

Portfolio Committee on Trade and Industry

Presentation on the NRCS' First Quarter Report for 2015/16 Financial Year

Mr Asogan Moodley
Chief Executive Officer
13 October 2015

Purpose

To present to the Portfolio Committee on Trade and Industry the NRCS' First Quarter Report for 2015/16 Financial Year

Delegation from NRCS

Mr. Asogan Moodley: Chief Executive Officer

Mr. Marks Thibela: Deputy Chief Executive Officer

Ms. Reshma Mathura: Chief Financial Officer

Ms. Meisie Katz: General Manager Foods and Associated Industries

Ms. Portia Mazibuko – Senior Manager Human Resources

Mr. Edward Matemba: Manager Strategy and Risk

Scope

□ Background

- Vision
- Mission
- Strategic Goals
- Values

□ Quarterly 1 report

- Performance information
- Financial overview

□ Highlights

□ Challenges

Mission and Vision

Vision

A credible and respected regulator for compulsory specifications and fair trade.

Mission

Dedicated to protect South Africans by developing compulsory specifications and technical regulations, and maximizing compliance of regulated products and services

Industries regulated by NRCS

Industry Sector	Product regulated / Service rendered
Automotive	Vehicles, Replacements components, Manufactures Importers and Builders
Chemicals, Materials and Mechanicals	Cement, chemicals, detergents, Personal protective equipment, safety shoes, building materials, treated timber, plastic bags, solar water heaters, plumbing equipment
Electro-technical	Electrical appliances and products, Electronic appliances and products
Food and Associated	Fishery products, canned meat and processed meat
Legal Metrology	Calibration of measuring instruments, weights, measures and gaming equipment
Building Regulations	Ensure uniform interpretation of NBR Act and administer review Board

Performance Information



SG1: Develop, maintain and administer compulsory specifications

- ❑ No compulsory specifications (VCs) were sent for approval by the Executive Authority. VCs are developed over a period of 24 months and there are a number of projects under development which will be finalised during the financial year. Two VCs were delayed due to delays in the development of standards
- ❑ 5 Review Board cases were finalised however the NRCS had a challenge in meeting the set timeframes of finalising cases, due to suspension of services by the Review Board Chair. This matter has been resolved

SG2: Maximise compliance with all compulsory specifications and technical regulations

Automotive Sector

- ❑ Processed 602 LOA applications during the quarter. Of these 593 applications out of 602 applications were processed within 120 days representing 98.5% achievement. Variance was due to unacceptable test reports and insufficient documentation
- ❑ A total of 836 in-scope and out of scope inspections were conducted during the quarter against a target of 1 200 (Variance to total target -30.33%). Variance was due to recall of inspectors to review business processes and targeted and group inspections.
 - 301 in-scope (variance to total target -75%)
 - 535 out of scope
- ❑ Spread of inspections (In-scope and out of scope)
 - 774 Source inspections (target 960)
 - 62 Retail inspections (target 240)

SG2: Maximise compliance with all compulsory specifications and technical regulations

Chemicals, Materials and Mechanicals (CMM)

- ❑ Processed 263 LOA applications during the first quarter. Of these 117 applications out of 263 applications were processed within 120 days representing 44.4% achievement. The variance was due to delays in the implementation of treated timber and safety footwear VCs
- ❑ A total of 990 inspections were conducted during the first quarter against a target of 1 642 inspections (Variance to total target -39.7%). The variance was due to the winter campaign, secondment of inspectors to complete approvals and targeted inspections
 - 945 in-scope (variance to total target -42%)
 - 45 out of scope
- ❑ Spread of inspections (In-scope and out of scope)
 - 326 Source inspections (target 970)
 - 664 Retail inspections (target 672)

SG2: Maximise compliance with all compulsory specifications and technical regulations

Electro-technical

- ❑ Processed 2 236 LOA applications during the first quarter. Of these 1513 applications out of 2 236 applications were processed within 120 days representing 68% achievement. 1 383 LOA applications were approved and 130 LOA applications were rejected. Variance was due to backlog from last financial year.
- ❑ A total of 1 173 inspections were conducted during the first quarter against a target of 880 inspections (Variance to total target +33%)
 - 930 in-scope (variance to total target +6.25%)
 - 243 out of scope
- ❑ Spread of inspections (In-scope and out of scope)
 - 575 Source inspections (target 528)
 - 598 Retail inspections (target 352)

SG2: Maximise compliance with all compulsory specifications and technical regulations

Legal Metrology

- ❑ Processed 224 Gaming Equipment LOA applications during the first quarter. 221 out of 224 applications were processed within 21 days representing 98.64% achievement.
- ❑ Processed 100% of all Type Approval applications during the first quarter. 26 out of 26 applications were processed within 120 days.
- ❑ A total of 1 664 in-scope and out of scope inspections were conducted during the year against a target of 1 306 inspections (Variance to total target +27%)
 - 1 096 in-scope (variance to total target -16%)
 - 568 out of scope
- ❑ Spread of inspections (In-scope and out of scope)
 - 1 352 Source inspections (target 1 045)
 - 312 Retail inspections (target 261)

SG2: Maximise compliance with all compulsory specifications and technical regulations

Foods and associated Industries

- ❑ Inspected 100% of all declared locally produced canned fish and meat products
 - Canned Fish – 620 Inspections
 - Canned Meat – 1 117 inspections
- ❑ Conducted 255 frozen fish inspections (variance -2%)
- ❑ Inspected 100% of all declared imported canned fish, meat and frozen fish products
 - 2 094 Inspections
- ❑ Inspected 100% of all declared exports fishery products inspections
 - 3 559 Inspections
- ❑ Conducted 208 fishery and canned meat processing factory and vessel inspections (variance -18%)

SG3: Inform and Educate our Stakeholders about the NRCS

- Distributed 3 internal electronic publications.
- Conducted 3 consumer education events and campaigns (+50% variance).
- Participated in 34 international, regional and local forums and technical meetings.
- Held about 19 Industry meetings.

SG4: Ensure an optimally capacitated institution

Human Resources

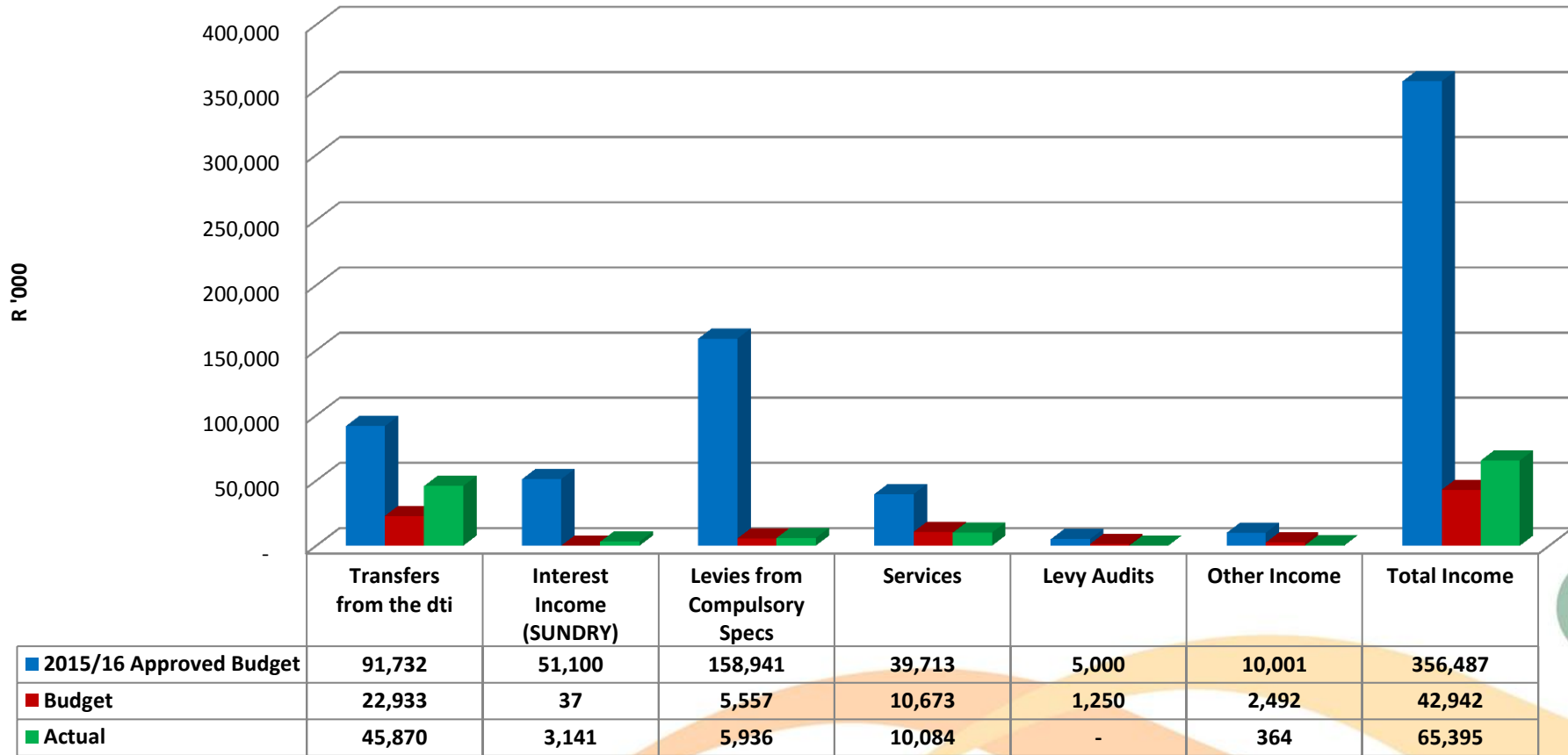
- Reduced vacancy rate to 5.4%
- Trained 11 employees during the quarter.
- 11 out of 11 positions were filled within 3 months.

Information Communication Technology

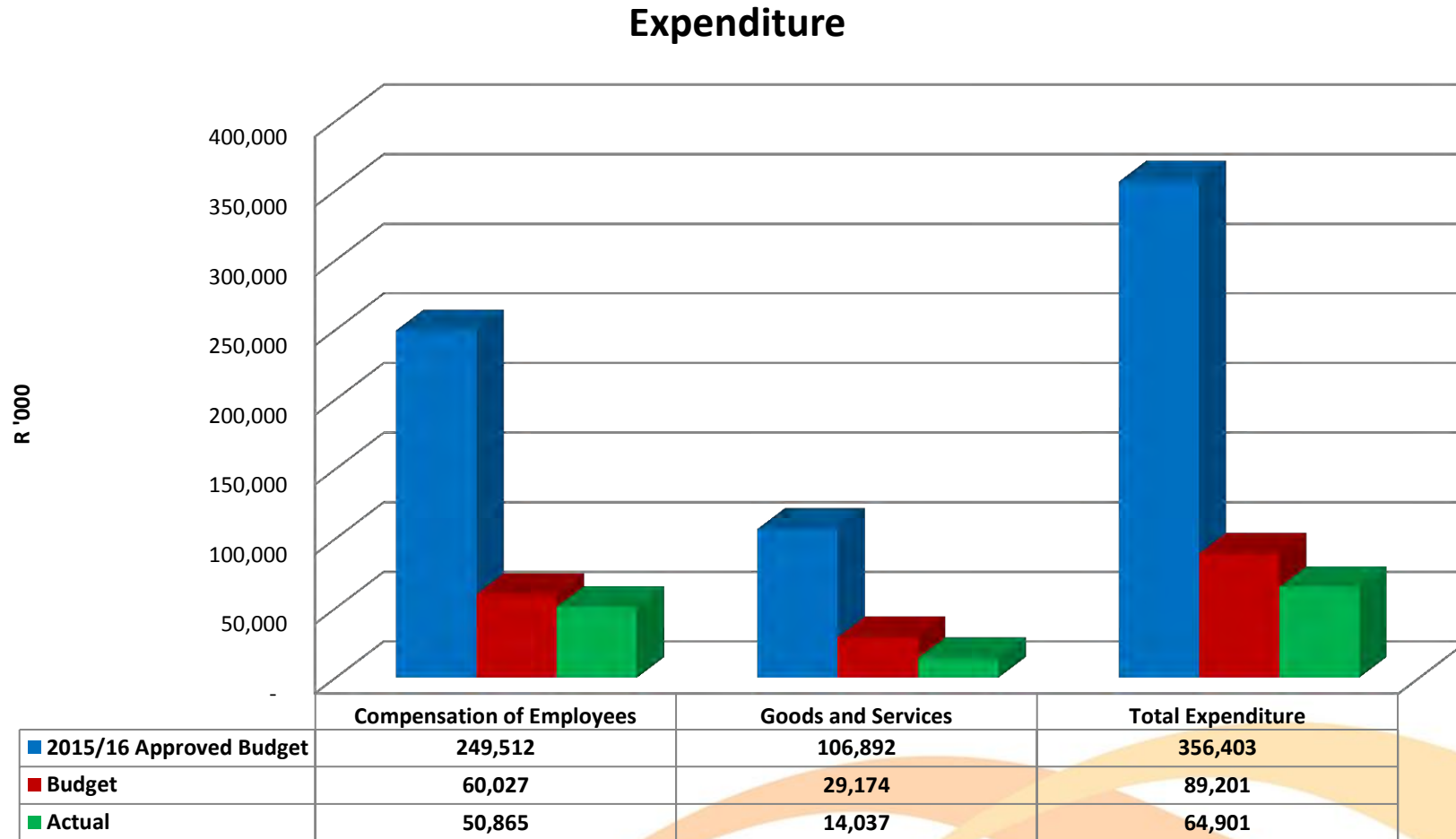
- The NRCS ICT system was on average 98% available during the financial year.
- CRM was available on average 98% however there are utilisation challenges being experienced.
- ERP engaging SETA to assist in planning and sourcing a service provider.

Financial Overview: Revenue

Income

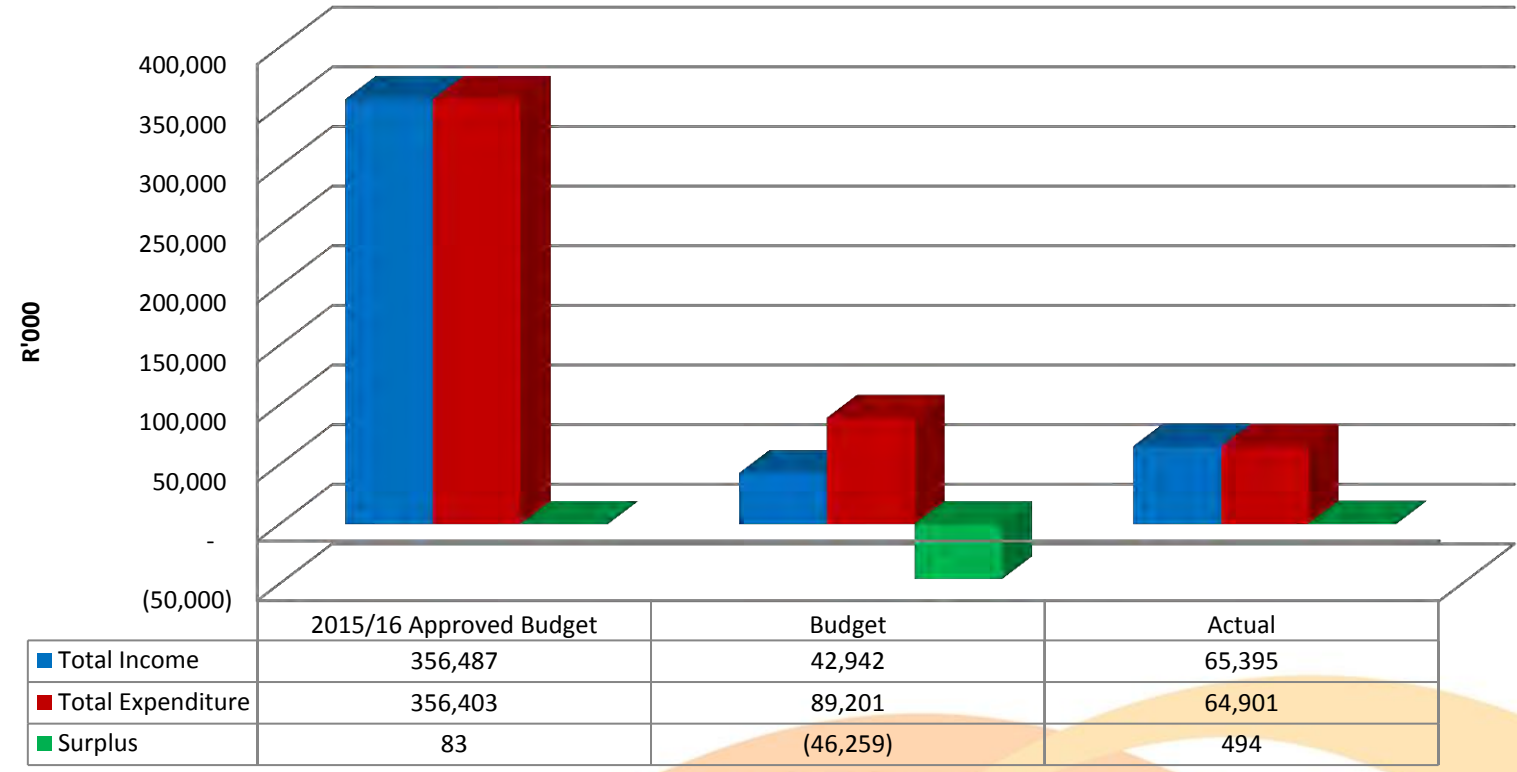


Financial Overview: Expenditure



Financial Overview: Income vs. Expenditure

Surplus



Highlights

- ❑ During quarter the NRCS found non-compliant products worth more than R30million on the market within the foods, electro-technical and chemicals materials and mechanicals sectors
- ❑ Non-compliant pre-packed goods were estimated at R6.7 million
- ❑ The NRCS co-hosted with NCC the winter campaign where 500 paraffin stoves were exchanged for non-compliant products

Organisational Challenges

External challenges faced by NRCS include:

- Inadequate testing facilities in South Africa for some regulated products e.g Motor cycle helmets.
- The application and regulation of products covered under VCs that are outdated.
- High number of abandoned goods at Ports of Entry.
- High transportation and storage costs for confiscated goods.

Internal challenges faced by NRCS include:

- Generation of revenue reliant on trends and markets.
- Revenue collection dependent on the industry co-operation.
- Interpretation of performance information with regards to in-scope and out of scope inspections.
- Reliance on manual systems for financial and performance management monitoring and reporting.

Acronyms

- LOA** – Letter of Authority
- DAFF** – Department of Agriculture fisheries and Forestry
- DOH** – Department of Health
- DOT** – Department of Transport
- E- Billing** – Electronic Billing
- E- Form** – Electronic Form
- FAI** – Foods and Associated industries
- HR** – Human Resources
- ICT** – Information Communications Technology
- IPAP** – Industrial Policy Action Plan
- NBR** – National Building Regulations
- NCC** – National Consumer Commission
- NT** – National Treasury
- SABS** – South African Bureau of Standards
- SAPS** – South African Police Service
- SARS** – South African Revenue Service
- VC** – Compulsory Specification

Thank You