2
Draft	3	5
Final	2	3
Pending	3	2



OTHER KEY ACTIVITIES

Business Rescue

Operational BR Proceeding Applications	2011 - 2012	2012 - 2013	2013 - 2014	2014 - 2015	2015- 2016	total
Business Rescue Proceedings Started	384	446	411	414	256	1911
Invalid filings	59	23	21	40	6	149
Business Rescue Proceedings Ended	289	244	194	103	8	838
CoR125.2	65	81	60	36	3	245
CoR125.3	65	86	70	17	0	238
Liquidation	50	45	43	25	2	165
CO_Set Aside BR	3	8	2	2	0	15
Nullities (Proceedings started but was declared a nullity)	106	24	19	23	3	175
Active as at 30 September 2015	95	202	217	311	248	1073
Active as at 30 June 2015	96	201	217	314	97	925
Active as at 31 March 2015	102	207	230	344	N/A	883

From the 1911 cases (invalid filings are not included since the proceedings never commenced) for which business rescue proceedings commenced:-

- 175 proceedings became a nullity in law;
- 245 proceedings was terminated by way of filing a Notice of Termination (CoR125.2);
- 238 proceedings was substantially implemented by way of filing a Notice of Substantial Implementation (CoR125.3);
- 165 proceedings ended up directly in liquidation without a Notice of Termination (CoR125.2) being filed;
- 15 proceedings the court set aside the business rescue proceedings; and
- 1073 proceedings is still in business rescue.

Human Capital

Recruitment – critical vacancies

- Patent searches
- Trade Mark Examiners
- Divisional Manager – Risk, Compliance and Governance
- Executive Manager – Business information and Systems
- Executive Manager – Corporate Services
- Divisional Manager – Human Capital

People Transformation Issues

- Staff sessions across divisions continued.
- Reports from this process were submitted to the CIPC Transformation Task Team which is independently chaired
- CIPC Transformation Task Team continues dealing with pertinent issues in order to create a stable labour environment namely Matching and Placing, Salary Disparities, Establishment of the CIPC Bargaining Forum, Policies



PERFORMANCE INDICATORS

Overall KPI Performance

For this quarter (Quarter 2), 88% (14/16) of the targets were met.

Detailed information on the actual achievement is outlined in the next slide.

Programme 1: Business Regulation and Reputation

Output	Performance Measure or Indicator	Annual Target	2nd Quarter milestones	Actual Achievement	Reason for Variance	Corrective Action
GOAL 1: Improve the competitiveness of the South African business environment						
Strategic Objective 1.1 Encourage the formalisation of South African businesses and their identity						
Reduction in the average number of days to register a company from the date of receipt of a complete application	The average number of days to register a company from the date of receipt of a complete application.	6	6	2	The achievement was a result of constant daily monitoring of the system and lodgement queues (online).	These strategies will continuously be applied to remain with target.
Reduction in the average number of days to register a co-operative from the date of receipt of a complete application.	The average of the number of days to register a co-operative from the date of receipt of a complete application.	15	15	2	Daily norms are set for each staff members and incentives for all staff members that reach and exceed their daily norm. Teamwork is another strategy that ensure achievement of set targets.	These strategies will continuously be applied to remain with target.
Strategic Objective 1.2 Encourage the maintenance of high standards of corporate governance, transparency and brand protection						
Companies with an "active business" status that have filed annual returns by the reporting period (year to date)	% of companies with an active business status that have filed annual returns by the end reporting period (year to date)	55%	30%	41%	Annual Return and USSD campaign were run encourage compliance.	N/A
Maintain the average number of days to issue an application number for a trade mark from the date of application	The average number of days to issue an application number for a trade mark number from the date of application	3	3	2	To clear the master e-filing queue every morning 1 st thing is made a priority, thus the applications lodged on a day will be processed very early in the morning of the following day.	The applications will continue being managed in this way. System problems will be addressed urgently should they arise, so it doesn't cause delays to ensure that the 3 day service standard is maintained.

Programme 2: Innovation and Creativity

Output	Performance Measure or Indicator	Annual Target	2nd Quarter milestones	Actual Achievement	Reason for Variance	Corrective Action
GOAL 2: Promote innovation, creativity and indigenous cultural expression						
Strategic Objective 2.1: Promote the protection and commercial exploitation of innovations in key sectors						
Increased knowledge and awareness of patent and design registration and the commercialisation of IP assets innovation	Number education and awareness events on patent and design registration and the commercialisation of IP conducted by CIPC	4	1	6	3 x Education and Awareness activities done in Q2. 1 x Exhibition done at the National Science week in August 2015. 1 x Electronic campaign on SABC done in August 2015. 1 x Exhibition done at the Zimbabwe/South Africa Trade Fair in Musina in Sept 2015	N/A
Maintain in the average number of days to issue an application number for a patent from the complete application date	The average number of days to issue an application number for a patent from the date of receipt of a complete application	3	3	3		N/A
Maintain in the average number of days to issue an application number for a design from the complete application date	The average number of days to issue an application number for a design from the date of receipt of a complete application	3	3	3		N/A

Programme 2: Innovation and Creativity

Output	Performance Measure or Indicator	Annual Target	2nd Quarter milestones	Actual Achievement	Reason for Variance	Corrective Action
GOAL 2: Promote innovation, creativity and indigenous cultural expression						
Strategic Objective 2.2 To protect our cultural heritage and support a strong competitive South African creative industry that provides benefit of local artist						
Increased knowledge and awareness on creativity and IP enforcement	Number education and awareness events on creativity and visible IP enforcement initiatives conducted by CIPC	4	1	15	2 IKS 8x Enforcement initiatives. One multi Agency Joint Operations Nationally in four Provinces. 5x Education and Awareness events with Law Enforcement Agency and multi Industry Players	N/A
Maintain the average number of days to issue an application number for a copyright in film from the complete application date	The average number of days to issue an application number for a copyright in film from the date of receipts of a complete application	2	2	2		N/A

Programme 3: Service Delivery and Access

Output	Performance Measure or Indicator	Annual Target	2nd Quarter milestones	Actual Achievement	Reason for Variance	Corrective Action
Goal 3: To promote broader formal economic participation by enhancing service delivery and extending the reach of CIPC.						
Strategic Objective 3.1: Provide easy access to credible, reliable and relevant information and advice and secure, value-added services						
Increase in the % of CIPC services with an option to file electronically compared to services which may only be filed manually	% of CIPC services with an option to file electronically compared to services which may only be filed manually (See Annexure D)	20%	18%	17%	Four more processes were automated.	N/A
Website performance for on-line filings	% website performance for on-line filings 24/7	95%	95%	96%	Website and e-services availability is monitored closely in order to address any system downtime.	N/A
Increase in the number of provinces where SSTs have been installed and are operational	The number of provinces where SSTs have been installed and are operational	3	2	2	N/A	Plans are as follows: Durban Chamber Of Commerce (KwaZulu-Natal) October 2015; Transnet Enterprise Development Hub De Aar (Northern Cape) November 2015; Transnet Enterprise Development Hub Mdantsane (Eastern Cape) December 2015; Transnet Enterprise Development Hub Tubatse (Limpopo) February 2016
Increase in the number of banks that offer CIPC services	The number of banks that offer CIPC services	3	2	2	Standard Bank went live in Q2.	There are delays with getting ABSA live due to their compliance rules. There is continued interactions with the banks to ensure that the two banks (ABSA and Nedbank) are on board.

Programme 3: Service Delivery and Access

Output	Performance Measure or Indicator	Annual Target	2nd Quarter milestones	Actual Achievement	Reason for Variance	Corrective Action
Goal 3: To promote broader formal economic participation by enhancing service delivery and extending the reach of CIPC.						
Strategic Objective 3.2: Build an enabling and intelligent work environment anchored in a governed and sustainable organisation						
Increase the % of positions of the approved structure filled	% of positions of the approved structure filled	75%	72%	70%	There has been a moratorium on recruitment in the CIPC.	51 positions are in the process of being filled. A further 16 positions from ICT are approved for filling which takes the total to 67. This will take to total of 513 filled positions and that translates to 80%. However there should be provision for loses in the calculations.
Strategic Objective 3.3: Improve the reputation and organisational performance of CIPC						
Increase or maintain the score of the stakeholder value index	A score between 1 – 100 of the stakeholder value index, a higher score indicating satisfaction with CIPC	50	To be measured annually	To be measured annually	To be measured annually	N/A
A high % of currently measured service delivery standards that have met the targets	% of currently measured service delivery standards that have met the targets (See Annexure C of APP)	75%	75%	95%	Proactive continuous monitoring of service delivery has possibly resulted in achievement of the target.	Monitoring of service delivery will continue through the Operational Management Committee.

Conclusion

- In quarter 2 CIPC continued on the performance trend as quarter 1, owing to stability in the labour environment
- Filling of critical vacancies is speeding up due to the ongoing consultations between management and Labour
- Automation of processes continue to showcase the improvement on turnaround times
- Although the is CIPC making progress on the regulatory side with regard to compliance and enforcement, CIPC needs to be more visible and will focus on same in the coming months.

Conclusion

- Although more than adequate progress is being made on education and awareness, this still remains a critical success factor on various fronts of our service
- The turnaround times for registration of companies and coops continue to improve beyond the set targets which is positive for encouraging formalization
- The Call answering rate remains a challenge but is being addressed through additional capacity being created as well as new automated query channels coming into production

2015/2016 QUARTER 02 FINANCIAL PERFORMANCE

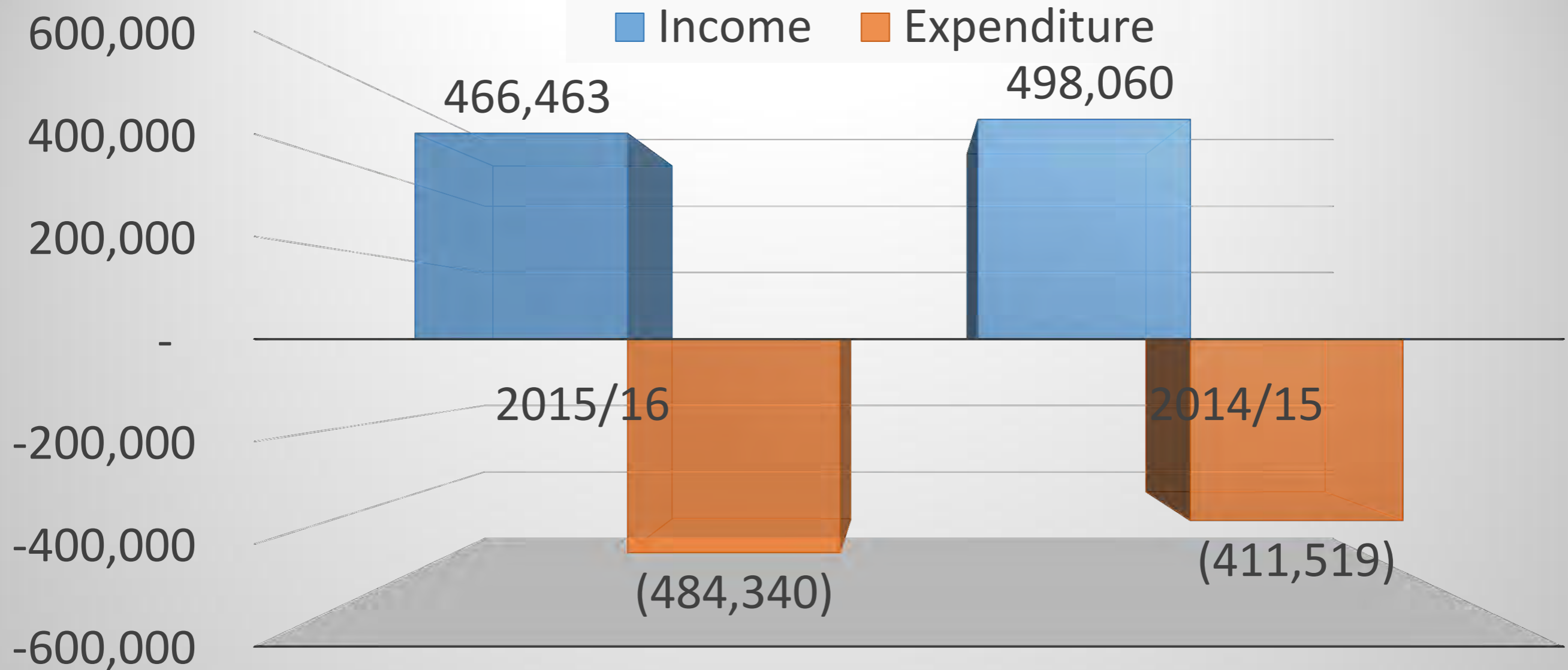
**F MALAZA
ACTING CFO**



Companies and Intellectual
Property Commission

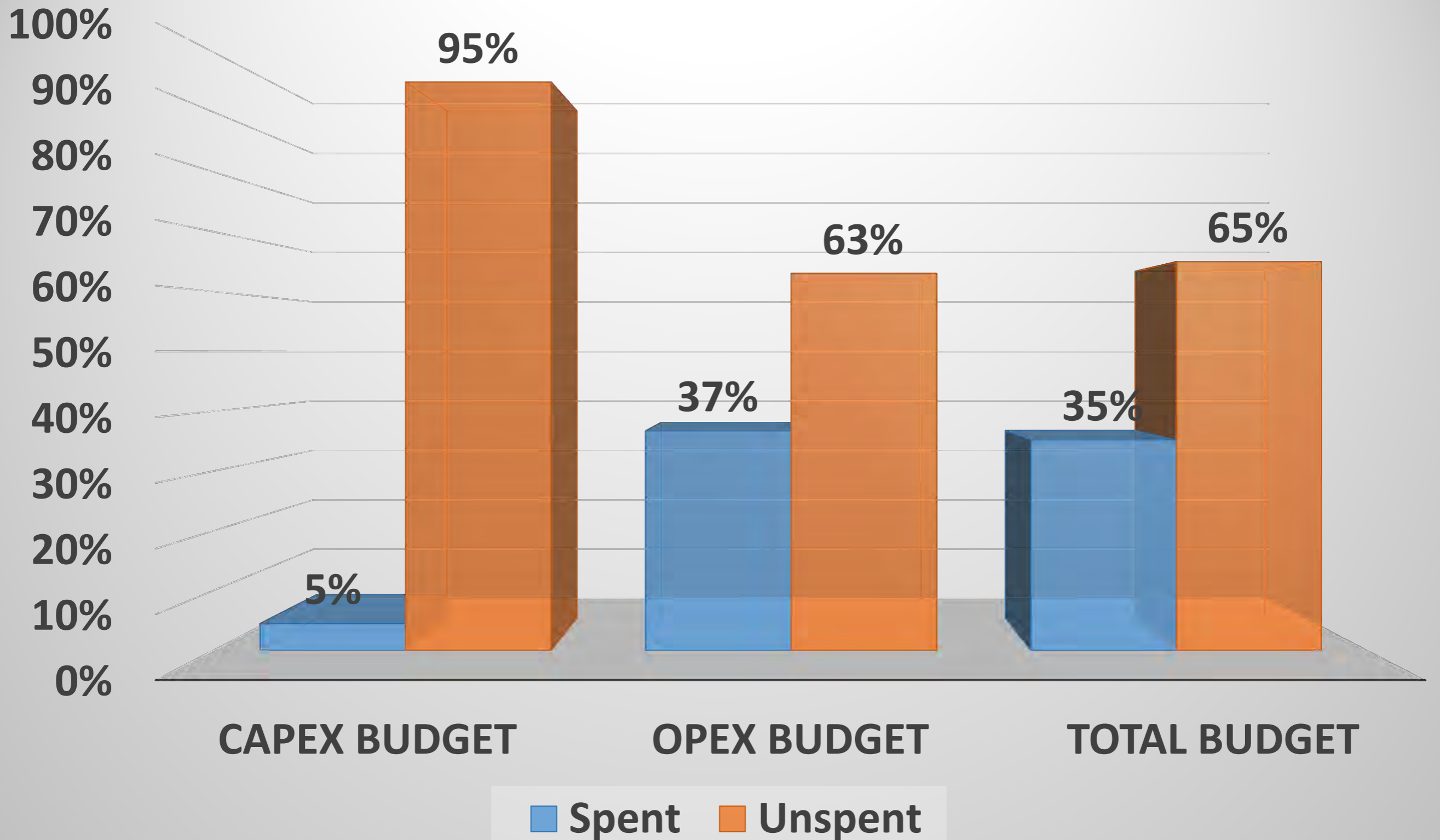
a member of **the dti** group

OVERVIEW OF THE ANNUAL BUDGET 2015/16 vs 2014/15 (R'000)



Annual budget	2015/16	2014/15	Variance
Income	466 463	498 060	-7%
Expenditure	(484 340)	(411 519)	15%
(Deficit)/Surplus	(17 877)	86 541	8%

OVERVIEW OF THE ANNUAL BUDGET EXPENDITURE QUARTER 2 APRIL '15 – SEPT '15



OPERATIONAL PERFORMANCE FOR QUARTER 2

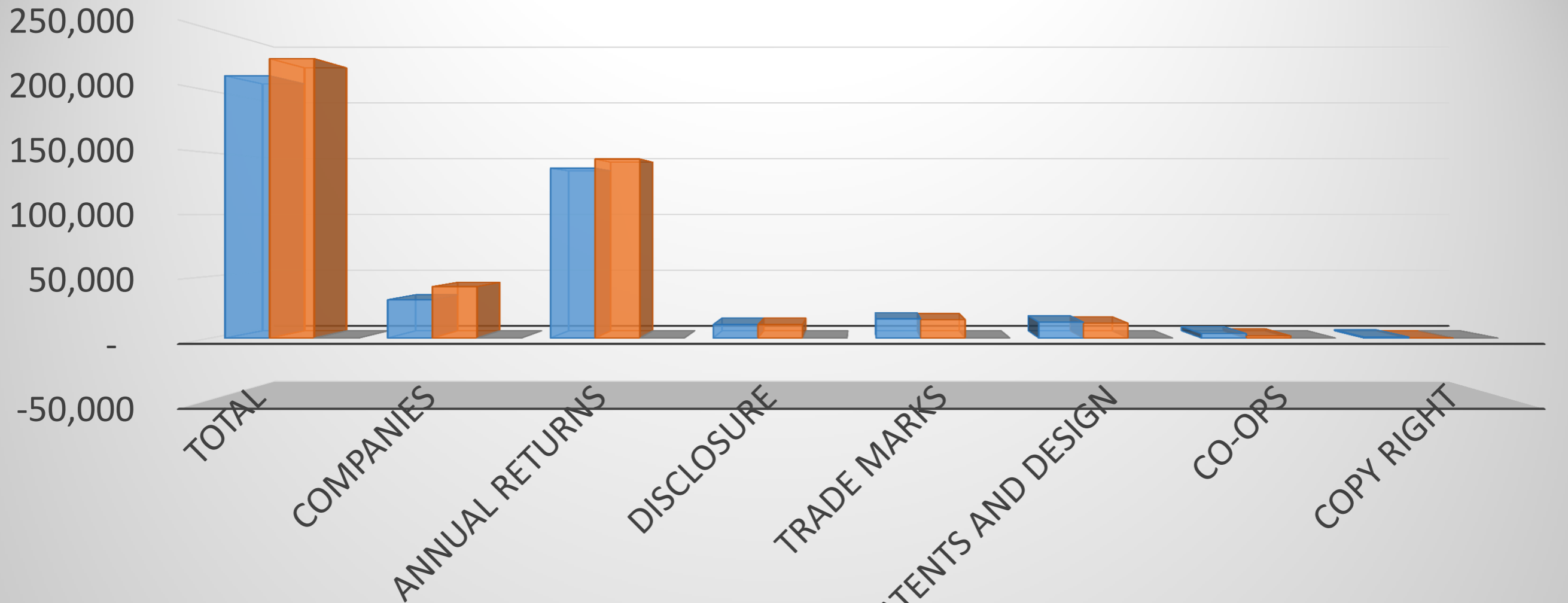
APRIL '15 – SEPT '15

Description	Total Annual Budget	Pro-rated Budget (April - Sept '15)	Actual (April - Sept '15)	Variance	Variance	Projections (Oct '15 - March'16)
	R'000	R'000	R'000	R'000	%	R'000
Income						
Revenue	423 963	211 982	226 014	14 033	7%	197 949
Other	-	-	514	514	(0%)	514
Interest	42 500	21 250	48 176	26 926	127%	48 176
Total Income	466 463	233 232	274 704	41 473	18%	246 639
Expenditure						
Employee costs *	243 646	127 184	109 525	17 659	16%	134 121
Operating expenditure **	186 831	94 256	52 898	41 358	78%	133 933
Administrative expenditure	21 934	10 967	2 067	8 900	431%	19 867
Depreciation & Impairment losses	8 800	4 400	4 927	-527	-11%	3 873
Expenditure	461 211	236 807	169 417	67 390	28%	291 794
Surplus for the period	5 252	(3 576)	105 287	(25 918)		(45 155)

REVENUE ANALYSIS

SEPT 2015 vs SEPT 2014

(R'000)



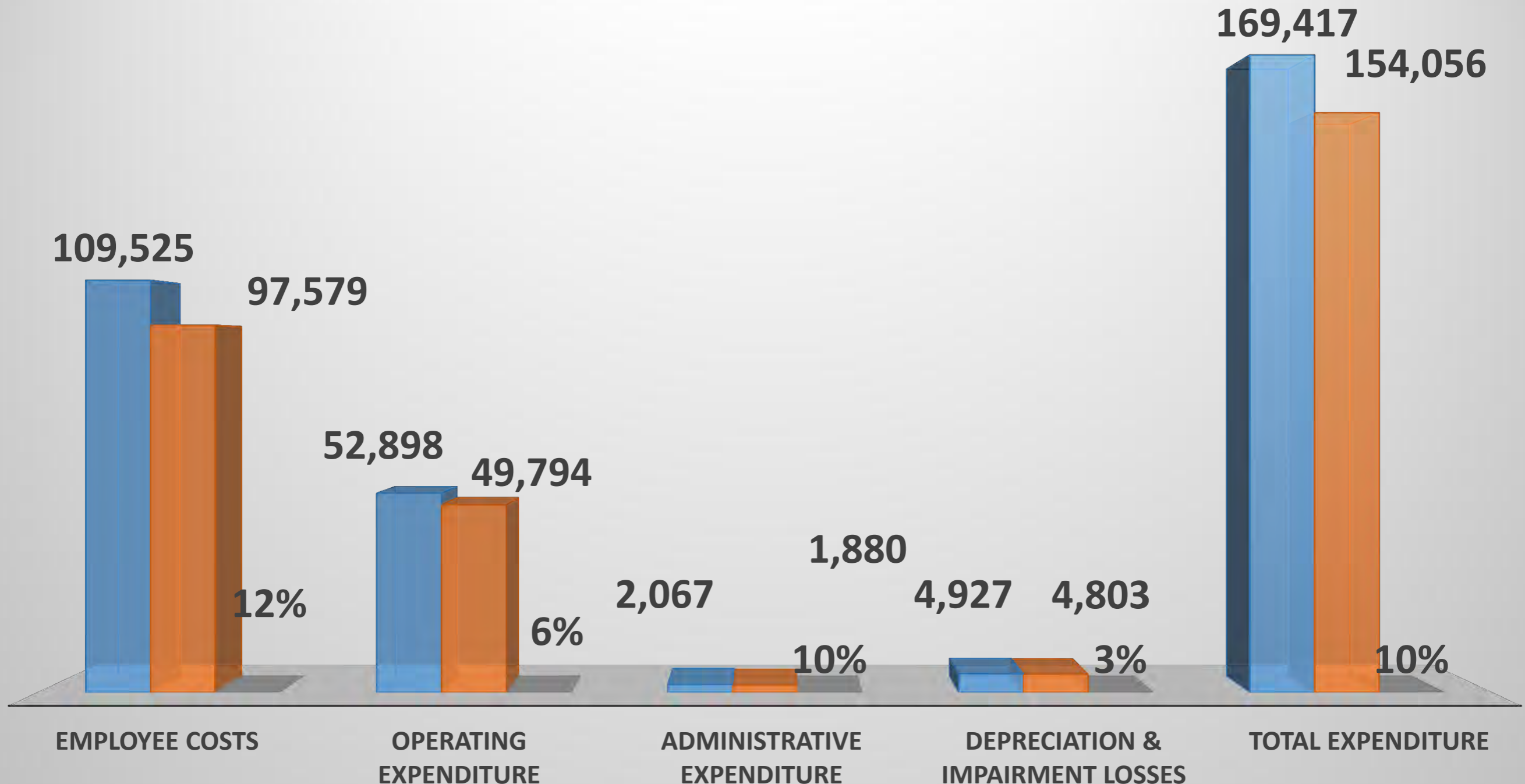
	Total	Companies	Annual Returns	Disclosure	Trade Marks	Patents and Design	Co-Ops	Copy Right
April 14 -Sep 14	212,159	31,015	137,466	10,904	15,547	12,833	3,605	789
April 15 -Sep 15	226,014	41,656	144,911	10,918	14,817	11,996	1,695	20
Variance	7%	34%	5%	0.00	-5%	-7%	-53%	-97%

OPERATIONAL EXPENDITURE ANALYSIS

SEPT 2015 vs SEPT 2014

(R'000)

■ 2015/16 ■ 2014/15 ■ Variance %



CAPITAL EXPENDITURE ANALYSIS

APRIL – SEPT 2015

Description	Annual budget (Apr '15 - Mar '16)	Pro-rata budget (Apr - Sep '15)	Actual to date (Apr - Sep'15)	Variance (Apr - Sep '15)	Variance	Projection (Oct'15 - Mar '16)
	R'000		R'000	R'000	%	R'000
Computer Hardware	12 319	3 782	817	2 965	78%	11 502
Computer Software	5 010	1 000	74	926	93%	4 936
Other	5 800	1 000	153	847	85%	5 647
Total capital expenditure	23 129	5 782	1 044	4 738	82%	22 085



Thank You

**Questions and
Comments**