

# Presentation to the Portfolio Committee on Trade and Industry by the NRCS on LOAs and ICT Modernisation Project

**Mr Edward Mamadise**  
**Acting Chief Executive Officer**

# NRCS representation

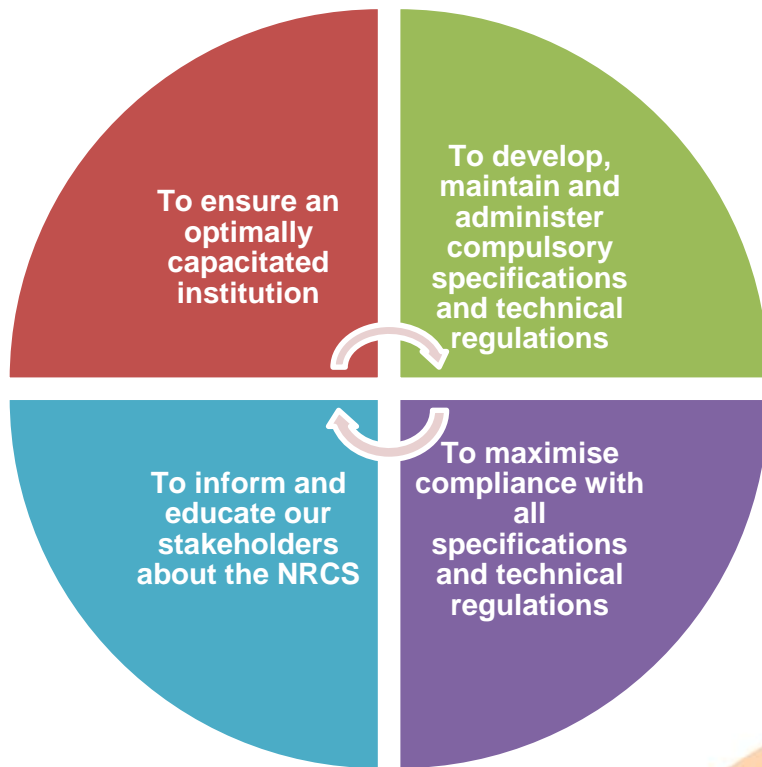
- ❑ Mr. Edward Mamadise (Acting Chief Executive Officer)
  - ❑ Bongani Khanyile (General Manager Electro-technical)
  - ❑ Edward Matemba (Manager Strategy and Risk)
  - ❑ Donovan Cicero (Acting General Manager CMM)
  - ❑ Alfred Sekhula (Acting CIO)

# Scope of Presentation

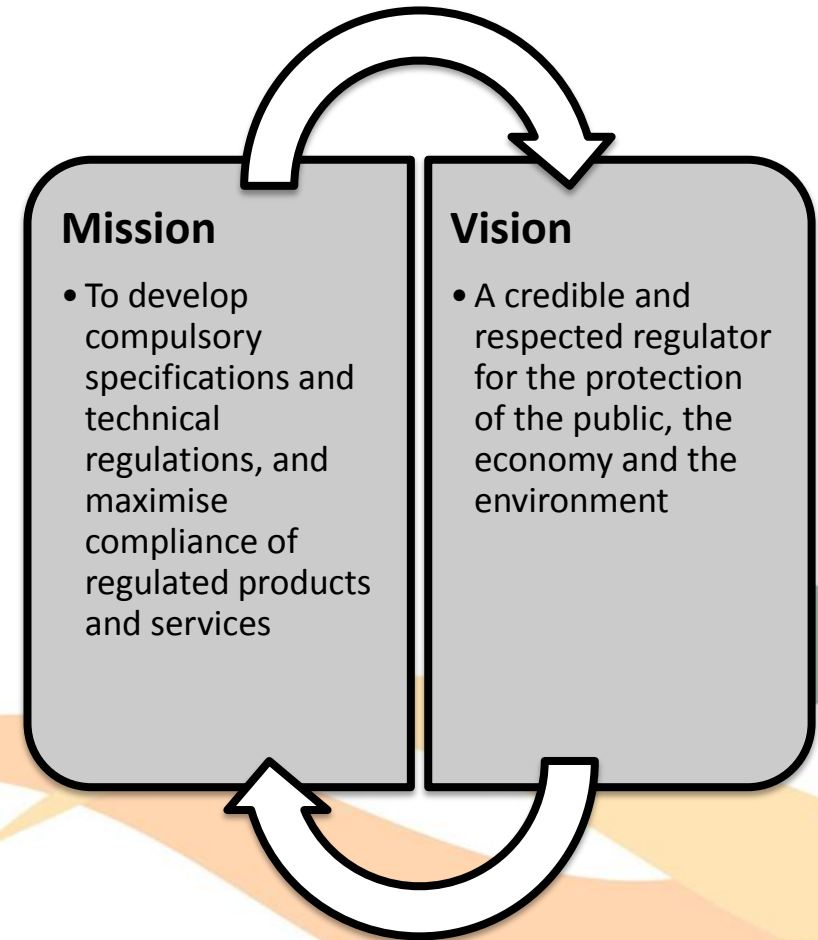
- Background
  
- LOAs
  - Status Report per each Industry Sector
  - Challenges
  - Proposed Solutions
  
- Regulation of Foods and Associated Products
  - Listeriosis
  
- Ford Kuga
  
- ICT Modernisation Project

# NRCS Strategy, Mission and Vision

## NRCS Strategic Goals



## Mission & Vision



# 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 that require pre-market Approval

<b>Industry Sector</b>	<b>Product regulated / Service rendered</b>
Automotive	Vehicles, Replacements components
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
Legal Metrology	measuring instruments used for a prescribed purpose and gaming equipment

# Premarket Approvals - LOAs

# Automotive Approvals

- ❑ Applications carried forward from 2016/17 Financial Year 1 641
- ❑ Applications received 1 April 2017 to 31 January – 4 497
- ❑ 3 507 Applications finalised, 96% within 120 days
- ❑ Applications on Hand Total – 810 Applications



# Chemicals, Materials and Mechanicals (CMM) Approvals

- ❑ Applications carried forward from 2016/17 Financial Year 58
- ❑ Applications received 1 April 2017 to 28 February 2018 – 324
- ❑ 315 Applications finalised, 57% within 120 days
- ❑ Applications on Hand Total – 67 Applications
  - ❑ 19 Personal Protective Equipment (15 within 120 days and 4 above 120 days)
  - ❑ Cement one application within 120 days
  - ❑ Safety Footwear 32 (29 are above 120 days)
    - ❑ There were challenges experienced with regards to the test reports

# Electro-technical LOA

	Q1	Q2	Q3	JAN 2018
<b>Opening balance</b>	2955	3482	3478	3497
<b>Received</b>	3545	3212	2997	1007
<b>Approved</b>	1942	3185	2734	291
<b>Closed/Cancelled</b>	1076	31	244	270
<b>Closing balance</b>	3482	3478	3497	3943

□ Applications on Hand Total – 3943 Applications as at 31 Jan 2018

- 3175(80.5%) within 120 days and
- 768(19.5%) above 120 days

# Electro-technical Interventions implemented?

- ❑ Recruitment and fast tracked training of 6 candidate inspectors, who assumed duties on 1 April 2017.
- ❑ First 6 months of intensive training followed by a target to spend ~50% of their time on training and ~50% on evaluating LOAs.
- ❑ Now trained on two compulsory specifications that accounted for ~ 30% of the volume of LOA applications in the past financial period (SANS 60335 and VC 9008).

# Impact of interventions implemented

Throughput from candidate inspectors in 2017/18 period is significant, contributing ~30% of processed applications to date

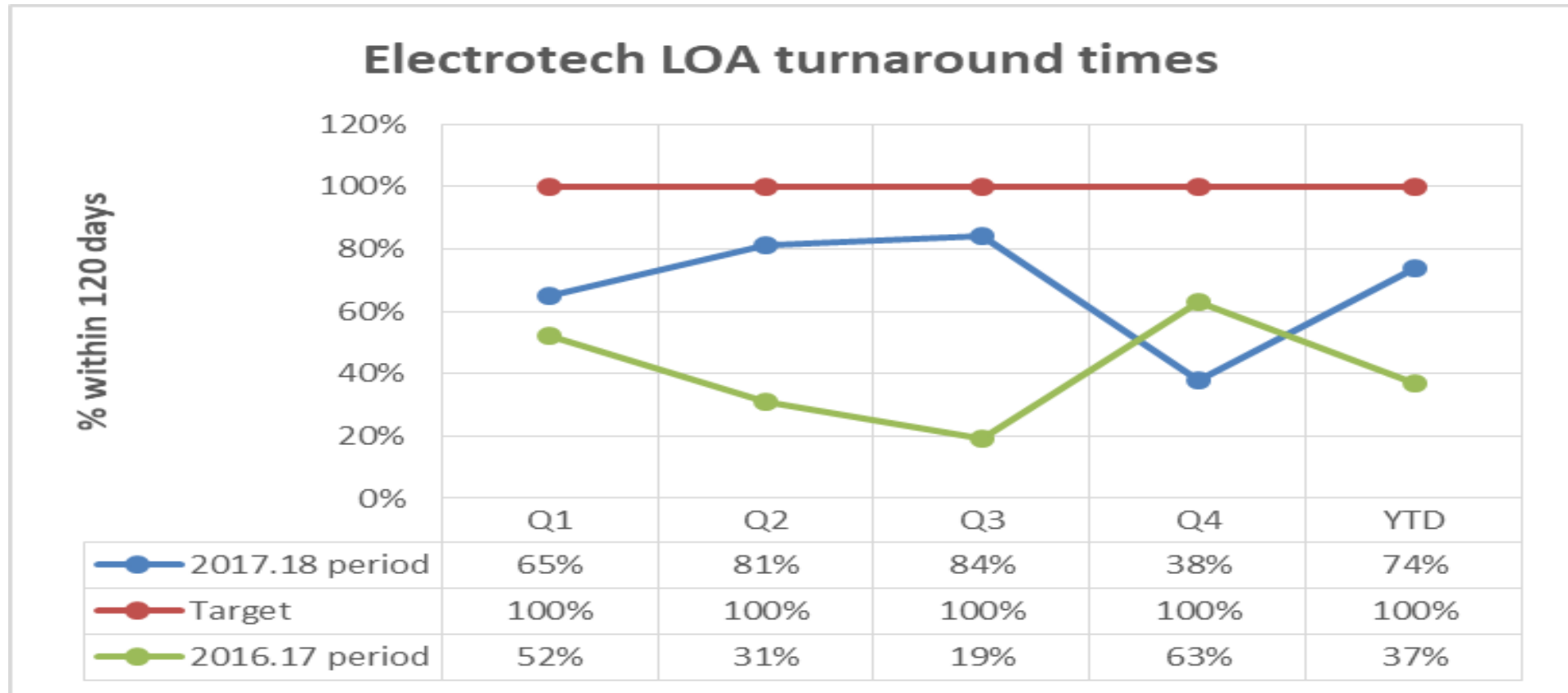
No. of candidate inspectors	<b>6</b>
No. of applications approved	<b>2416</b>
No. of applications closed/cancelled	<b>538</b>
<b>Total processed applications</b>	<b>2954</b>

# What interventions have been implemented?

- ❑ Manual implementation of the Risk Based Approach
- ❑ RBA checklists developed and implemented (Low, Medium & High Risk)
- ❑ Pre-screening prior to assigning applications;
  - ❑ Renewal applications separated and expedited.
  - ❑ Low risk applications placed in a separate queue with shorter turnaround times. Low risk constitutes ~ 30% of applications, medium risk ~ 60%, and high risk ~ 10%.
- ❑ Enforcement of 30 day cut off period to allow for applicants to address findings
- ❑ Development of RBA policy

# Electro-technical Impact of interventions continued

- There has been a marked improvement in turnaround times compared to previous financial period



- For 2017.18 statistics are up to end of January 2018

# Electro-technical - Challenges

- ❑ 3 staff members: 1 manager + 2 evaluators, went on maternity leave during the review period.
- ❑ Increasing scope of regulations will impact on volume of applications:
  - ❑ Generators
  - ❑ LEDs
  - ❑ Lighting products
  - ❑ Energy efficiency
- ❑ Technology Advancement
- ❑ Applicants trying to cheat current RBA manual system by declaring new applications as renewals, which slows down the renewals queue

# Way forward

- ❑ Move towards product/technology specialisation by focusing resources on areas of greatest need.
- ❑ Appointment of preferred group of Test Laboratories – **reduces the probability of the submission of non compliant applications by ensuring technical and administrative requirements are met**
- ❑ Working with large retailers to achieve self compliance, shifting their risk profiles towards low risk – Pilot Shoprite Checkers.
- ❑ Full implementation of RBA
  - ❑ Improvement of Pre-screening – enhance low risk, medium risk, and high risk separation.
  - ❑ Consistent implementation of 30 day cancellation policy
  - ❑ ICT modernisation





ICT

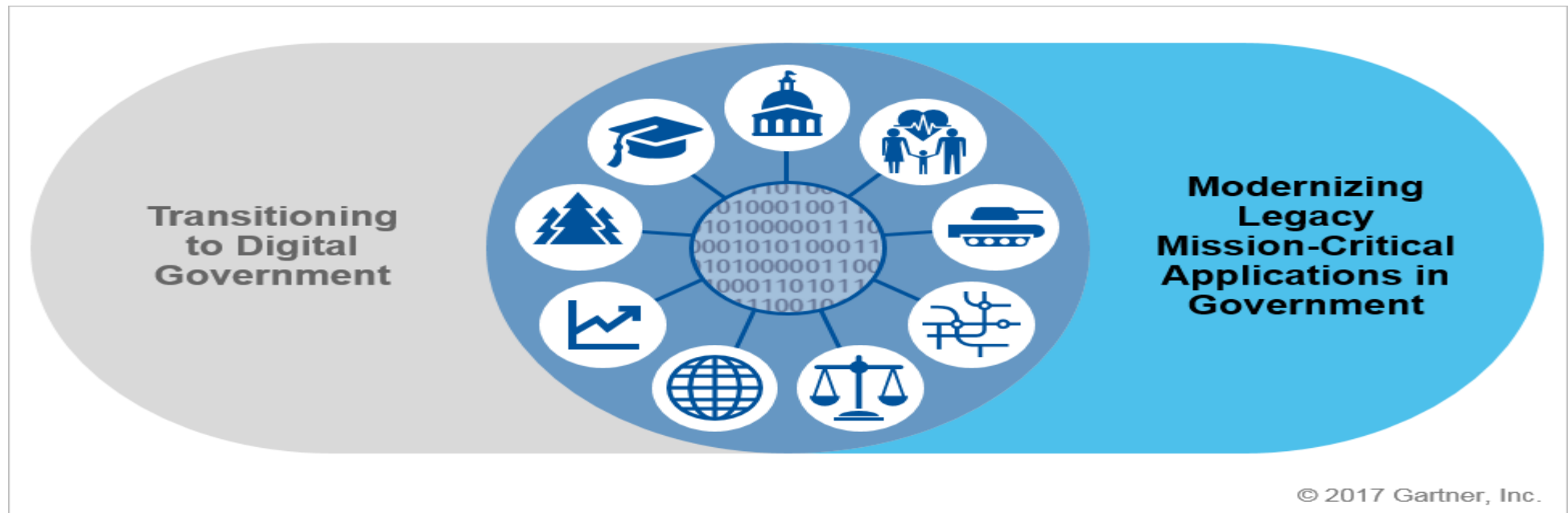


# Project Overview

- The Modernization Project is a suite of interdependent strategies that the NRCS plans to deploy to deal with organisational challenges
- **Purpose**
  - Revenue qualification.
  - Automation of NRCS operational processes which include collaboration with other key Stakeholders i.e SARS and Customs
  - Automation of the NRCS approval system - LOA issuance
  - Implementation of Internal support systems - ERP

# Modernisation in Nutshell.

- Modernization program covers the upgrade, integration or replacement of legacy applications, digitising way of doing things, driven by factors such as rising costs and a need for organizational agility.



# Project Plan

Task Description	Status	Dependence	Start date
BSC- drafting of specification for a resource Service Provider to assist NRCS	100% complete	Approved Business case	
BAC- Presentation, bid document approved	100% complete	1	23/02/2018
Advertising Bid for a resource company	on track 0%	2	9/3/2018 - 3/4/2018
Evaluation of Bid	0%	3	5/04/2018 - 6/04/2018
Kickoff meeting	0%	8	2/7/2018
Business process analysis and signoff	0%	9	9/7/2018 - 31/7/2018
BSC modernisation systems Terms of Reference	0%	10	6/8/2018 - 24/08/2018
BAC- Presenting Modernisation Terms of reference to BAC for approval	0%	11	30/8/2018 - 31/8/2018
Advertising the bid	0%	12	7/9/2018 - 1/10/2018
Evaluating Bids	0%	13	2/10/2018 - 5/10/2018
Letter of appointment	0%	15	26/10/2018
Implementation of modernisation project	0%	19	7/2/2019 - 6/2/2020
Project closure	0%	20	7/2/2020

# Current ICT Systems

- **JDE Edwards** – ERP systems with only financial and SCM module working. This system is currently out of support from Oracle (the owners of the systems)- it needs to be changed to new systems.
- **Siebel CRM** – the system was procured to automate the approval and inspection processes, to this stage only Electro technical clients use the system for LOA application but internally the application is processed outside the system because the CRM is not user friendly and not all required capabilities are configured on CRM.

# Reasons for delays

- ❑ Inadequate IT resources – NRCS IT department does not have the adequate skills to take on this project
- ❑ The timeline have been extended due to the need to appoint a service provider, to assist NRCS with business process mapping and needs analysis

# Foods and Associated Industries

# Foods and Associated Products - Listeriosis

- ❑ The NRCS regulates canned meat products and the processing facilities of canned meat products. Canned meat products are not affected by the Listeriosis outbreak.
- ❑ Canned meat products: is meat products packed in hermetically sealed containers which were subjected to a heat process to render a commercially sterilized product. A commercial sterile product is a product that:
  - a) is processed in such a manner as to reduce the number or activity (or both) of viable microorganisms to such an extent that none are detectable in the final product.
  - b) in which no spoilage or toxicity of microbial origin is detectable under normal, non-refrigerated conditions of storage, distribution and handling.



# Foods and Associated Products - Listeriosis

- ❑ A hermetically sealed container is a container made of acceptable material or combinations of materials that excludes permeation of gas.
- ❑ Processed meat products on the other hand are only subjected to a pasteurization process and must be stored and transported under refrigerated conditions to preserve the product and therefore has a limited shelf-life. Processed meat products is also not packed in hermetically sealed containers.
- ❑ The difference in processing methods and packaging between processed meat products and canned meat products is what excludes the canned meat products from the current Listeriosis outbreak.

# Foods and Associated Products - Canned Meat Products

- ❑ Canned meat products regulated by the NRCS are not allowed to be distributed or sold prior to the physical inspection of the products, containers and microbiological examinations.
- ❑ Each canned meat production (batch) processed in South Africa is inspected by the NRCS for compliance with the requirements of the relevant compulsory specification.
- ❑ Once compliance is determined a compliance certificate is issued and the production/batch is released by means of compliance certificates.
- ❑ Processing facilities are inspected bi-annually to determine compliance with the requirements of the relevant compulsory specifications.

# Foods and Associated Products - VC for Processed Meat Products

- ❑ There is currently no VC for processed meat products and NRCS does not regulate processed meat products.
- ❑ A standard was developed with the view to regulate processed meat products, however due to disagreements with the Industry, the regulation was deferred to the Department of Health
- ❑ The final draft of the processed meats Compulsory Specifications was accepted during a full stakeholder meeting on the 7 March 2014, however, the industry argued that the operational costs for levies presented were too high.

# Foods and Associated Products - VC for Processed Meat Products

- ❑ A levy sub-committee comprising of members from the manufacturers SAMPA, retailers, Consumer Goods Council of South Africa (CGCSA), South African National Consumer Union (SANCU) and NRCS was subsequently set up to further deliberate and come up with a solution. No agreement was reached.
- ❑ The subcommittee met with ***the dti*** on the 07th October 2014 where SAMPA presented their proposed self-regulation model. The meeting noted that the identified risks emanating from the NRCS risk and impact analysis reports which were done in consultation with the stakeholders should not be ignored.

# Foods and Associated Products - VC for Processed Meat Products

- ❑ This matter ended up with only compositional quality regulation with DAFF which will reference certain provisions of the SANS 885. The notice of the proposed regulation was published as follows:
  - Regulations regarding the classification, packing and marking of processed meat products intended for sale in the republic of South Africa, NO.663 of 07 July 2017 under the Agricultural Product Standards Act, 1990 (ACT No. 119 OF 1990).
- ❑ The hygiene requirements are not part of this proposed regulation and will still be only covered in the general requirements for all foodstuffs under the DoH.

# Ford Kuga

# Ford Kuga

- ❑ The NRCS met with Ford Motor Company of Southern Africa in September 2017.
- ❑ FMCSA reported on the recalls made and incidences where some of the reworked vehicles were reported to have burnt. As a result, the NRCS decided to make follow-up engagement with FMCSA in order to monitor progress on the recall process
- ❑ There is a significant difference between the engine cooling system layout diagram of their Ford Kuga 1.6L eco-boost model and that of the 1.5L model being their later model that replaced the 1.6L eco-boost.
- ❑ The NRCS is still trying to determine the exact cause of the fire because some of the reworked vehicles were reported to have catch alight.

# Ford Kuga

- ❑ The NRCS deemed it necessary to seek for an expert who can conduct an independent investigation on the cause of the fire.
- ❑ Another fire incident was reported on 22 February 2018. Unlike the previously reported cases, this vehicle was for a 2016 1.5L Ford Kuga model, which was not covered by the initial recall.



- ❑ The NRCS will therefore be embarking on the following:
  - ❑ Request an urgent corrective action on the 1.5L Ford Kuga fires
  - ❑ Appoint an Investigator to investigate the cause of the fire. Should the vehicle be non-compliant as per the compulsory specification, the NRCS will consider suspension of the identified model from the Natis system until such time that the NRCS is satisfied that the vehicle is compliant. This process requires engagement with FMCSA.
- ❑ Identify the systems and components covered by the compulsory specification and that are, under normal working situations, subjected to elevated temperatures and ensure that they comply with the relevant compulsory specification

# Thank You