

# Presentation to the Portfolio Committee on Trade and Industry

NRCS Strategic Plan and Annual Performance Plan

21 April 2015

# In attendance from NRCS

**Mr. Asogan Moodley:** Chief Executive Officer

**Mr. Marks Thibela:** Acting Deputy CEO

**Ms. Reshma Mathura:** Chief Financial Officer

**Mr. Bongani Khanyile:** General Manager Electro-technical

**Ms Anjue Hirachund:** General Manager Automotive

**Ms Meisie Katz:** General Manager Foods and Associated Industries

**Mr. Edward Matemba:** Manager Strategy and Risk

# Purpose

**To present to the Portfolio Committee on Trade and Industry on:**

- **The NRCS Strategy Plan for the period 2015/16 to 2019/20**
- **The NRCS Annual Performance Plan for the period 2015/16 to 2017/18**

# Scope

- Background
- Strategic Overview of the NRCS
  - Vision
  - Mission
  - Legislative Mandate
  - Values
- Legislative Changes
- Overview of Strategic Goals
- NRCS Value Chain
- Organisational deliverables
  - Performance information
  - Financial overview



# Background



# Organisational Mandate

## Mission and Vision

### NRCS Vision

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

### NRCS Mission

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

# Legislative Mandate

**Mandate of the NRCS is derived from the following Acts.**

**National Regulator for Compulsory Specifications Act  
(Act No. 5 of 2008)**

**Legal Metrology Act  
(Act No. 9 of 2014)**

**National Building Regulations and Building Standards Act  
(Act No. 103 of 1977)**

**The Foodstuffs, Cosmetics and Disinfectants Act  
(Act 54 of 1972)**

# Industries regulated by NRCS

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



# Policy Mandate

- **The mandate of the NRCS will be executed by executing its mandate and delivering on IPAP priorities**

**The NRCS Strategy is aligned to the following strategic objectives of the dti :**

- Facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation
- Create a fair regulatory environment that enables investment, trade and enterprise development, in an equitable and socially responsible manner
- Build mutually beneficial regional and global relations to advance South Africa's trade, industrial policy and economic development objectives

# Values of the NRCS

## The Values of the NRCS are:

- Professionalism – NRCS will act independently and with integrity, without fear or favour
- Innovative – NRCS will be proactive and respond rapidly, intelligently and appropriately to the consumer and market needs
- Engagement and Collaboration – NRCS will lead inclusively, respecting the views and wisdom of its stakeholders
- Contribution – NRCS will develop a high performance culture where the potential and contribution of all NRCS employees are maximised and where processes and systems are efficient and effective
- Informed – NRCS will ensure that the decisions and actions of its people are based on evidence, knowledge and competence

# NRCS Strategy and enablers

- **Strategy to focus on Source Inspections**
  - Source is point of entry or manufacture
  - lock out non-compliant products before the products enter point of trade and ensure that NRCS is more efficient in regulating the market.
  - Retail and distributor inspections are meant for intelligence gathering and to identify non-compliant products and remove from the market.
- **Enablers**
  - intelligent utilisation of information technology and effective supervision.
  - Collaboration with SARS, SABS, DAFF, NCC, DoH, SAPS, Home Affairs,
  - Effective risk profiling through SARS platform reducing delays at ports
  - Market Intelligence – Bill of lading, manifests

# Amendments to Legislation

## Trade Metrology

- Scope of Act –
  - Trade measurements
- Administration/ management of the Act
- Type Approval of measuring instruments
- Verification and re-verification of measuring instruments
- Market surveillance
  - Compliance scheme (e mark)
  - Appointment of market surveillance inspections
  - Powers of market surveillance

inspectors

**NRCS** | national regulator for compulsory specifications

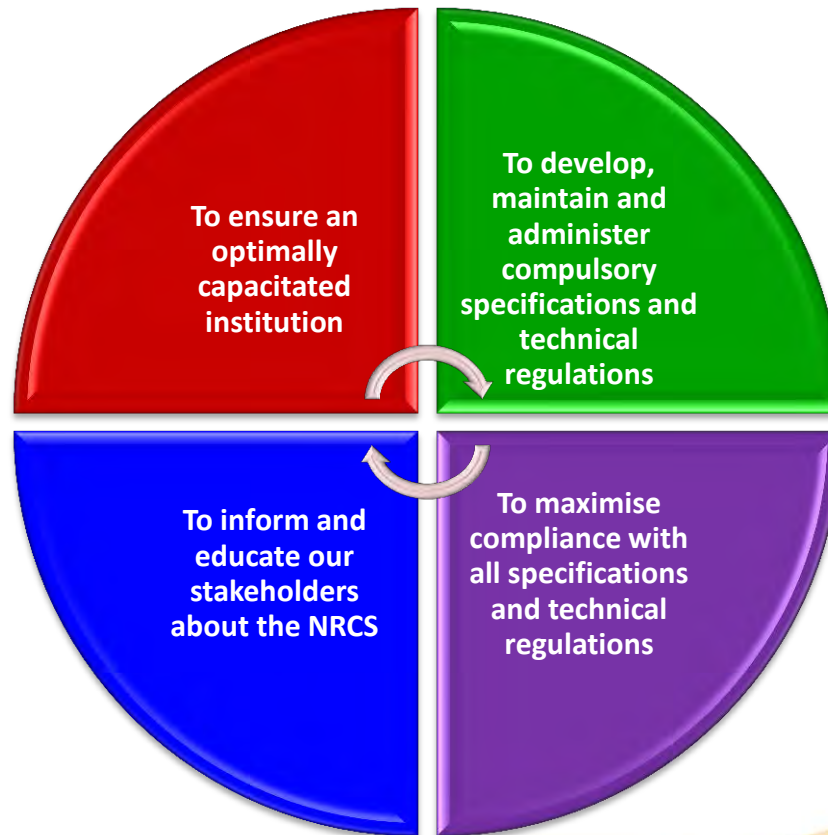
## Legal Metrology

- Scope of Act –
  - Trade measurements
  - Health measurements
  - Safety measurements
  - Environment measurements
- Administration/Management of the Act
- Type approval of measuring instruments
- Initial and subsequent verification of measuring instruments
- Market surveillance
  - Appointment of market surveillance inspections
  - Powers of market surveillance inspections
  - Prescribed qualifications

## Overview of strategic goals



# Overview of Strategic Goals Per the Strategic Plan

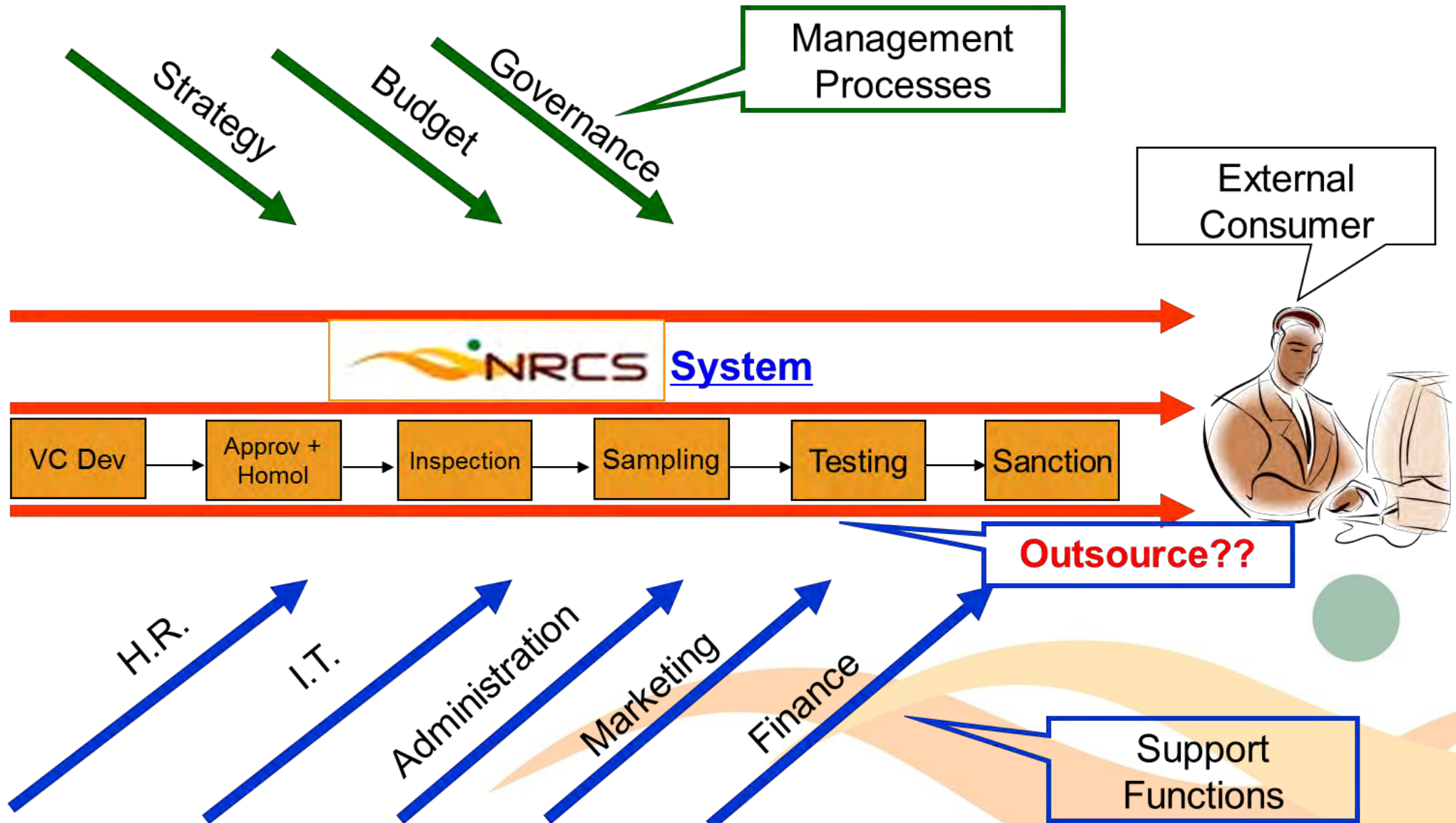




# NRCS Value Chain



# NRCS Value Chain







# Performance Information



# SG 1: To develop, maintain and administer compulsory specifications and technical regulations

- ❑ 12 Compulsory Specifications/ Technical Regulations
- ❑ 2 technical papers
- ❑ 90 days from the date NRCS receives a review board appeal to the date the Review Board issues a review board report

# SG 2: To maximise compliance with all specifications and technical regulations

## Approvals

- NRCS will process Approvals within 120 days from the date of receipt.
  - Approvals will be classified based on the following
    - Risk of the product
    - Components for further processing
    - Local manufacturers/companies or importers
- Type approvals for measuring instruments will be processed within 120 working days
- Gaming equipment approvals to be processed within 21 working days
- Foods and Associated Products
  - NRCS will inspect 100% of all declared productions and consignments
- Estimated total inspections for Foods and Associated Products is 30 000

# SG2: To maximise compliance with all specifications and technical regulations

- ❑ Total Inspections for all other Regulated Industries 19 189
  - 3200 Source Inspections (including border inspections) conducted within the automotive industry
  - 800 retail inspections conducted within the automotive industry
  - 3360 Source Inspections (including border inspections) conducted within the chemicals, materials and mechanicals sectors (CMM)
  - 2240 Retail inspections conducted within CMM sectors
  - 2640 Source Inspections (including border inspections) conducted within the electro-technical industries
  - 1760 Retail inspections conducted within the electro-technical industries
  - 4151 Source Inspections (Including border inspections) conducted within the legal metrology domain
  - 1038 Retail Inspections conducted within the legal metrology domain

# SG 3: To inform and educate our stakeholders about the NRCS

- ❑ Increased awareness of the NRCS brand and functions
  - ❑ Target: Percentage increase of 5% each year over the next 3 years
- ❑ Number of program focused publications
  - ❑ Target: 12 internal and 4 external electronic publications each year
- ❑ Number of multimedia awareness campaigns
  - ❑ Target: 2 multimedia campaigns each year over the next 3 years
- ❑ Number of stakeholder consumer education events and campaigns
  - ❑ Target: 9 consumer education events or campaigns each year

# SG 4: To ensure an optimally capacitated institution

- ❑ Build a capacitated organisation with relevant systems to support business
  - ❑ Percentage vacancy rate: Target 8% 2015/16 financial year to be reduced to 7% over the three years
  - ❑ Number of employees trained to be increased from 120 in 2015/16 financial year to 130 each year over the 3 years
  
- ❑ Build IT platform that supports and improve business
  - ❑ % NRCS IT System availability to be increased from 96% (2015/16 financial year) to 99% over the three years

# Financial Information

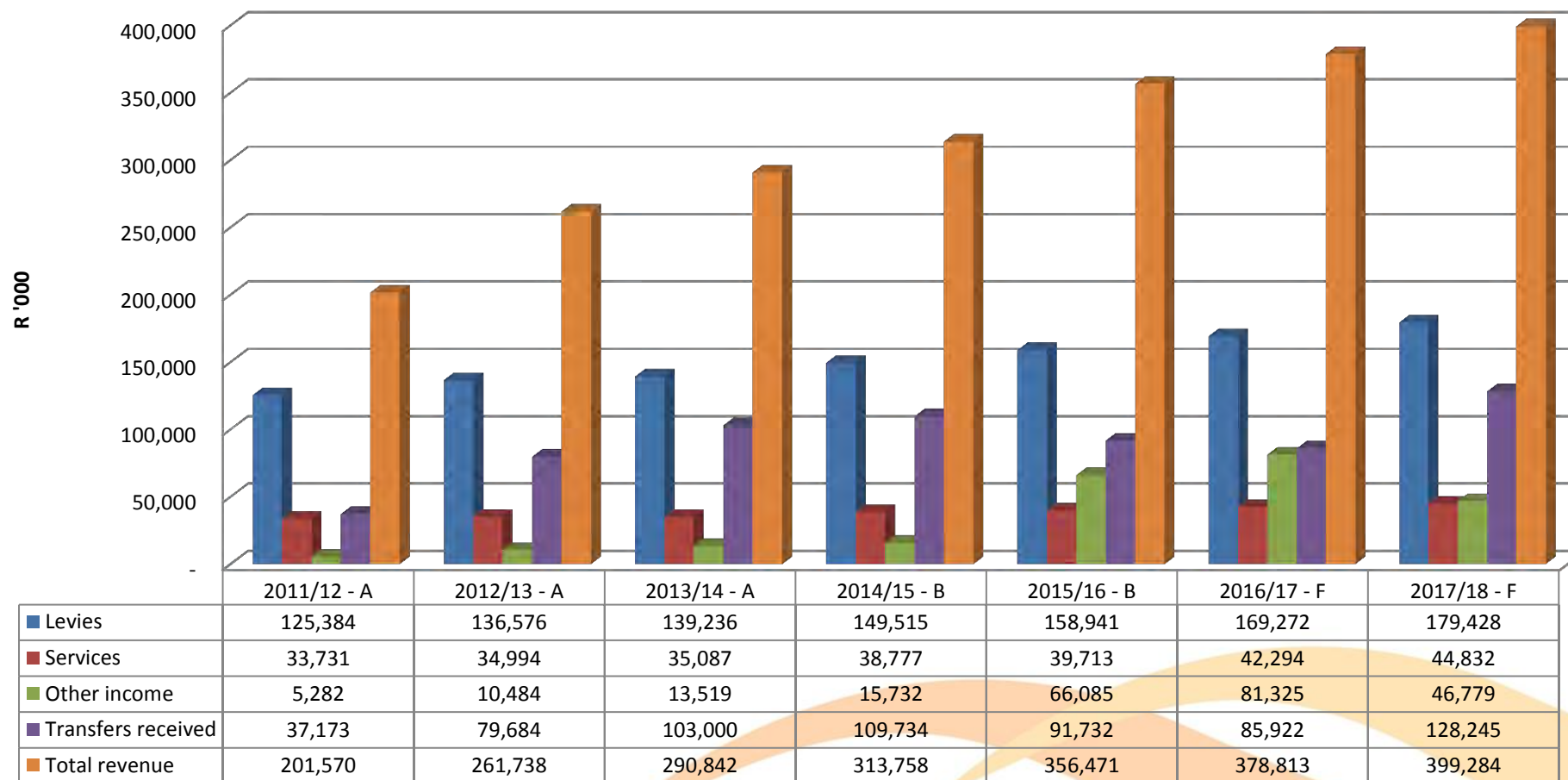
# Financial Information

	2011/12 - A	2012/13 - A	2013/14 - A	2014/15 - B	2015/16 - B	2016/17 - F	2017/18 - F
Levies	125,384	136,576	139,236	149,515	158,941	169,272	179,428
Services	33,731	34,994	35,087	38,777	39,713	42,294	44,832
Other income	5,282	10,484	13,519	15,732	66,085	81,325	46,779
Transfers received	37,173	79,684	103,000	109,734	91,732	85,922	128,245
<b>Total revenue</b>	<b>201,570</b>	<b>261,738</b>	<b>290,842</b>	<b>313,758</b>	<b>356,471</b>	<b>378,813</b>	<b>399,284</b>
Compensation of employees	127,354	147,775	176,830	217,616	254,842	271,925	287,005
Goods and services	55,691	74,032	68,726	91,335	97,521	102,585	107,714
Depreciation	2,153	2,269	2,697	4,025	4,025	4,246	4,459
Interest	154	29	12	-	-	-	-
<b>Total expenses</b>	<b>185,352</b>	<b>224,105</b>	<b>248,265</b>	<b>312,975</b>	<b>356,388</b>	<b>378,756</b>	<b>399,178</b>
<b>Surplus</b>	<b>16,218</b>	<b>37,633</b>	<b>42,577</b>	<b>783</b>	<b>83</b>	<b>57</b>	<b>106</b>



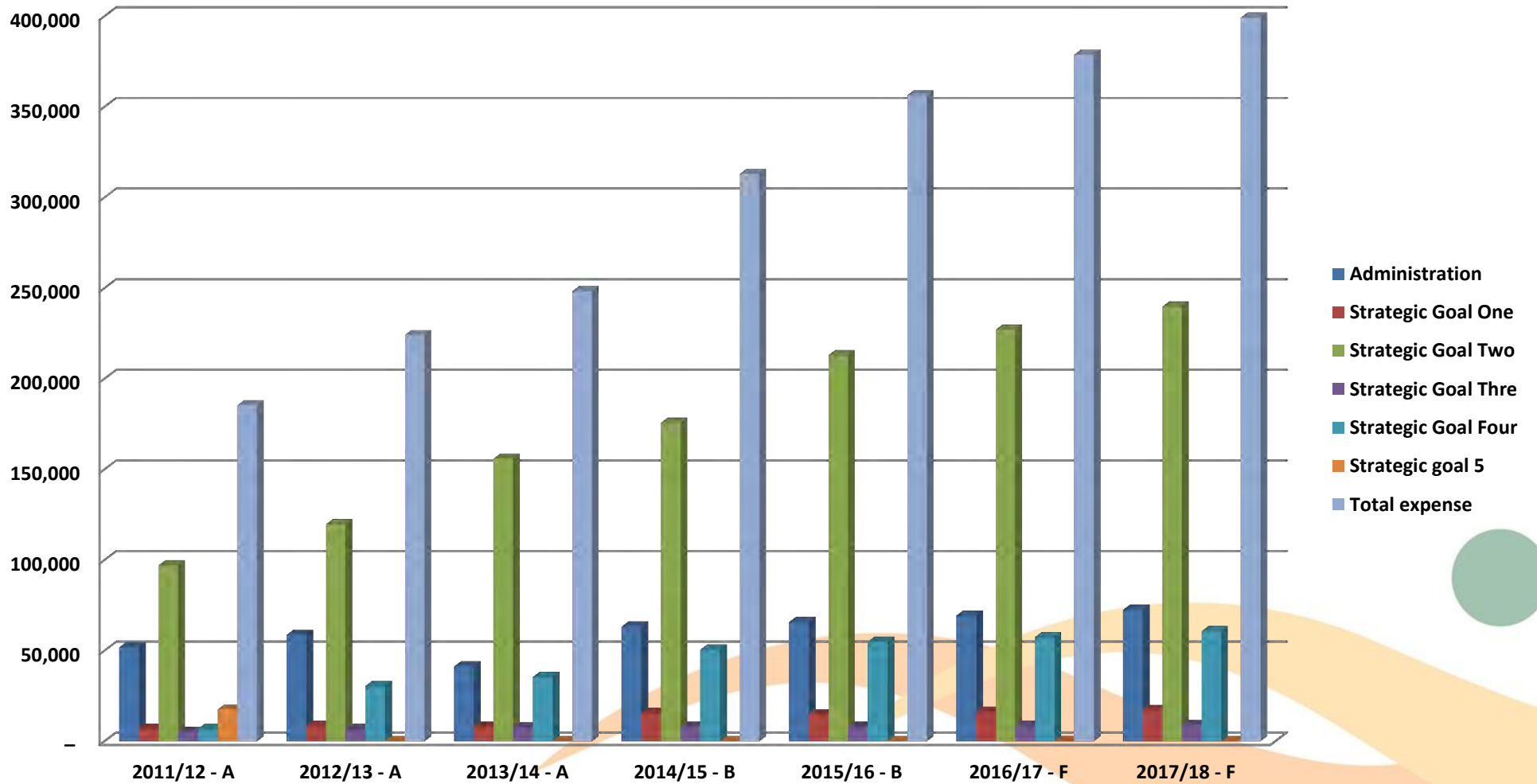
# Financial Overview: Revenue

## Revenue



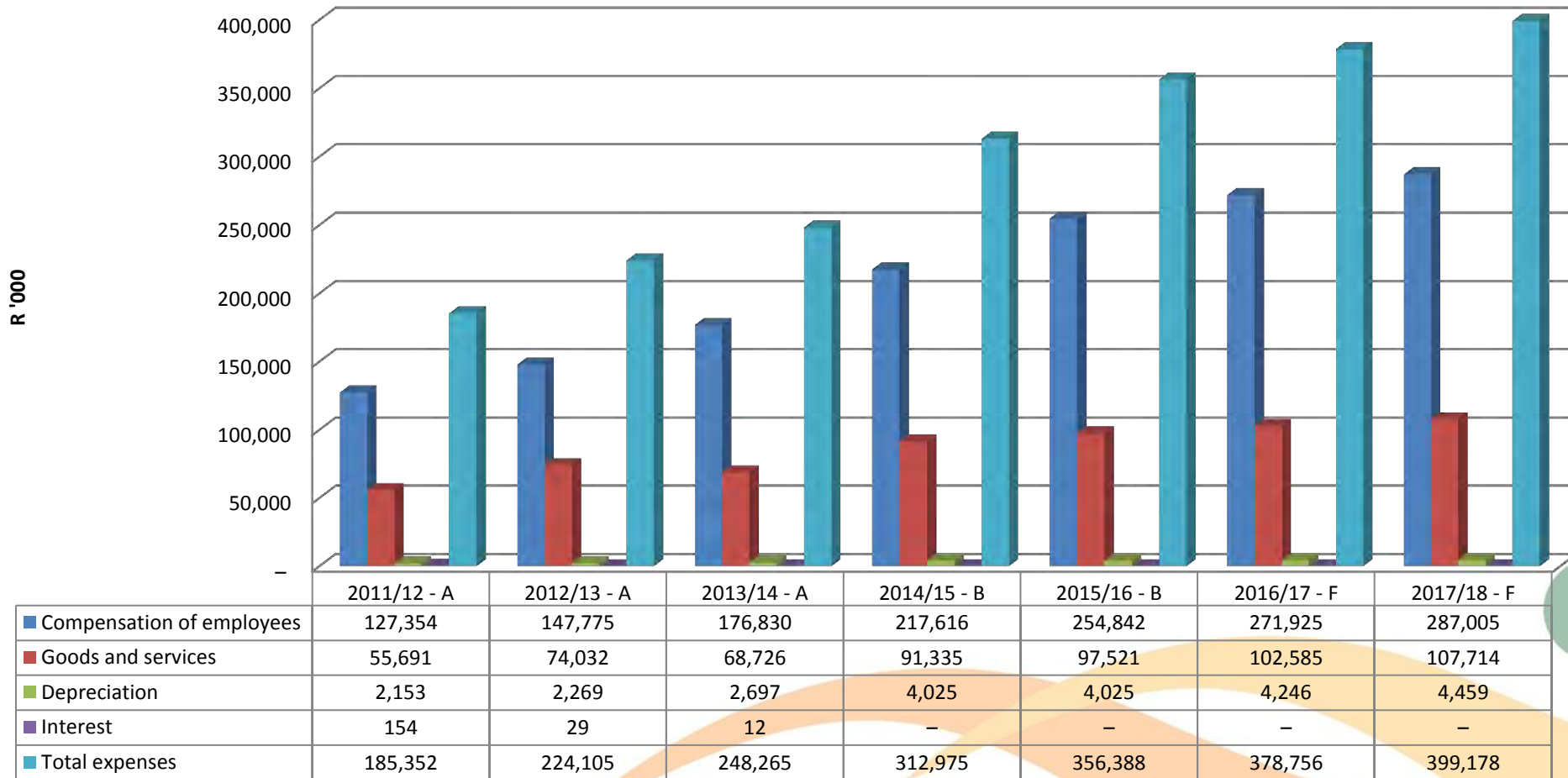
# Expenditure per Strategic Goal

## Expenditure per Goal



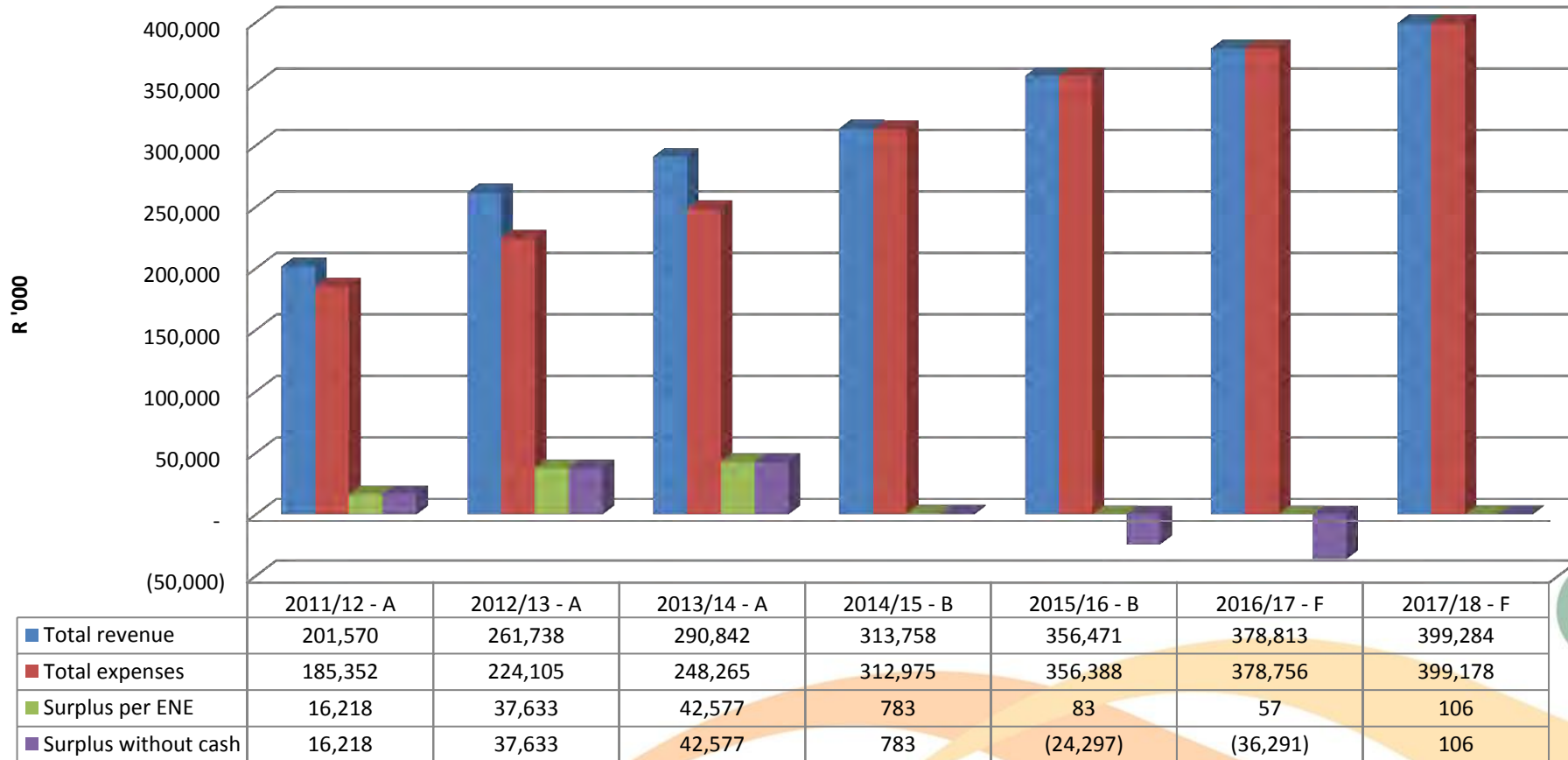
# Expenditure per items

## Expenditure



# Income vs. Expenditure

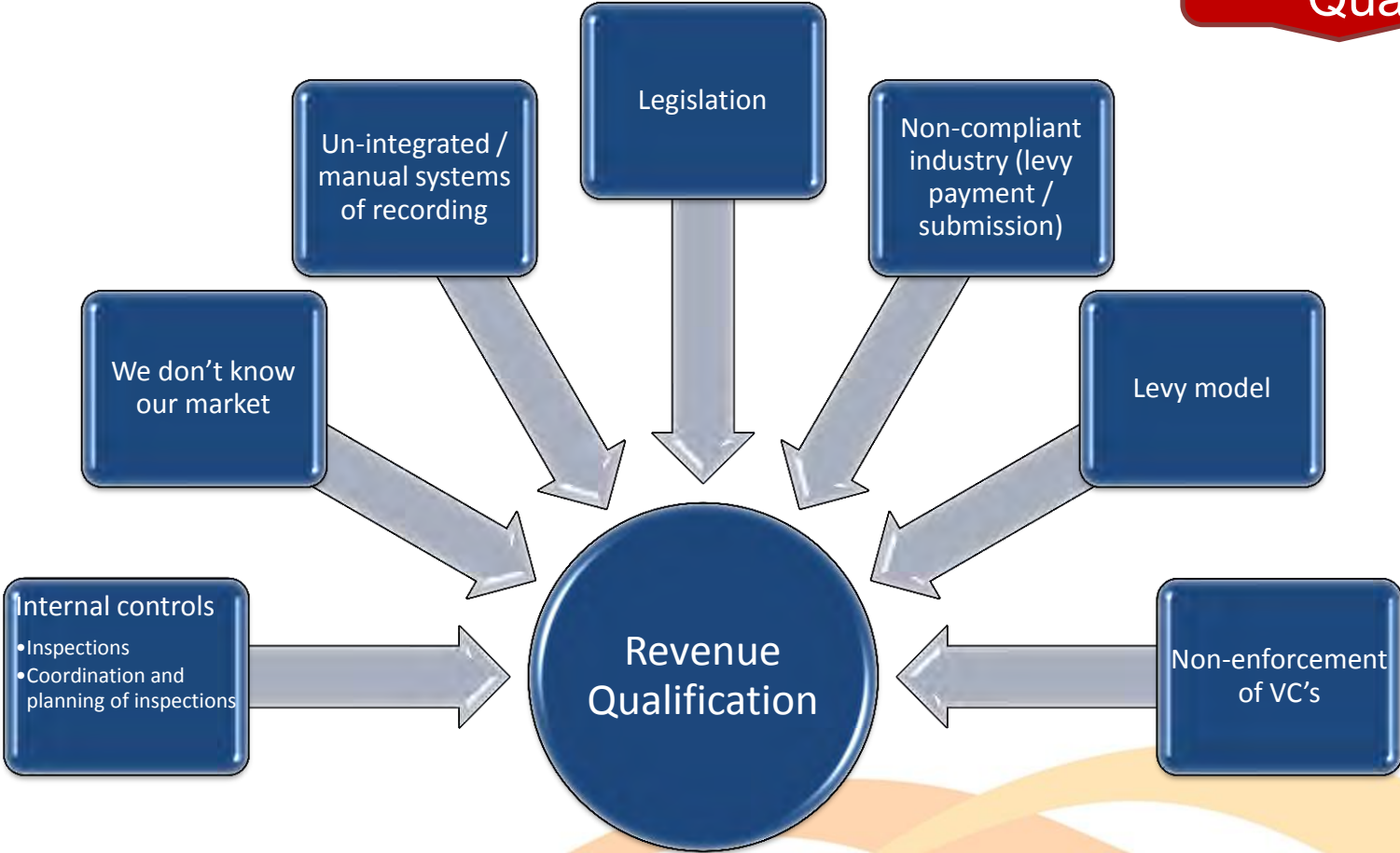
## Surplus / (Deficit)



# Progress on the implementation of Actions to address Auditor- General's Findings

# Revenue Qualification Contributors

High Risk of Qualification





# AG findings and progress made

Qualification	Affected areas	Management interventions	Status
<b>Revenue</b> <ul style="list-style-type: none"> <li>• First time qualification</li> <li>• Levy periods that have been used for the past 20 years that are not aligned to the reporting periods in terms of GRAP 23</li> <li>• Error could not be quantified by means of actuarial estimate as AG found revenue to not match inspection records</li> </ul>	<ul style="list-style-type: none"> <li>• Non-exchange revenue from levies for compulsory specifications</li> <li>• Trade and other receivables from non-exchange transactions</li> </ul>	Gazette deadline for quarterly declaration of levies	Complete
		Review total revenue ICT System functionality	Changes made to JDE. Project to source and ERP has been initiated
		Implement online customer portal, e-forms and for input of levies	Project initiated
		Review capacity in levy and levy audit sections and staff for maximum efficiency	Tender specifications are finalised for Levy Audit
		Integrate JDE, CRM, customer database, all other ICT systems with appropriate exception reporting on levies	Exception reports in process of being finalised. Integration to be explored once JDE review is done. Manual inspection records are maintained.
		Establish levy payers not paying levies by comparing JDE to inspection and approval information and customer database- Prior year	Temporary resources have been obtained to deal with completeness and cutoff issues

# AG findings and progress made

Qualification	Affected areas	Management interventions	Status
<b>Employee cost</b> <ul style="list-style-type: none"> <li>• First time qualification</li> <li>• A wage settlement agreement was implemented that relied on appointment dates</li> <li>• Appointment dates could not be accurately confirmed from inherited HR records</li> </ul>	<ul style="list-style-type: none"> <li>• Employee benefit obligations for long service leave awards</li> <li>• Trade and other payables from exchange transactions for salary related accruals</li> <li>• Provisions for leave pay</li> </ul>	<ul style="list-style-type: none"> <li>• Update all HR polices</li> </ul>	In progress
		<ul style="list-style-type: none"> <li>• Appoint Head of HR and HR Manager</li> </ul>	In Progress
		<ul style="list-style-type: none"> <li>• Implement an HR management system</li> </ul>	In Progress
		<ul style="list-style-type: none"> <li>• Implement an HR file plan</li> </ul>	Complete
		<ul style="list-style-type: none"> <li>• Audit all HR files for completeness. Prepare and implement a plan of action for inconsistencies identified</li> </ul>	Complete
		<ul style="list-style-type: none"> <li>• Issue letters of confirmation whenever there are changes to individual's salaries</li> </ul>	Complete and ongoing
		<ul style="list-style-type: none"> <li>• Recalculate the payroll for FY 2014 after the full employee file audit is conducted</li> </ul>	Complete – AG busy with Audit
		<ul style="list-style-type: none"> <li>• Recalculate the payroll for YTD FY 2015 after the full employee file audit is conducted</li> </ul>	Started





## Acronyms



# Acronyms

**DAFF** – Department of Agriculture fisheries and Forestry

**DOH** – Department of Health

**DOT** – Department of Transport

**IPAP** – Industrial Policy Action Plan

**NCC** – National Consumer Commission

**SABS** – South African Bureau of Standards

**SAPS** – South African Police Service

**SARS** – South African Revenue Service

**VC** – Compulsory Specification



**The end**

