

# **PORTFOLIO COMMITTEE ON TRADE AND INDUSTRY BRIEFING**

**Second Quarter Performance Information 2017 - 18**

Adv Rory Voller  
Commissioner  
01 November 2017



Companies and Intellectual  
Property Commission

# Purpose and Outline of Presentation

To brief the Portfolio Committee on the Companies and Intellectual Property Commission (CIPC) Second Quarter Performance Report 2017 -18

## Outline

- Key Highlights
- Achievements per programme
- Key Challenges
- Non-financial performance information
- Financial Performance Information

# Quarter 2 (2017-18)

## Performance Information Summary

1. 75% (9) of the targets were met.
2. It is important to understand the context of the underperforming KPIs:
  - a) Increased knowledge and awareness IKS – dti and DST are in discussions regarding the future of this function.
  - b) Increased knowledge and awareness on IP enforcement – The underperformance will be addressed in events planned for this quarter (namely Q3).
  - c) The reduction in the average number of days to register a co-operative from the date of receipt of a complete application – the underperformance is slight variance, ie the target is 2 days and the average for the quarter was 3 days. The organisation is monitoring this closely.

# Highlights

1. Clean audit for 2016/17 from AG
2. New Billing and Payment System: payments can be concluded using debit and credit cards.
3. Nedbank now offers the opportunity to apply for BBBEE certificates when applying for CIPC services through their online portal.
4. Key management positions filled in the Call Centre.
5. Positive feedback from customers on social media.
6. The CIPC hosted an inaugural Corporate Registers Forum Technical Workshop with the theme of “**Efficiencies and learnings of a modernized registry, from a registration office to being a regulator.**” 15 Countries were represented from across the globe.
7. CPSI Innovation Awards: 1<sup>st</sup> prize in the category – innovating using technology to improve service delivery; runner-up at the GovTech Technology awards

# Are we meeting our customers' needs?

You Retweeted  
**Siyabonga Masoka** @Mr\_S\_...  
Replying to @theCIPC  
Thanks CIPC. My company was fully registered within 24 hours.

You Retweeted  
**Vukani Makhanya** @vukani\_...  
@theCIPC yoh! Sent the registration less than an hour ago and then boom...company registered

You Retweeted  
**Nkunz' Malanga** @NeoNkwe  
Honestly the service from CIPC and Home Affairs has been remarkable to say the least...

You Retweeted  
**2Sevenic** @2Sevenic  
Technology is Awesum!, I just registered my new (Pty) Ltd with CIPC without leaving my house, 2 days later got my CK :-D

You Retweeted  
**Darryl Kletz** @Kletzy1  
Well done @theCIPC less than 24 hours to register a new company - smooth easy process. Great work.

You Retweeted  
**Yolanda M** @YolandaMoney  
I would like to thank @theCIPC for their world class service.I easily registered my company in 24 hrs,no hassles

You Retweeted  
**Spencer Horne** @spencerjh  
Well done @theCIPC for introducing online card payments. Already one of the most efficient SA gov agencies! Bravo!

You Retweeted  
**Masisa** @vilanevince  
Way to Go @CIPC\_SA you are really game changers. I am too excited about the automated company name change @ParliamentofRSA @SAGovnews

**arnold wekuWatsomba**  
Very impressed, submitted a company for registration with CIPC, 1hr later, company is registered!

**Mrs Mkuzo Magape**  
Who told people it's admin to register a business? Its not! Stop paying people thousands to do it for you. It literally costs less than R200

**Xolisa Mapatwana**  
No one tells us about how easy it is to register a company in SA. Less than two days if you DIY through the CIPC website.

**Kay Dee** @kudanmedia  
@theCIPC Dankie, Siyabonga, Asante Sana, Tatenda, Thank you alot, managed to register a Company online is less that 24Hrs



# **ACHIEVEMENTS PER PROGRAMME**

# Programme 1: Service Delivery and Access

- Automation and modernisation continues – new payment and billing system.
- Automation of new co-operative registration, Mols and Share Allocations are in testing and scheduled for release in the next quarter. Automation of some companies and trade marks processes is also planned for Q3.
- Data accuracy, integrity and security – MacAfee Cyber-Security Solution
- Critical management and technical vacancies within ICT have now been filled

# Programme 2: Innovation and Creativity

- Patent examiners continue with their training – Patent Examination Board, European Patent Office and WIPO Distance Learning Courses.
- A comparative study on the laws of various countries with regard to Substantive Search and Examination in order to make proposal on the potential amendments to the South African Patent Act.
- E-filing is encouraged using the WEB CLIENT facility
- 8 IP Education and Awareness activities carried out this quarter – targeted at tertiary institutions, SMMEs, women and youth
- Workshops relating to IP enforcement held in various parts of the country



# Programme 3: Business Regulation and Reputation

- Company registrations, co-operative registrations and trade mark applications are all within the set service standards with company registrations being concluded in two days on average (though some are registered within minutes) and cooperatives within 3 days
- 17 Corporate Education and Voluntary Compliance activities with three radio interviews done; both IP and company information shared in these awareness sessions
- Establishment of the Business Rescue Liaison Committee (BRLC)
- Work is continuing to ensure the implementation of XBRL as a financial reporting language in the next financial year.

# Business Regulation and Reputation (Continued)

A pro-active investigation of SAFCOL state owned company (SOC) after a two year negative commentary by Auditor-General (AG) was conducted.

- Increased number of Prospectuses (Public Offerings of Company Securities) registered this year more than the past four years.
- Approval of virtual e-Learning capability regarding IFRS and related functionality to ensure continuous professional development of unit Team Members
- Reportable irregularity cases received increased – media attention on the work of auditors
- Monitoring of the decisions of the Companies Tribunal in relation to the establishment of Social and Ethics Committees

# New Challenges and Risks Identified

- Labour environment: The issue of salary disparities as raised by Organised Labour has been revisited by CIPC's EXCO.
- Despite operational challenges such as moving power outages, delayed rollout of Eastern Cape service centre and document storage issues, CIPC continues to strive to improved service delivery to its customers.
- In the Trade Mark area, there is a backlog due to the file storage issue but it is being managed through regular interactions with all relevant stakeholders.

# Non-financial performance (Performance Information)

Output	Performance Measure or Indicator	Annual Target	2nd Quarter milestones	Actual Achievement	Reason for Variance	Corrective Action
<b>GOAL 1: Improve the competitiveness of the South African business environment</b>						
<b>Strategic Objective 1.1 24/7 access to all CIPC products and services.</b>						
Increased of % in the website performance for e-services 24/7	% website performance for e-services 24/7	93%	93%	93%	N/A	N/A
Increase in the number of provinces where SSTs were installed and are operational	The number of provinces where SSTs were installed and are operational	7 ( 1 Province added)	6 (0)	6 (0)	N/A	N/A
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	22%(1% increase)	21%	24%	N/A	The payment module pilot includes additional company processes namely: Name Reservations and New Company Registrations, both of which are being reviewed for enhancement. As part of the Co-operative automation programme, the New Co-operative Registration process is currently being developed for a planned release in Q3. Automated services for Trade Marks are also being developed and implementation is envisaged for Q3 pending CAB approval.
Increase in the number of companies business processes that have been automated and/or optimised	Number of companies business processes that have been automated and/or optimised	20	15	18	N/A	The development of the automation of company shares and the change of company representatives continues and it is envisaged that new releases in Q3 will include these two processes.
<b>Strategic Objective 1.2 Timely delivery of all CIPC products and services.</b>						
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.	3	3	2	The production environment for new companies are monitored multiple times a day to ensure that incoming work is dealt with speedily.	The release of the new payment solution on new companies should improve turnaround times since payment will be immediate with the submittance of the data by customers on electronic channels.
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.	2	2	3	There was a marginal increase in volumes received. There were also disruptions in productivity due to staff labour issues (go-slow) which impacted negatively on turnaround time.  56.4% of applications received were processed within 2 days showing marginal improvement from previous quarter.	To explore options of how to improve average turnaround time.

# Non-financial performance (Performance Information)

Strategic Objective 1.2 Timely delivery of all CIPC products and services.						
Output	Performance Measure or Indicator	Annual Target	2nd Quarter milestones	Actual Achievement	Reason for Variance	Corrective Action
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.	3	3	2	The production environment for new companies are monitored multiple times a day to ensure that incoming work is dealt with speedily.	The release of the new payment solution on new companies should improve turnaround times since payment will be immediate with the submittance of the data by customers on electronic channels.
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.	2	2	3	There was a marginal increase in volumes received. There were also disruptions in productivity due to staff labour issues (go-slow) which impacted negatively on turnaround time.  56.4% of applications received were processed within 2 days showing marginal improvement from previous quarter.	To explore options of how to improve average turnaround time.
Strategic Objective 1.3 Intelligent, innovative, high performance organisational environment.						
Increase the % of positions of the approved structure filled	% of positions of the approved structure filled	77% (1% increase)	76%	77%	Evidence and Reasons for variance not provided	N/A
Increase or maintain the score of the customer stakeholder value index	A score between 1 - 10 of the customer and stakeholder value index, a higher score indicating satisfaction with the CIPC	(The survey will be conducted in 2018/19)	N/A	N/A	N/A	N/A
GOAL 2: A reputable Business Regulation and IP Protection environment in South Africa.						
Strategic Objective 2.1: Increased knowledge and awareness on Company and IP Laws.						
Increased level of education and awareness on the Companies Act and related legislation	Number of education and awareness events conducted by the CIPC on the Companies Act and related legislation	3	1	2	Seminar on director's liability held on 12 September 2017; and Cooperatives workshop on sustainability of co-operatives and practical implementation of new Co-operatives Amendmend Act held on 29 August 2017	N/A
Increased knowledge and awareness on IP	Number of education and awareness events on IP conducted by CIPC	30	15 (7)	19 (10)	The Copyright unit was able to secure more IP sessions with stakeholders	N/A
Increased knowledge and awareness IKS	Number of education and awareness events on IKS conducted by CIPC	10	6 (4)	0	IKS no longer a CIPC function	CIPC has requested the Minister to remove this KPI.

# Non-financial performance (Performance Information)

Strategic Objective 2.2 Improved compliance with the Company and IP Laws						
Output	Performance Measure or Indicator	Annual Target	2nd Quarter milestones	Actual Achievement	Reason for Variance	Corrective Action
Increased % of Companies (entities with an “active business” status) that have filed annual returns by the end reporting period	% of companies (entities with an active business status) that have filed annual returns by the end of the reporting period	44%	34%	38%	The CIPC continues to monitor the effectiveness of annual return reminders and have also implemented the new payment solution on annual returns on 28 August 2017 which will make the filing of annual returns easier going forward. From the 767710 companies and close corporations to whom reminders were issued (until end August 2017), 225674 filed annual returns to date (29%).	N/A
Increased knowledge and awareness IP enforcement	Number of education and awareness events on IP enforcement conducted by the CIPC	6	4 (2)	3 (2)	The cumulative target in Q2 was not met as the Business Plan indicated a different outcome for Q1.	The business plan will be corrected to be aligned to the APP.  The planned events for Q3 will exceed the required output and take care of the backlog that was created in Q1.

# 2017-18 Quarter two Financial Performance

	<u>Sep-2017</u> <u>R</u>	<u>Mar-2017</u> <u>R</u>
<b>Revenue</b>	<b>301 714</b>	<b>595 999</b>
Revenue from exchange transaction	143 926	280 691
Fees	85 235	152 717
Interest income	58 574	121 810
Other Income	117	6 164
Revenue from non-exchange transaction	157 788	315 308
Annual return fees	157 788	315 308
<b>Total operating expenditure</b>	<b>(204 065)</b>	<b>(411 420)</b>
Advertising	1 830	(9 482)
Audit fees	3 311	(6 220)
Bad debts recovered	-	2
Bank charges	3 262	(3 783)
Communications	1 238	(20 334)
Consultants and special services	19 656	(43 334)
Depreciation and amortisation	7 938	(10 647)
Employee cost	146 168	(253 103)
Internet and Network cost	2 379	(5 159)
Inventory and publications	681	(4 000)
Operating leases	8 017	(33 668)
Other operating expenses	7 019	(16 264)
Repair and Maintenance	61	(1 066)
Travel and subsistence	2 504	(4 516)
Gain (loss) on disposal of assets	-	154
<b>Net Surplus for the year</b>	<b>97 649</b>	<b>184 579</b>





# Budget vs. Expenditure: Quarter two

## April – September 2017

As at 30 September 2017	No.	Annualised						
		Total Budget	Pro Rata Budget Allocation	Year to Date Actual Expenditure	Variance	Var%	Commitments	Available Budget
		R'000	R'000	R'000	R'000	%	R'000	R'000
Advertising & Gifts and promotional items	4.1	5 795	2 898	1 830	1 068	37%	19 533	(15 568)
Audit Committee Fees		1 500	750	480	270	36%	0	1 020
Internal Audit Fees	4.2	4 670	2 335	120	2 215	95%	4 998	(448)
External Audit Fees		4 750	2 375	3 191	(816)	-34%	521	1 038
Bank Charges	4.3	3 500	1 750	3 262	(1 512)	-86%	0	238
Bursaries		2 000	1 000	165	835	84%	0	1 835
Compensation of Employees	4.4	354 704	177 352	146 168	31 184	18%	0	208 536
Communication	4.5	15 103	7 552	1 238	6 314	84%	0	13 865
Courier and Delivery Services		300	150	0	150	100%	0	300
Depreciation		11 020	5 510	7 938	(2 428)	-44%	0	3 082
Entertainment and Refreshments		640	320	100	220	69%	80	460
ICT-Internet and Network Services		5 829	2 915	2 379	536	18%	5 178	(1 728)
External Service Providers: ICT Related Services	4.6	57 584	28 792	15 911	12 881	45%	31 544	10 129
Consultants and Special Services	4.7	22 601	11 301	3 745	7 556	67%	6 038	12 818
Internships/Learnerships	4.8	3 000	1 500	0	1 500	100%	0	3 000
Legal Fees		3 950	1 975	890	1 085	55%	0	3 060
Maintenance, Repair and Running Cost		1 450	725	61	664	92%	429	960
Operating Leases	4.9	30 149	15 075	8 017	7 058	47%	52 071	(29 939)
Owned and Leasehold Property		1 000	500	744	(244)	-49%	715	(459)
Plant Flowers and Other Decorations		20	10	6	4	38%	7	7
Resettlement Cost		100	50	9	41	82%	0	91
Security Costs		1 500	750	462	288	38%	506	532
Subscriptions	4.10	450	225	2 196	(1 971)	-876%	32	(1 778)
Insurance Assets		150	75	3	72	96%	0	147
Stationery & Printing and Publications	4.11	3 868	1 934	681	1 253	65%	2 865	322
Special Events, Venues and Facilities	4.12	8 041	4 021	1 337	2 684	67%	526	6 178
Training: Attendance Fees and External Trainers	4.13	4 900	2 450	628	1 822	74%	803	3 469
Travel and Subsistence		6 500	3 250	2 504	746	23%	1 715	2 281
<b>Total Operational Expenditure</b>		<b>555 074</b>	<b>277 537</b>	<b>204 065</b>	<b>73 472</b>	<b>26%</b>	<b>127 562</b>	<b>223 448</b>

# Capital Expenditure: Quarter two

## April – September 2017

As at 30 September 2017	Annualised						
	Total Budget	Pro Rata Budget Allocation	Year to Date Actual Expenditure	Variance	Var%	Commitments	Available Budget
	R'000	R'000	R'000	R'000	%	R'000	R'000
Computer Hardware	15 500	7 750	249	7 501	96.79%	4 554	10 697
Computer Software	16 620	8 310	152	8 158	98.17%	16 071	396
Furniture and Equipment	500	250	29	222	88.60%	0	472
Leasehold Improvement	1 700	850	0	850	100.00%	0	1 700
<b>Total Capital Expenditure</b>	<b>34 320</b>	<b>17 160</b>	<b>430</b>	<b>16 730</b>	<b>97.50%</b>	<b>20 626</b>	<b>13 265</b>



**Thank you**