

Portfolio Committee on Trade and Industry

Presentation on the NRCS' – First Quarter Report 2018/19

Edward Mamadise
Chief Executive Officer

12 September 2018

NRCS representation

- ❑ Mr. Edward Mamadise
 - ❑ Chief Executive Officer
- ❑ Ms. Mimi Abdool
 - ❑ Chief Financial Officer
- ❑ Mr. Edward Matemba
 - ❑ Manager: Strategy and Risk
- ❑ Ms. Meisie Katz
 - ❑ General Manager Foods and Associated Industries
- ❑ Mr. Donovan Cicero
 - ❑ Manager: Chemicals, Materials and Mechanicals

Scope of Presentation

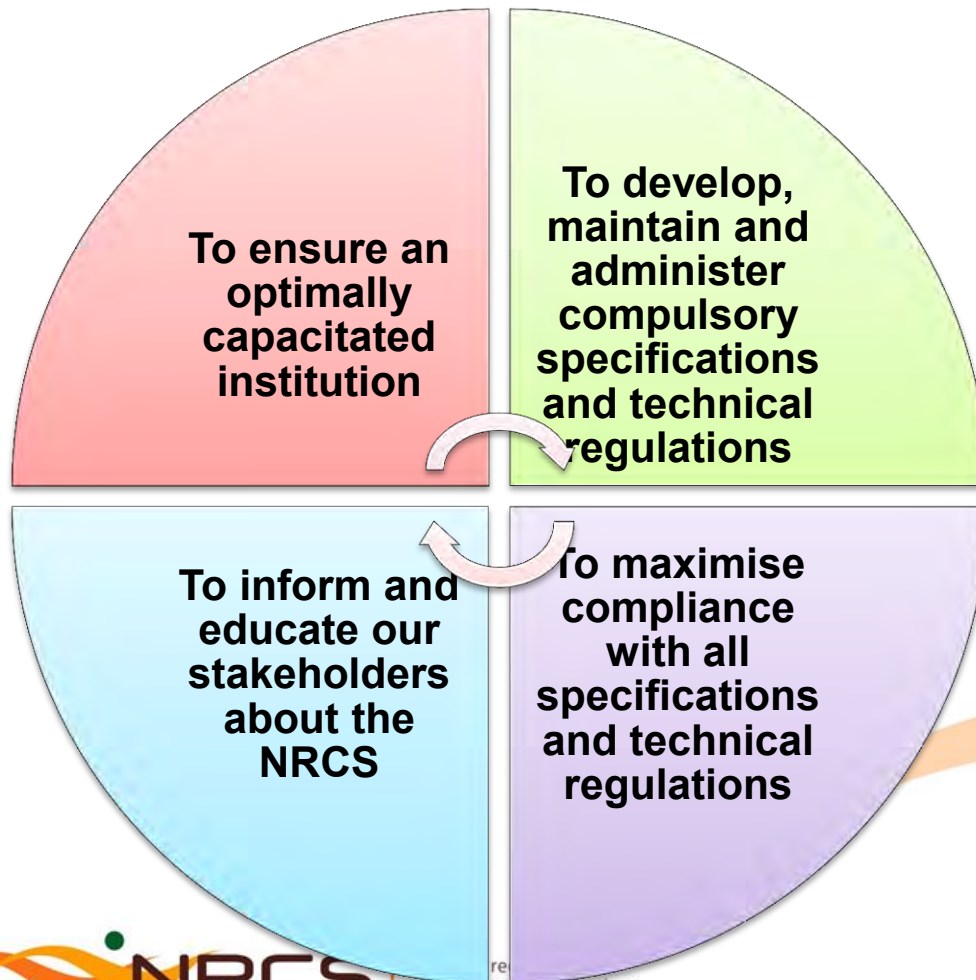
- ❑ Strategic Overview of the NRCS
 - ❑ Strategic Goals, Mission, Vision
 - ❑ Legislative mandate
 - ❑ Regulated industries

- ❑ Performance against Targets
 - ❑ Non-Financial Performance and highlights
 - ❑ Financial Performance

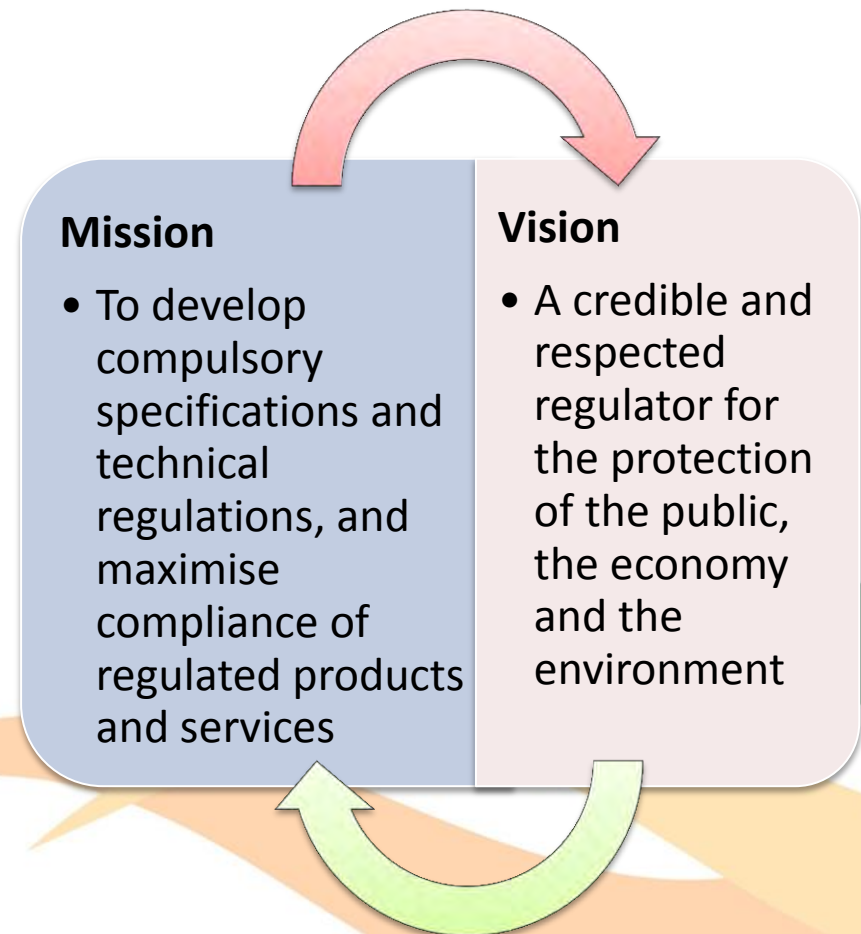
- ❑ Audit report

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 as amended)**

**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
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 National Building Regulations and Standards Act, administer review Board

Actual Performance Against set targets (Non-Financial performance)

Highlights

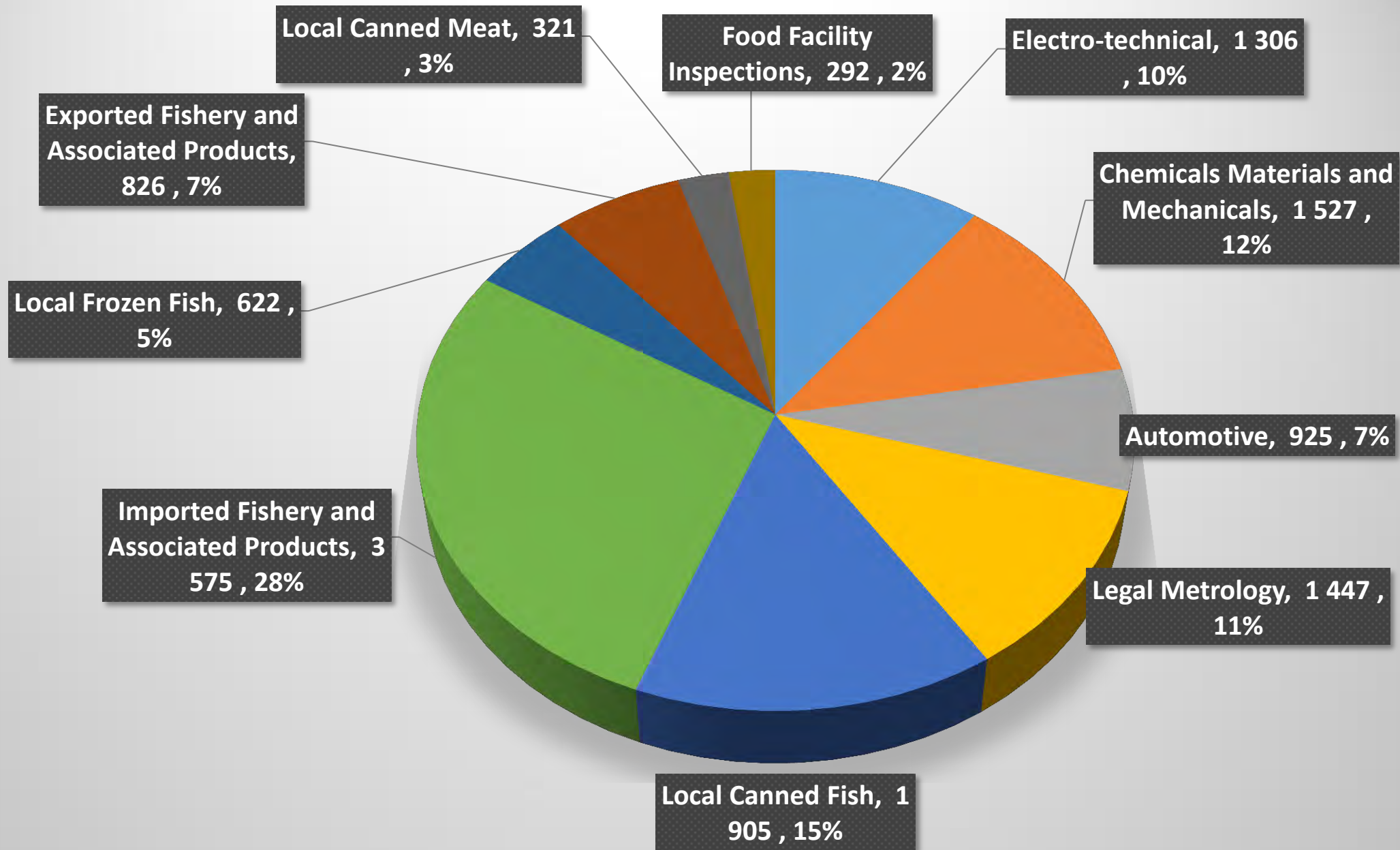
- ❑ Non-compliant products to the value of R125 million were removed from the market during the financial year. Products included:
 - ❑ Incandescent lamps, adaptors, luminaires, switches, electric ovens, washing machines, portable refrigerators, battery chargers
 - ❑ Fishery products

- ❑ Vacancy rate was reduced to 6% from 12%

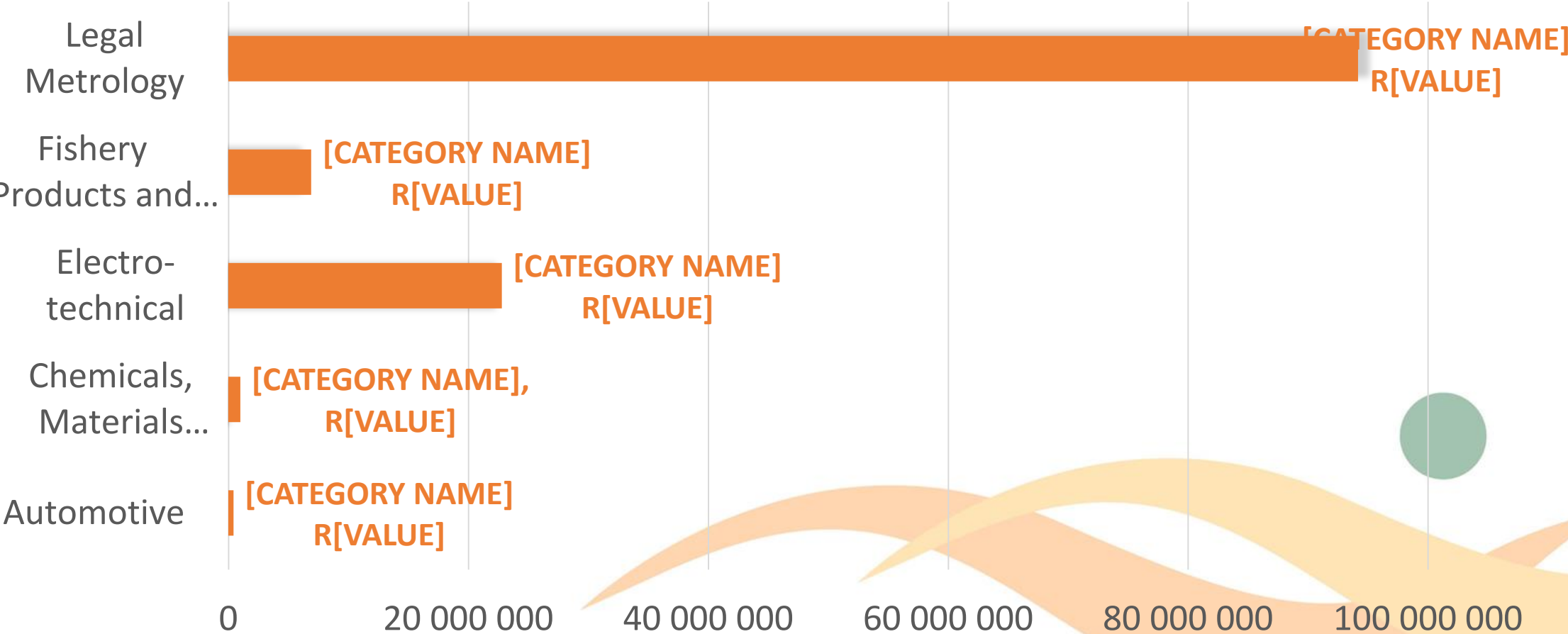
Organisational Performance

- ❑ Five compulsory specifications (VCs) were submitted to **thedti** – Target: 2
- ❑ A total of 12 746 inspections were conducted during the Quarter
 - ❑ 5205 for Automotive, Electro-technical, Chemicals Materials and Mechanicals and Legal Metrology against a target of 5200
 - ❑ 100% consignment and production inspections were conducted on all declared or known fisheries and canned meat regulated products. In total 6 928 inspections were conducted for fisheries and canned meat products – Target: 100%
 - ❑ 613 Inspections conducted for Facilities and Frozen fish – Target: 525
- ❑ 68% (3 267) of the 4 821 Approvals were processed within 120 calendar days – Target:100%
- ❑ 82% (127) of the 154 Gaming Approval applications were processed within 30 calendar days – Target: 100%

SG2: Inspections Breakdown



SG2: Non-compliances



Inform and Educate our Stakeholders and Ensure Optimally Capacitated Organisation

- ❑ Approved NRCS ICT Strategy
- ❑ Implementing the approved Stakeholder Engagement Plan
- ❑ Implementing the MOU with Shoprite Checkers - pilot project aimed at working with retailers to ensure they only sell compliant products
- ❑ Conducted 2 consumer awareness campaigns against a target of 3. Annual target is expected to be met
- ❑ NRCS has commenced with the Organisational Review Project – Aimed at revitalising the institution.

Financial Performance



Q1 2018-2019 Financial Overview: Statement of Financial Performance Summary as at 30 June 2018

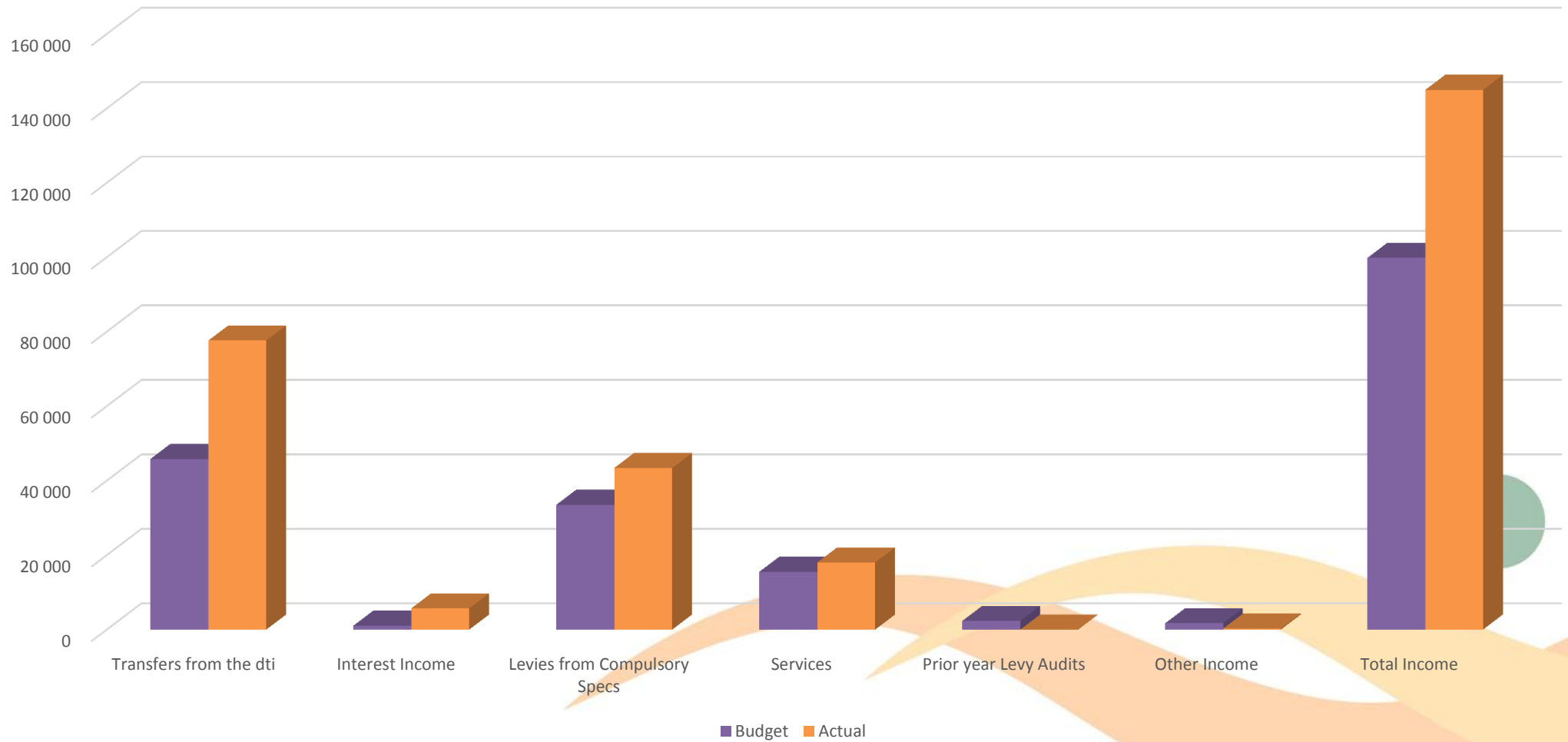
NRCS

Income and Expenditure for Quarter1 of 2018/2019

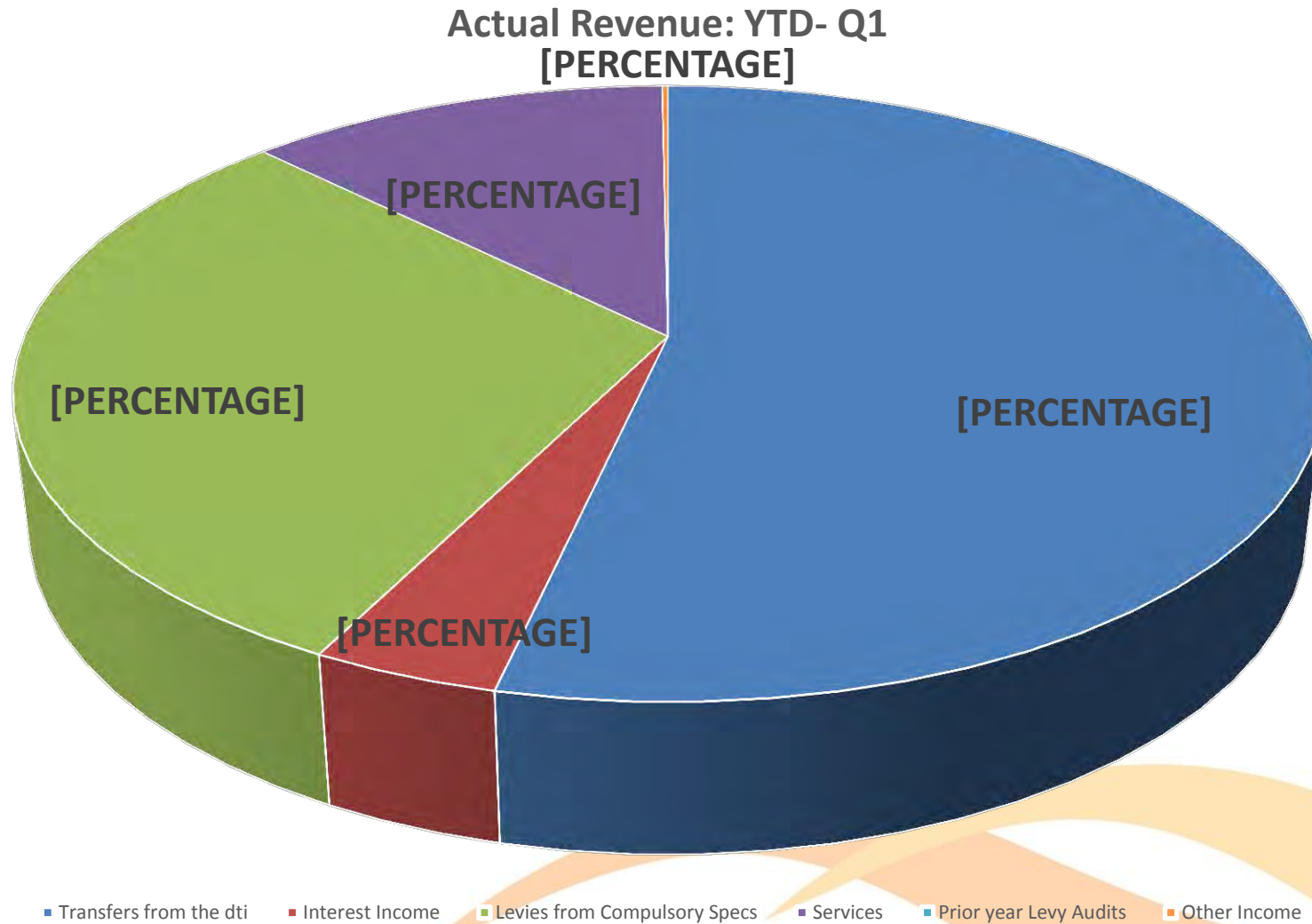
Programme/Division/Unit	2017/18 actual figures	2018/19 Approved Budget	Quarter 1				Year-to-date Expenditure			
			Budget	Actual	Variance		Full Year Budget	Actual	Variance	
			R'000	R'000	R'000	R'000	R'000	Percentage	R'000	R'000
Income										
Transfers from the dti	128 745	132 104	45 792	77 608	31 816	69%	45 792	77 608	31 816	69%
Interest Income	19 458	10 118	1 028	5 694	4 666	454%	1 028	5 694	4 666	454%
Levies from Compulsory Specs	197 790	208 207	33 507	43 399	9 892	30%	33 507	43 399	9 892	30%
Services	65 115	58 231	15 501	18 012	2 511	16%	15 501	18 012	2 511	16%
Prior year Levy Audits	16 583	11 546	2 309	0	-2 309	-100%	2 309	0	-2 309	-100%
Other Income	3 216	780	1 697	252	-1 445	-85%	1 697	252	-1 445	-85%
Total Income	430 907	420 986	99 834	144 965	45 131	45%	99 834	144 965	45 131	45%
Expenditure										
Compensation of Employees	280 262	321 065	78 522	69 926	8 596	11%	78 522	69 926	8 596	11%
Goods and Services	66 135	99 921	20 833	14 366	6 467	31%	20 833	14 366	6 467	31%
Total Expenditure	346 397	420 986	99 356	84 293	15 063	15%	99 356	84 293	15 063	15%
Surplus/(Deficit)	84 510	0	478	60 672	60 194	12589%	478	60 672	60 194	12589%

Q1 2018- 2019 Financial Overview: Revenue

Revenue: Quarter 1

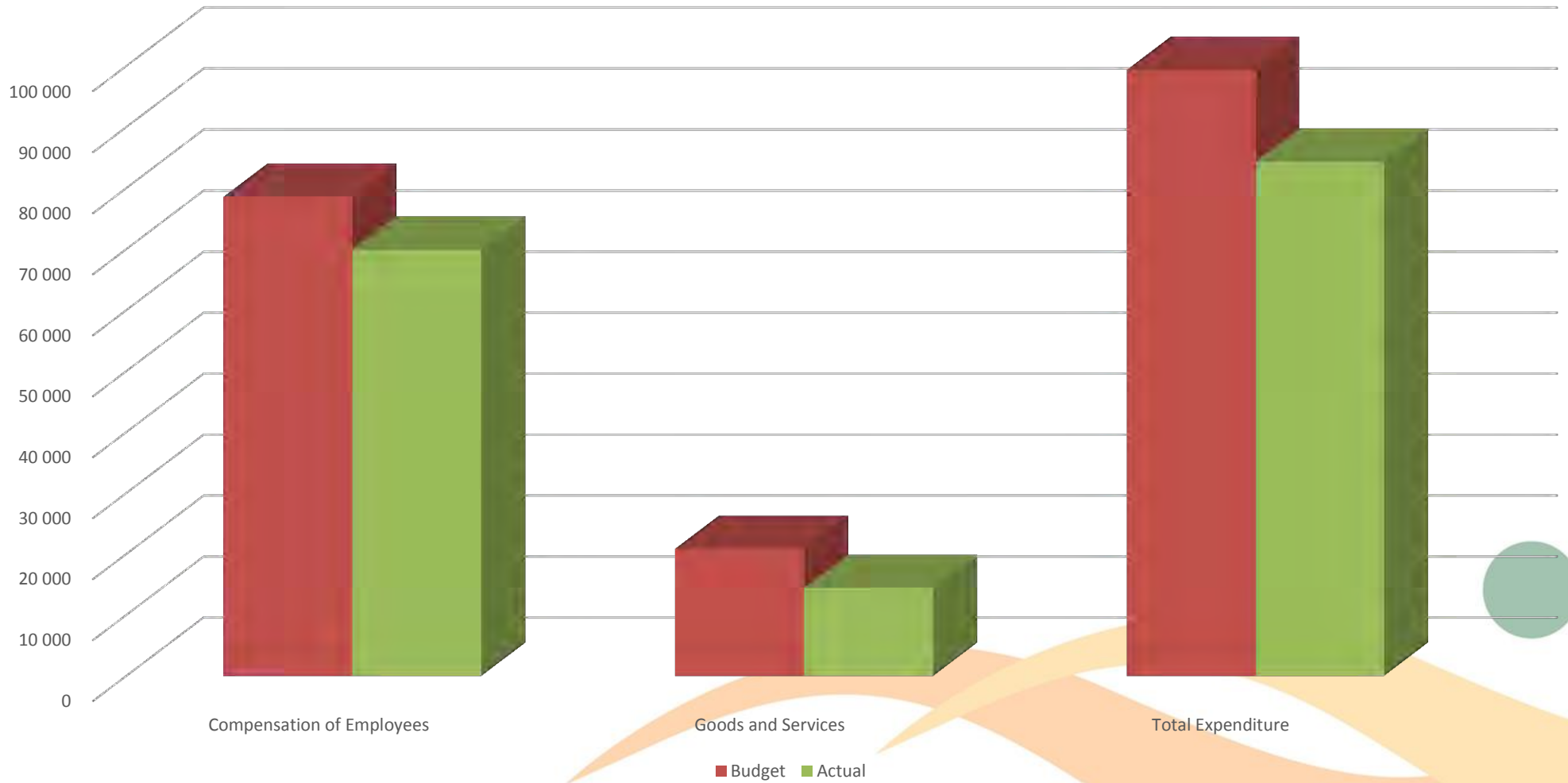


Q1 2018-2019 Financial Overview: Revenue



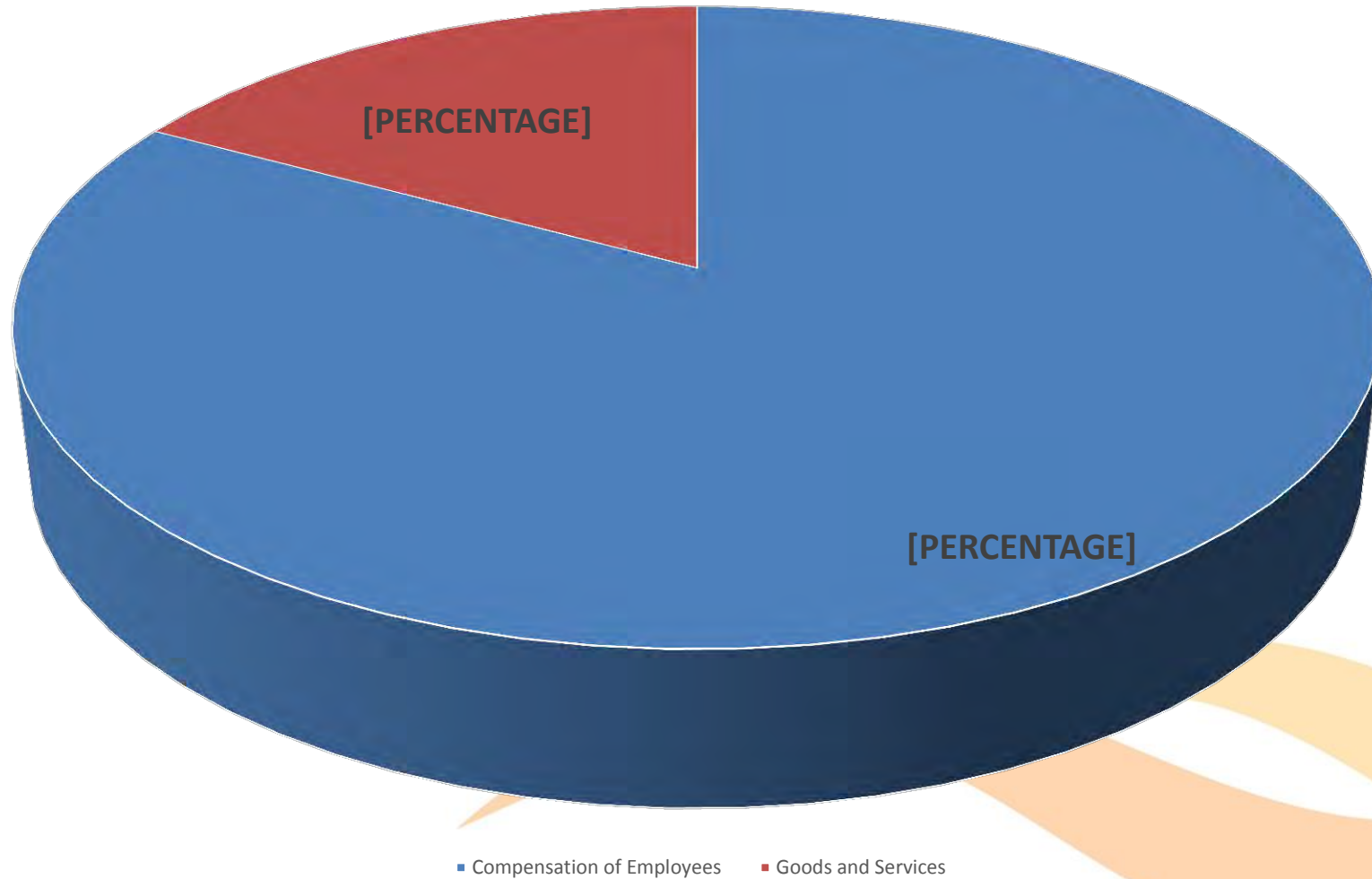
Q1 2018-2019 Financial Overview: Expenditure

BUDGET VS ACTUAL EXPENDITURE: Q1



Q1 2018-2019 Financial Overview: Expenditure

Actual Expenditure composition



Risk Management



Challenges

Challenges

- ❑ NRCS IT modernisation project is behind schedule – Advertising the tender to appoint a resource company to assist the NRCS in managing and implementing the Modernisation Project.
- ❑ Failure to recruit a CIO – Headhunting for potential candidate/s
- ❑ Inadequate testing capacity within South Africa for some of the regulated products – Engaging **thedti** and the SABS in a bid to address the challenge.
- ❑ Revenue Qualification –
 - ❑ Set up a task team to address the Revenue Qualification
 - ❑ Engaging National Treasury, **thedti** and have also appointed a consulting firm

Thank You

Abbreviations and Acronyms

- ❑ AG – Auditor General
- ❑ CMM – Chemicals, Materials and Mechanical
- ❑ DAFF – Department of Agriculture, Forestry and fisheries
- ❑ FY – Financial year
- ❑ GRAP – Generally Recognised Accounting Practice
- ❑ LOA – Letter of Authority
- ❑ NBR – National Building Regulations
- ❑ NCC – National Consumer Commission
- ❑ SABS – South African Bureau of Standards
- ❑ SAPS – South African Police Services
- ❑ SARS – South African Revenue Services
- ❑ TR – Technical Regulation
- ❑ VC – Compulsory Specification
- ❑ YTD – Year to Date