


Presentation to the Portfolio Committee on Trade Industry and Competition on NRCS' Quarter 1 Report 2023/24 Financial Year

**Duncan Mutengwe
Acting Chief Executive Officer**

NRCS Delegation

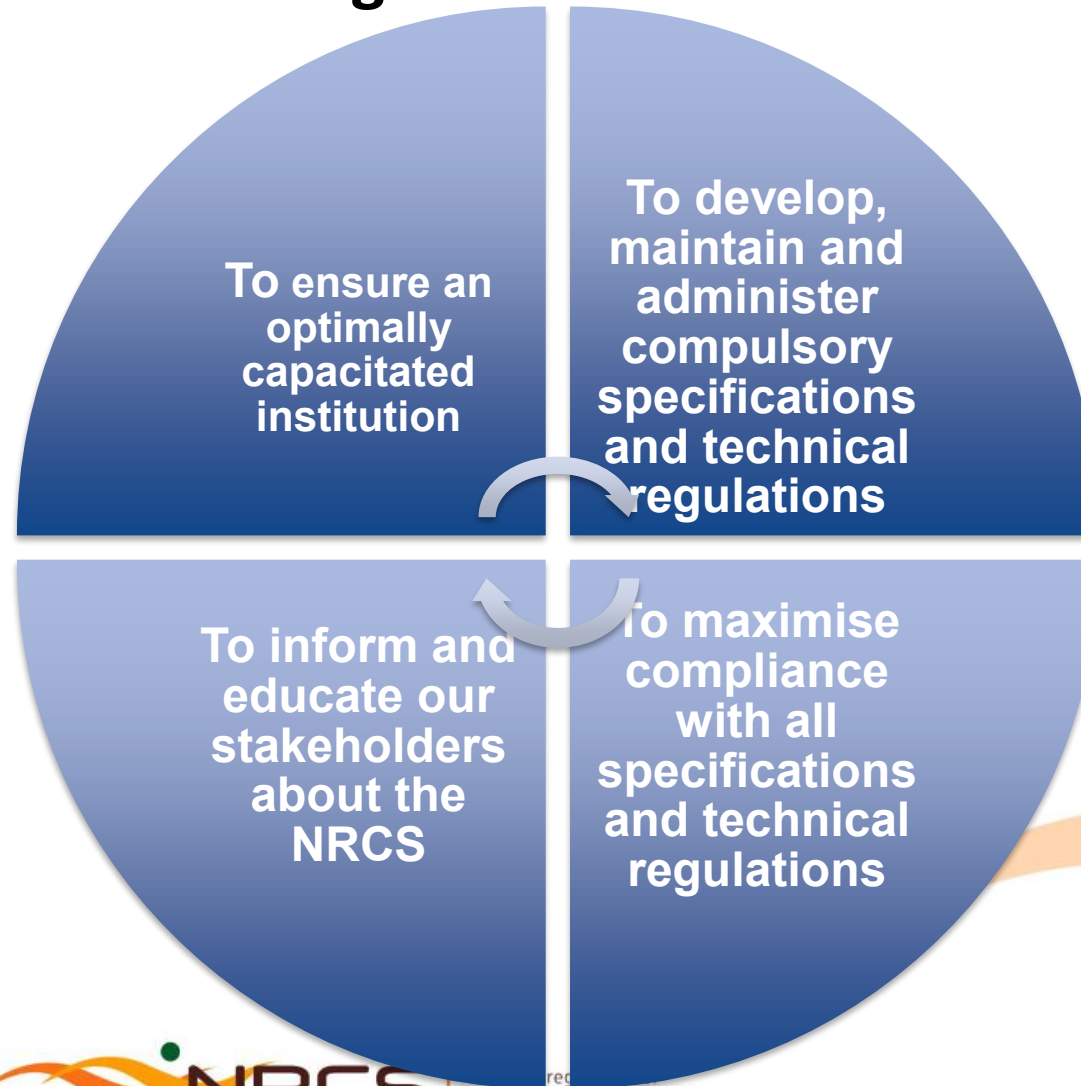
- ☐ Mr. Duncan Mutengwe
 - ☐ Acting Chief Executive Officer
 - ☐ Ms. Nadine Thomas
 - ☐ Chief Financial Officer
 - ☐ Mr. Thomas Madzivhe
 - ☐ Acting Chief Operations Officer
 - ☐ Mr. Oupa Kgasago
 - ☐ Chief Information Officer
 - ☐ Mr. Edward Matemba
 - ☐ Manager: Strategy and Risk
 - ☐ Mandla Mokoena
 - ☐ Financial Manager
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Scope of Presentation

- ❑ Strategic Overview of the NRCS
 - ❑ Strategic Goals, Mission, Vision
 - ❑ Regulated industries
- ❑ Quarter 1 2023/24 Financial and Non-Financial Performance
 - ❑ Non-Financial Performance and highlights
 - ❑ Financial Performance
- ❑ ICT Modernisation

NRCS Strategy, Mission and Vision

NRCS Strategic Goals



Mission & Vision



Industries regulated by NRCS

Industry Sector	Product regulated / Service rendered
Automotive	Vehicles, Replacements components, Manufactures Importers and Builders of Motor Vehicles
Chemicals, Materials and Mechanicals	Cement, chemicals, detergents, Personal protective equipment, safety shoes, building materials, treated timber, plastic bags,, 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

Highlights for the Quarter 1: 2023/24 Financial Year

2023/24 Quarter 1 Highlights

- ❑ Facilitated the exportation of fish and fishery products mostly to the European and Asian markets. In this regard 2 119 health guarantee certificates were issued.
- ❑ The value of fish and fishery exports was approximately R2,250 billion
- ❑ NRCS identified and removed approximately R79 million worth of non-compliant products across all regulated industries. These were as a result of market surveillance inspections wherein directives were issued.
- ❑ All container releases were effected on average within 3 days

Quarter 1 Contribution to Minister's Outcomes/Outputs: 2023/24 Financial Year

Contribution to Minister's Outcome/Output Indicators

Output 3 - Exports

- R2,250 billion exports facilitated

Output 13 - Internship Program

- 30 Internship positions to be filled
 - Positions advertised May 2023 currently shortlisting and successful candidates will start January 2024

Output 18 – Energy Efficiency

- One Energy Efficiency blitz conducted in Durban During the Quarter

Output 22 – Energy Efficiency

- 90% of the LOA applications finalised within 90days – Target not achieved.
NRCS appointing administrative capacity to assist with capturing of applications

Contribution to Minister's Outcome/Output Indicators

Output 27- Participation in Forums

- Participated in SADC, AFrimets, ARSO, OIML and WP29 (Target: Participate in Harmonisation of regulations within SADC and Africa)

Output 32 – Case Studies

- 5 case studies conducted during the quarter

Output 33 – Outreach programs

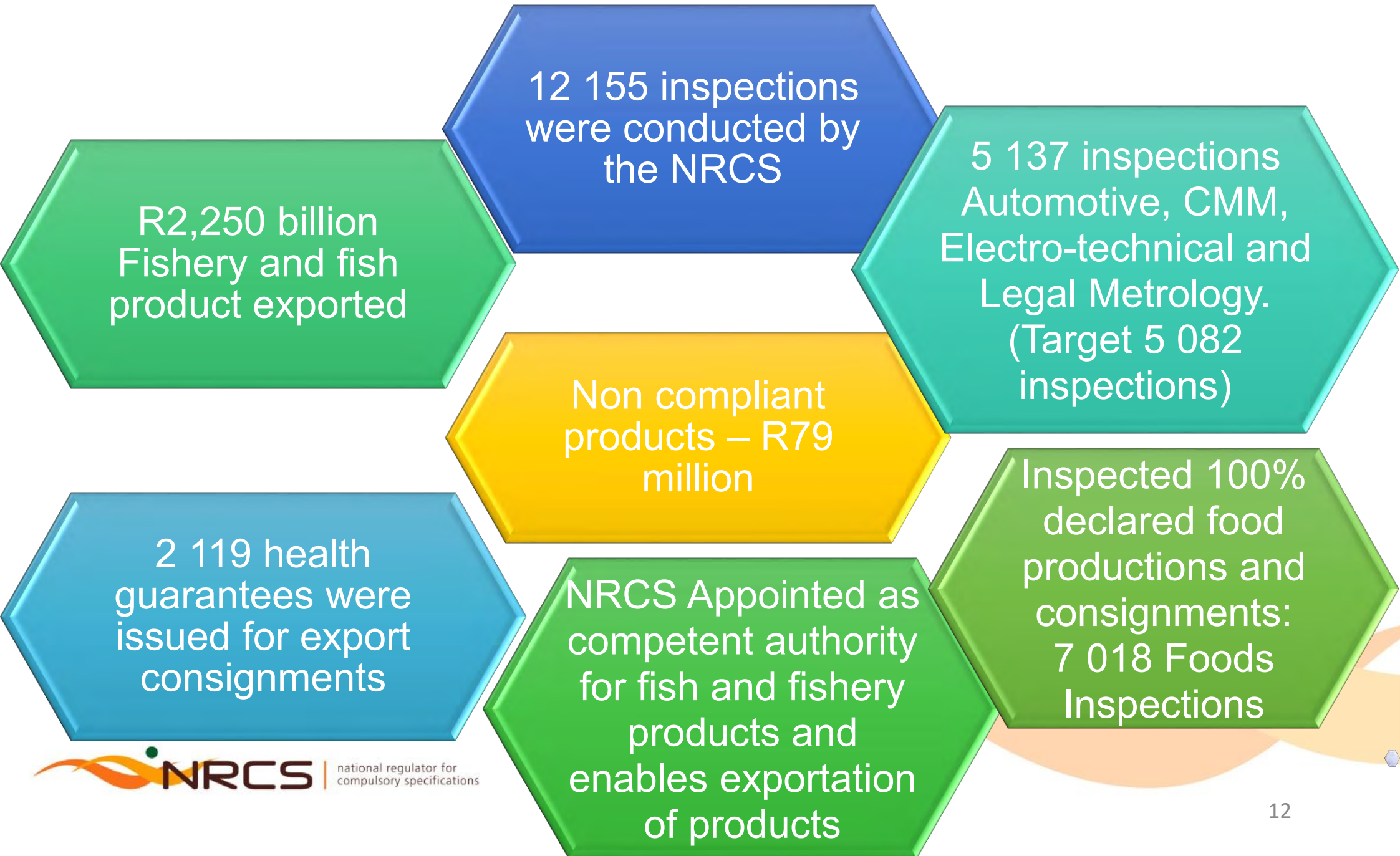
- 2 Outreach programs conducted one in North West and One in the Eastern Cape

Output 40 (Reduce turn-around times for LOAS from 120 days to 90 days)

- Target reduced to 90 days from 120 days
- 90% of LOA applications finalized within 90days

Quarter 1 Performance: 2023/24 Financial Year

Strategic Goal 2: 2021/22 Inspections



Strategic Goal 2: Inspections

- ❑ Inspection targets achieved except for facilities inspections. The annual target will be achieved and quarterly variance is mainly due to challenges with availability of fishing vessels being available for inspections
- ❑ Inspected 100% of all declared consignments and productions of foods and associated products.
- ❑ Due to NRCS' work with exportation and the risk associated with foods and associated products, NRCS inspects **100% of all declared consignments and production.**
- ❑ In respect of all other industries, inspections are as per the NRCS risk based approach.

Strategic Goal 2: Pre-market Approvals

Gaming Approvals

- 100% issued within 30 days

Approvals: Automotive, CMM, Legal Metrology and Electro-technical

- 90% issued within 90 days
- Target reduced from 120 days to 90 days
- 5% negative variance is due to administrative capacity challenge that is being addressed

LOA approvals applications

- Applications on average finalised within 43 days

Strategic Goal 2: Pre-market Approvals

Stakeholder awareness

- Conducted 3 Stakeholder awareness campaigns
- Media statements were issued among others on various platforms covering the work of the NRCS, non-compliances which included cement, timber and electrical products

Stakeholder Engagement strategy implementation

- 97% achievement
- Work done includes:
 - Community engagements inclusive of Rural Community Engagement events held in the Eastern Cape (Mthatha, Mount Frere, Qumbu) North West (Ventersdorp, Mogwase, Madibeng, Brits), Gauteng (Sicelo)
 - Conducted/participated in 312 stakeholder meetings. The majority of the meetings were directly with the industry to:
 - Provided clarity on regulations and market access requirements for different regulated products
 - Food safety compliance requirements for access to the EU markets.
 - Provided clarity and the links between standards and the different regulations
 - Addressed customer and general industry concerns and challenges

Targeted Interventions and Stakeholder Engagements

- ❑ Surprise raids in Mpumalanga, Limpopo, KZN and Eastern Cape
- ❑ Rural Community Engagement Programmes were initiated to target non-compliant businesses in these communities and NRCS donated some products. The donations are products that were found on the market like toilet papers and do not meet the minimum measurement requirements and can not be corrected. These are donated as it is not cost effective to destroy

Stakeholder Engagements – Regional and International

- ❑ Harmonization of technical regulations – The NRCS is participating in various forums at SADC, Continental and international forums with regards to harmonization of technical regulations.
 - ❑ SADCMEL, SADCTRLC, SADC SPS, SADC TBTSC
 - ❑ Africa Region Standard Organisation
 - ❑ AFRIMETS
 - ❑ OIML
 - ❑ WP. 29 – Automotive
 - ❑ International Consumer Product Health and Safety Organisation
- ❑ The NRCS also have agreements with a number of countries enabling mutual recognition of approval certificates and foods health guarantees.
 - ❑ Botswana, Mauritius, Mozambique, Namibia and Zambia
 - ❑ Thailand

Strategic Goal 4: Ensure Optimally Capacitated Institution

Human Resources

- Vacancy rate 11% against a target of 8%. As at end of the quarter 42 positions were under recruitment
- Critical Positions: CFO appointed 1 September 2023 and COO on offer stage as of 1 September 2023
- Internship Program - 30 positions advertised in May expected to commence January 2024

Revenue Budget Achievement

- 67% revenue achieved – under budget by 33% mainly due to levies being lower than budget attributed to economic challenges

ICT Operations System Development

- ERP implemented – This was phase one of the modernization project
- Enhanced ICT Governance and Cybersecurity Controls
- Completed implementation of document management system
- Behind schedule on Operations System: The tender had to be re-issued as no service provider could be appointed for system development. Tender re-issued taking into consideration lessons learnt from the prior tender and also compatibility from phase one of the modernization project.

Achievement of Key Performance Areas

- 75% Achievement

Future Planned Engagements Quarter 2 and 3

☐ Rural Engagement

- ☐ The NRCS has rural engagements planned quarterly;
- ☐ Quarter 2 Rural Engagement is in KZN- This involves consumer education and targeted inspections

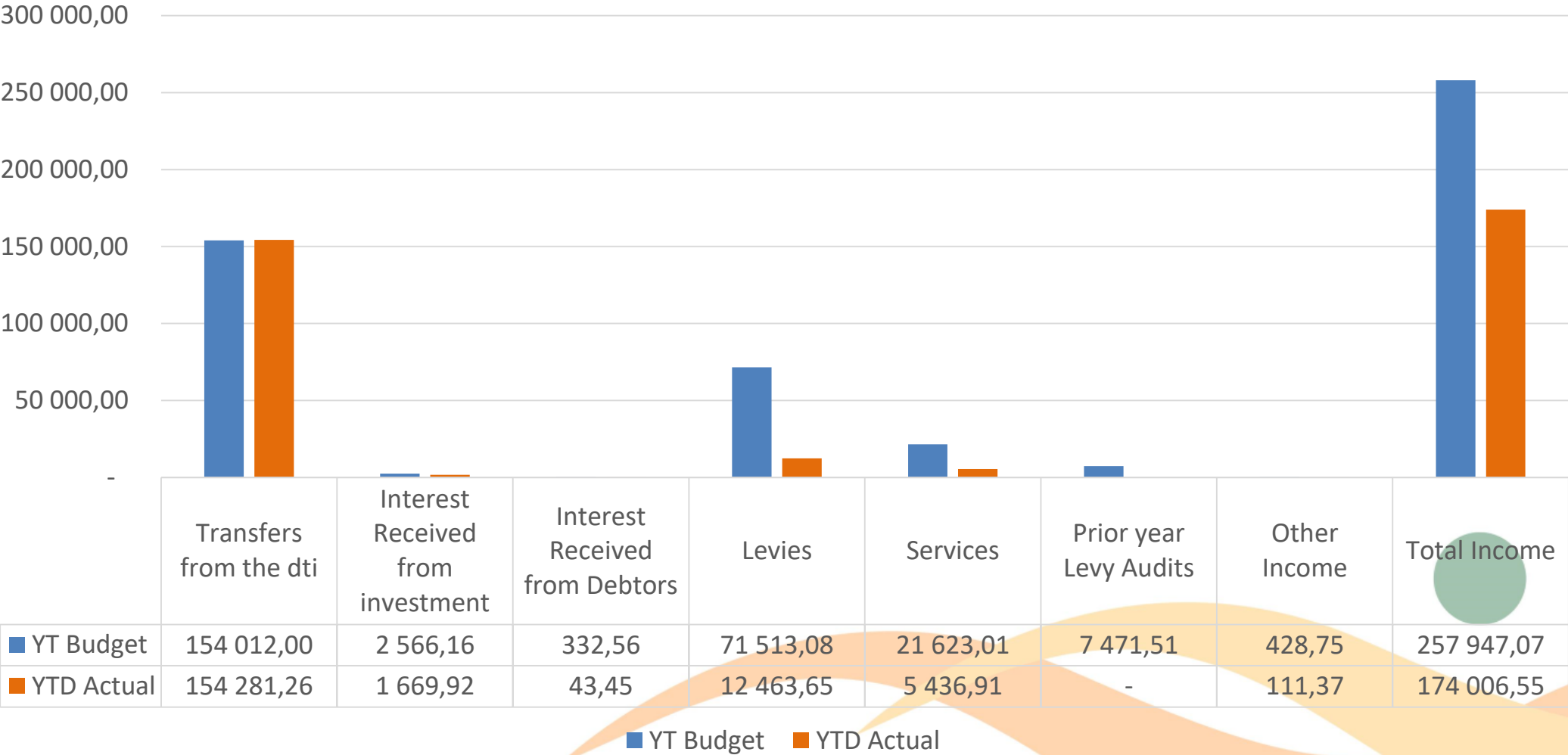
☐ Destruction of Non-compliant products

- ☐ There will be destruction of products in Gauteng and Cape Town
 - ☐ Products with very high quantities include:
 - ☐ Incandescent lamps about 4,3 million units
 - ☐ Paraffin stoves
 - ☐ Fish and chicken liver cans

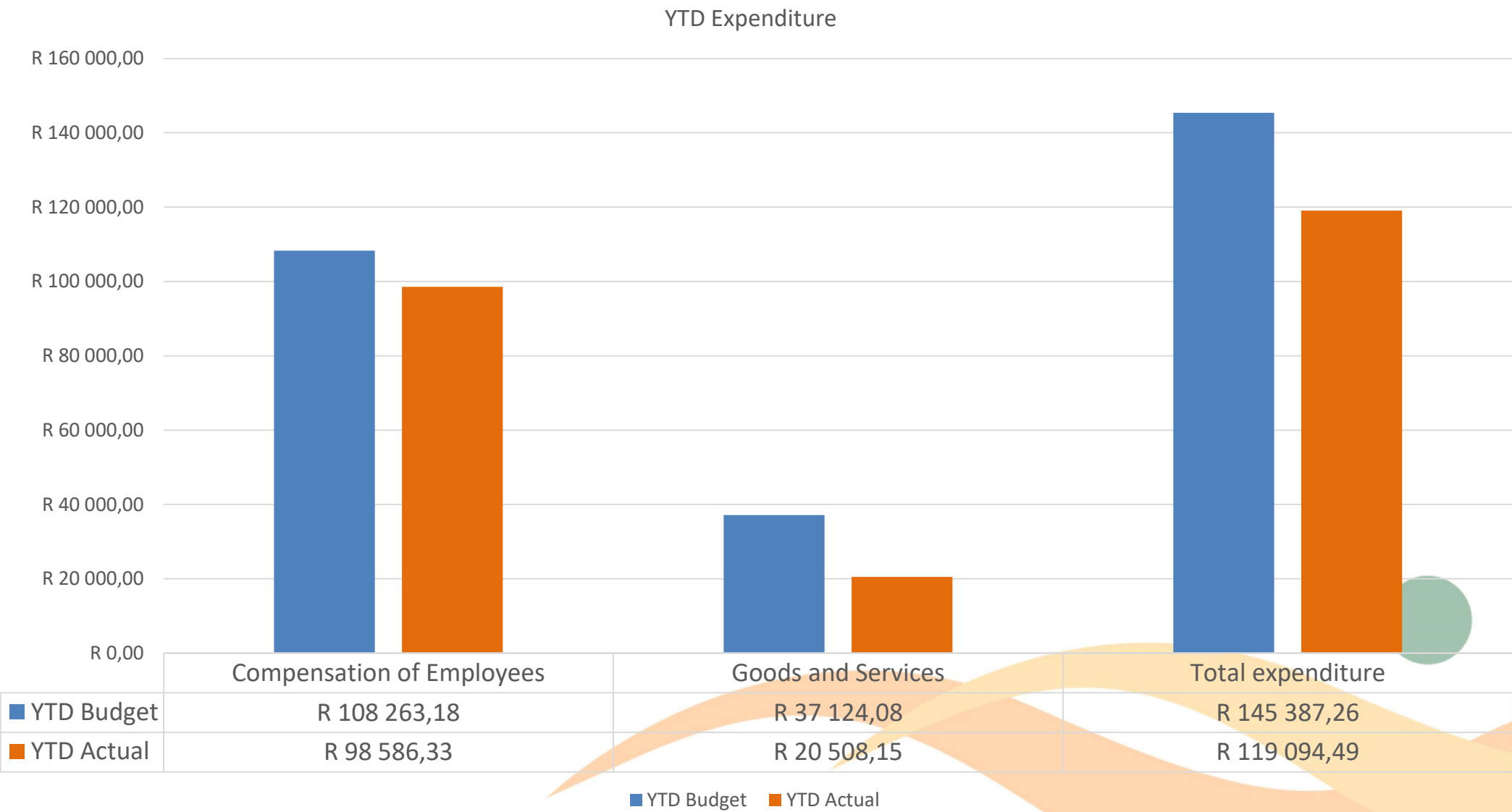
Financial Performance Quarter 1 Report

QUARTER 1 INCOME AND EXPENDITURE - YTD REVENUE JUNE 2023

YTD REVENUE



QUARTER 1: INCOME AND EXPENDITURE YTD EXPENDITURE JUNE 2023



QUARTER 1 FINANCIAL NARRATION (JUNE 2023)

- **Surplus:** Surplus as at end of June 2023 amounted to R54.9 million
- **Revenue:** revenue year to date is 33% below the target.(R83.9mil) Levies and services are main contributors. BU's are urged to submit their invoicing information to Finance for timely invoicing and complete reporting.
- **Goods and Services:** is currently 45% under spent (R16.6 million). Some major items resulting in the underspent were legal costs, municipal services and advertising.
- **Employee Costs** is currently 9% under spent (R9.6 Million). The under spent is attributable to unfilled vacancies.
- **Bank and cash:**The NRCS cash and cash equivalents as at the end of June 2023 amounted to R150.748 million. The cash and cash equivalents decreased by R44.151 million when compared with the previous month (May 2023 – R194.899 million).

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
- ❑ SG – Strategic Goal
- ❑ TR – Technical Regulation
- ❑ VC – Compulsory Specification
- ❑ YTD – Year to Date

Abbreviations and Acronyms

- ❑ SADC MEL - Southern African Development Community Cooperation in Legal Metrology
- ❑ SADCTRLC - Southern African Development Community Technical Regulation Liaison Committee
- ❑ SADC SPS - Southern African Development Community Sanitary and phytosanitary
- ❑ SADC TBTSC - Southern African Development Community Technical Barrier to Trade Stakeholder Committee
- ❑ AFRIMETS - Intra-Africa Metrology System
- ❑ OIML - International Organization of Legal Metrology
- ❑ WP.29 - World Forum for Harmonization of Vehicle Regulations (Working party No. 29).