

STRATEGIC PLAN

2020/21 – 2024/25

01 APRIL 2020

LIST OF ABBREVIATIONS AND DEFINITIONS

AFRIMETS	Intra-Africa Metrology System
COTII	Council of Trade and Industry Institutions
the dti&c	Department of Trade and Industry
EU	European Union
KPA	Key Performance Area
KPI	Key Performance Indicator
LOA	Letter of Authority
NEDLAC	National Economic Development and Labour Council
NRCS	National Regulator for Compulsory Specifications
OECD	Organization for Economic Cooperation and Development
OIML	International Organisation of Legal Metrology
PFMA	Public Finance Management Act
RBA	Risk-Based Approach
SABS	South African Bureau of Standards
SADC	Southern African Development Community
SANAS	South African National Accreditation System
SARS	South African Revenue Services
SLA	Service Level Agreement
SQAM	Standards, Quality, Accreditation and Metrology
SADCMEL	SADC Cooperation in Legal Metrology
TR	Technical Regulation
VC	Compulsory Specification
WTO TBT	World Trade Organization Agreement on Technical Barriers to Trade

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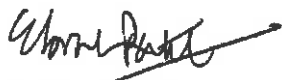
FOREWORD BY THE MINISTER

The Public Finance Management Act requires that every public entity prepares a Strategic Plan setting out the overall strategy for the 5 year period covering the state's Medium-term Strategic Framework (MTSF). Every year, an Annual Performance Plan (APP) is prepared, which converts the overall strategy to key annual targets. These documents are then provided for approval to the Executive Authority and budgets are aligned to these plans.

The National Regulator for Compulsory Specification (NRCS) has prepared its Strategic Plan 2020/21-2024/25, which I now submit to Parliament, as required by the legislation.

This is the first Strategic Plan prepared in the 6th Administration by the NRCS. I have requested that all entity Strategic Plans and Annual Performance Plans be aligned to the MTSF, which incorporates the work to develop and implement National Sector Masterplans, as well as the trade reforms, investment and transformation work of the Department.

Once the revised MTSF has been signed off, we will review the Strategic Plan and Annual Performance Plan of the entity and align it accordingly. The Strategic Plan and Annual Performance Plan may further need to be aligned to Government's response to the COVID-19 pandemic, both during the period of the national disaster declared by President Ramaphosa, and thereafter as we adapt to the new economic reality. Should adjustments be made, a revised Plan will be submitted to Parliament.

A handwritten signature in black ink, appearing to read "Ebrahim Patel", with a long horizontal stroke extending to the right.

Mr Ebrahim Patel

Minister responsible for Trade, Industry and Competition

2. OVERVIEW BY THE CEO

The NRCS was established in terms of the NRCS Act 5 of 2008 (The Act), as amended and the Legal Metrology Act, 2014 (Act No. 9 of 2014) (LMA), which together define the mandate of the NRCS. It is imperative that the strategic approach and operations of the organisation are responsive to and aligned with the above legislative instruments. In response thereto, the organisation has themed its strategy in order to “***preclude presence of non-complaint goods to prevent harm, in any form, to consumers whilst promoting and maintaining fair trade and protecting our environment.***” In order to drive the organisational focus toward this key achievement, and thereby ensuring consumer and environmental safety is sustained, the organisation will drive, in the short and medium-term, toward the realisation of specific priorities. These priorities are driven by specific outcome-oriented goals and objectives which will be measured throughout the performance period of this strategic plan.

The NRCS will dedicate resources towards:

- The harmonisation of technical regulations to give effect to trade within the African Continent and other regional trading blocks.
- Safer Vehicles 2025 – the NRCS is dedicating resources to ensure that vehicles on South African Roads are safe and the set minimum requirements lead to safe motor vehicles.
- Implementation of the Legal Metrology Act, Act No. 9 of 2014 (LMA), which is increasing the scope of metrology from trade measurements to incorporate health, safety and environmental measurements. The NRCS will in the medium term expands and strengthens the scope of legal metrology in line with the LM Act, to protect consumers against inaccurate measures, support local industrial competitiveness and enhance protection of the environment, public health and safety, as well as fair trade.

This Annual Performance Plan takes in to account the current dynamic environment, the expected establishment of the Border Management Agency and challenges as well as the economic and development needs of the South African society. In fulfilling this task, the NRCS, will regulate safety-critical products and undertake surveillance activities to ensure that

products being traded in the South African economy comply with the relevant compulsory specifications / technical regulations. The NRCS will also vigorously implements sanctions for non-compliance.

The following activities will be undertaken to assist the NRCS in its approach to be more efficient and effective:

- Fully implement the amended Legal Metrology Act and build capacity to achieve this mandate
- Ease of doing business: Modernise IT systems and efficiently regulate the market
- Manufactured and imported goods are inspected at source (point of manufacture in South Africa or South African point of entry), where possible;
- Fully implement the Risk Based Approach to inspections and approvals;
- Memoranda of Understanding (MoUs) and technical agreements with regional and other international governmental and treaty organisations are concluded where necessary;
- Regular awareness interventions are embarked upon;
- Build partnerships with industry and other regulatory bodies;
- Enhance participation of small businesses in the technical regulations development process
- Sanctions are instituted where non-compliances are found
- Participation in international, continental and regional forums.

The NRCS's Strategic Plan and Annual Performance plan intends to achieve the following:

- Enhance the quality of life of all South African citizens by protecting their health and safety, as well as protecting the environment and maintaining fair trade;
- Improve compliance behaviour and encourage local manufacturing of compliant products by "locking-out" non-compliant products, thereby contributing to the development of the South African economy;

- Easy of accessibility of the NRCS through modernisation of the NRCS It systems.

Changes in trade trends have led to an increase in imports and consequently an increase in commodities coming through South African ports of entry. This calls for enhancements in the regulatory framework, market intelligence and more sophisticated techniques to analyse risks related to the regulated product, company and country of origin. NRCS has responded to this particular challenge and introduced the Ports of Entry Enforcement Strategy and the Risk-Based Approach to NRCS work. These initiatives have assisted the organisation to optimally utilise its resources by deploying inspectors at ports of entry and at the point of manufacture (source) in order to intercept non-compliant products before they enter trade in the South African market. The entity is working in partnership with SARS, BCOCC and Border Police (SAPS) in these surveillance and enforcement activities. NRCS will continue to invest in technology, accelerate the utilisation of the new Customer Relations Management System (CRM) and other ICT platforms to enhance accessibility of services to stakeholders including online applications for letters of authority (LOA). These initiatives will enable NRCS employees to conduct business in and outside the office efficiently, using electronic and digital technology.

The NRCS is encouraged by the spirited Government support and count on this excellent relationship to achieve its goals. The NRCS annual performance plan was thus crafted to ensure optimum utilisation of resources to assist **the dtic** to reach the medium term strategic goals and objectives. The entity also recognises that any strategy is only as good as the people that implement it. To this end, the organisation will focus on engaging with staff around the strategy and implement a performance management system to ensure effective achievement of targets and outputs set in the plan. In addition, the organisation will be investing in its human resources through the implementation of continuous development programmes that are tailor made and in accordance with required competencies for various positions.



E Mamadise

Chief Executive Officer

16/03/2020

3. OFFICIAL SIGNOFF

It is hereby certified that this Strategic Plan for 2020/21 to 2024/25;

- Was developed by the management of the National Regulator for Compulsory Specifications under the guidance of the Chief Executive Officer and Accounting Authority, Mr Edward Mamadise;
- Takes into account all the relevant policies, legislation and the mandate for which the National Regulator for Compulsory Specifications is responsible; and
- Accurately reflects the strategic outcome oriented goals which the National Regulator for Compulsory Specifications will endeavour to achieve over the period 2020/21 – 2024/25.



E Matemba: Manager Strategy and Risk

16/03/20

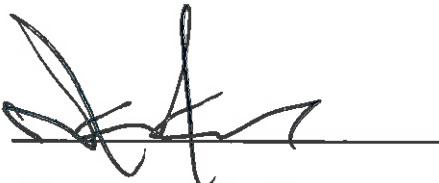
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A Thulare: Chief Operations Officer

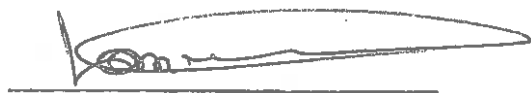
16/03/20

Date:



Acting Chief Financial Officer

Date: 16 March 2020



E Mamadise: Chief Executive Officer and Accounting Authority

Date: 16 March 2020

PART A: STRATEGIC OVERVIEW

4. LEGISLATIVE AND OTHER MANDATES

The broad mandate of the NRCS is to promote public health, safety and environmental protection through the development and enforcement of compulsory specifications / technical regulations. While consumer protection lies at the heart of the activities of the NRCS, this function cannot be separated from South Africa's role as a global trading partner. South African goods and services need to be competitive in terms of cost and quality and, at the same time be guaranteed to be safe and fit for purpose. The **mandate** of the NRCS is derived from the following legislation:

- The National Regulator for Compulsory Specifications Act, 2008 (Act No. 5 of 2008) as amended;
- The Legal Metrology Act, 2014 (Act No. 9 of 2014); and
- The National Building Regulations and Building Standards Act, 1977 (Act No. 103 of 1977) (NBR&BS Act).

5. POLICY MANDATES

In addition to the legislative mandate, the NRCS strategy is aligned to that of its primary stakeholder, **the dti&c&c**. The most significant areas of alignment are contained in the following **strategic objectives of the dti&c**:

- Facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation
- Build mutually beneficial regional and global relations to advance South Africa's trade, industrial policy and economic development objectives.

- Create a fair regulatory environment that enables investment, trade and enterprise development, in an equitable and socially responsible manner

Re-invigorated Industrial Policy

The NRCS has a significant role to play in realising the goal of South Africa being a developmental state. The NRCS will play a significant role within the Automotive, Clothing Textile Leather and Footwear, Chemicals and Plastics, Agriculture and Agro-processing and the Oceans Economy.

The NRCS will balance its regulatory responsibilities and the needs of the economy in terms of operationalising the Re-invigorated Industrial Policy and application of the master plans in the areas where the entity has a role to play. The orientation of regulatory activities to support both the 'lock out' of unsafe and inferior imports and the 'lock in' of access to increasingly demanding export markets, will also receive attention in the way that specifications are developed, market surveillance is conducted and enforcement activities are implemented by the NRCS.

Regional and International Participation

The NRCS in contributing to the government goal of implementing the Africa Free Agreement and building a better Africa and the world will represent South Africa:

- a) As a competent Authority at CODEX Alimentarius
- b) United Nations World Forum for Harmonization of Vehicle Regulations (WP 29) – harmonisation of motor vehicle regulations.
- c) SADC Technical Infrastructure committees especially with regards to harmonization of technical regulations and will continue to serve as secretariat for SADCMEL (Co-operation in Legal Metrology) and SADC Technical Barrier to Trade Cooperating Structure.
- d) African Organisation for Standardisation (ARSO) – Harmonisation of technical regulations and conformity assessment.
- e) Inter Africa Metrology System (AFRIMETS) – Harmonisation of Legal Metrology Regulations giving effect to African Free Trade agreement.

Furthermore, in promoting trade the NRCS will continue to enter in to agreements with our trading partners. Currently the NRCS has agreements with Botswana, Namibia, Mauritius and Mozambique.

6. INSTITUTIONAL STRATEGIES

Risk Based Approach

At the heart of the **Risk-Based Approach** is the identification and quantification of risks for the regulated industries. In any environment, in which scarce resources are present and there is a need to address significant threats, a **Risk-Based Approach** is essential. The NRCS Risk-Based approach is premised on gathering information and transforming such information into actionable intelligence to guide regulatory activities at both the strategic and operational levels.

Regulatory response will therefore be developed to address risks in a focused manner. The focus of NRCS will be on according priority attention to addressing high and medium risk products and institutions and planning effective surveillance on low-risk areas. It remains the commitment of NRCS to ensure that in the application of the risk-based approach, there is no breach of the fair-trade and equal opportunity principles, and that businesses will not necessarily find disadvantage as a result of their size, origin and/or other demographic characteristics that the government of South Africa has identified through its transformation policies.

The following important principles will inform NRCS' work:

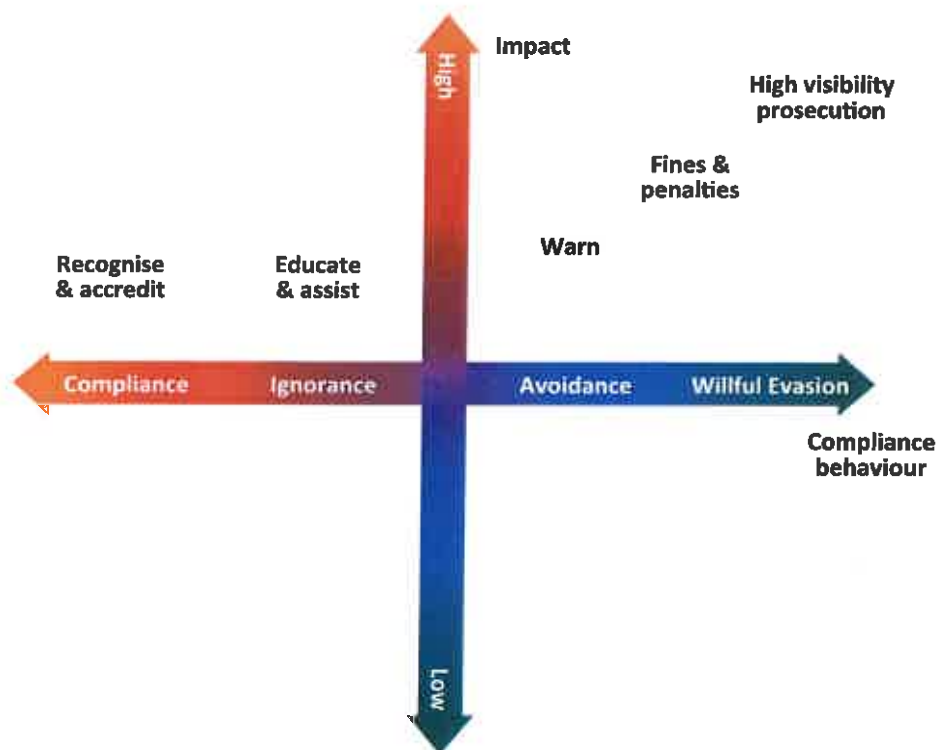
- Safety critical products must be identified and regulated;
- Compliance, preferably voluntary/ self-compliance, to compulsory specifications and technical regulations;
- Inspection activity should correspond with the level of risk inherent to the product and the risk profile of the applicant/supplier to ensure effective deployment of resources. Two

forms of inspections will be conducted depending on the risk profile of products and suppliers:

- **Surveillance at source:** NRCS will inspect, sample or test products at the point of manufacture or port of entry into South Africa. This approach will also be subject to ongoing, comprehensive analysis and exploration.
- **Remote Surveillance:** Involves the use of technology where the NRCS inspector will evaluate documentation which may include test reports, pictograms and other technical information at NRCS or other identified premises, but not necessarily at the premises where the products are kept or stored.

The following diagram illustrates how the regulatory response may be focused on the level and type of risks as well as compliance behaviour exhibited.

Compliance Behaviour and NRCS Intervention



Regulating at Source

Regulating and inspecting (regulatory surveillance) at the source of manufacturing will largely assist in locking out non-compliant products before they enter trade and ensure that NRCS is more efficient and effective in regulating the market. Source inspections will entail points of manufacture as well as points of entry in to South Africa. Effort will be directed mainly at the point of manufacture and point of entry whilst some effort will be directed at retailers and distributors to gather intelligence and decrease the number of non-compliant products in the South African market.

Finding non-compliant products in the marketplace is evidence of regulatory challenges and failure. The Port of Entry Surveillance Approach will respond to such challenges by decreasing the probability of non-compliant goods entering the South African marketplace.

Due to the large volume of imports into South Africa and the fluid nature of trade, regulatory efficiency and effectiveness will be improved through the intelligent utilisation of information technology.

7. RELEVANT COURT RULINGS

There was one on National Building Standards and Building Regulations Review Board. The Review Board was declared unconstitutional, and the Constitutional Court Judgement allowed NRCS to only adjudicate on cases received prior to the Constitutional Court Judgement.

8. PLANNED POLICY INITIATIVES

8.1 Border Management Agency

The NRCS Strategy as well as the enforcement functions at the Ports of Entries will in the medium term be affected by the establishment of the Border Management Agency. There will be implications to the NRCS compliance and enforcement functions as Schedule 1 of the Border Management Agency Bill assign enforcement and compliance functions at the Ports of Entry to the Border Management Agency. This affects the two primary legislations of the NRCS namely Legal Metrology act and National Regulator for Compulsory Specifications Act.

8.2 National Building Regulations and Building Standards

The planned review of the National Building Regulations and Building Standards Act (NBR&BS) arose because the built environment has continuously evolved since promulgation of the NBR&BS Act in 1977. The current NBR&BS Act does not address evolving technical developments within the building environment, the municipal administrative systems as well as the alienation of the reporting structures within the building regulatory environment.

PART B

9. VISION

The Vision of the NRCS is:

A credible and respected regulator for the protection of the public, the economy and the environment.

10. MISSION

The NRCS mission is:

To develop compulsory specifications and technical regulations, and maximise compliance of regulated products and services

11. VALUES

The NRCS underwent a process of revising its organisational values and ensured alignment with its strategic oriented outcomes goals. These values are intended to define and inculcate a culture focused towards high performance and operational efficiency. The values are as follows:

Professionalism – *we shall act independently and take informed decisions with high level of integrity. In doing so, the decisions that we take shall be responsive to the country's needs and ensure that we are competent in discharging our responsibilities.*

Accountable - *NRCS shall develop a high performance culture which is dictated by predictable, responsible, efficient and effective task teams.*

Innovative – *we shall be proactive and respond rapidly, intelligently, appropriately and be adaptable to the dynamic consumer and market needs by ensuring maintained relevance.*

Collaborative – *we will lead inclusively through dedicated teams, respecting the views, wisdom and loyalty of valued stakeholders.*

Ethical - *we shall ensure that the decisions and actions taken display consistency and impartiality, with integrity. We shall treat our stakeholders and the regulated industry equitably and be transparent on how we perform our functions.*

12. SITUATIONAL ANALYSIS

The NRCS' role as a regulator is to ensure that businesses produce, import or sell products or services that are not harmful to consumers or the environment or that do not fall short of the declared measure. The NRCS is also tasked to provide a regulatory function for the building industry to ensure building safety, health, structural stability, and the uniform interpretation of the NBR&BS Act and its regulations.

The strategic context within which the NRCS operates is characterised by two significant trends. The first is the *increasing sophistication and activism of consumers, manufacturers and retailers*. The second is the *increased need for stronger relationships and cooperation with industry, other regulators, law enforcement bodies, regional and international bodies and other stakeholders*.

In updating its assessment of the external environment and its potential impact, the NRCS has performed an External Performance Delivery Environment Analysis using a PESTLE analysis, a SWOT analysis, Stakeholder Analysis and a Risk Review.

The NRCS's macro-environment, in particular, was assessed, taking into consideration the **Political, Economic, Social, Technological, Legal / Ethics & Environmental aspects**. These trends have informed the development of strategic goals and objectives to steer the organisation on its path to deliver on its mandate.

Political & Technological aspects

Political	Technological
<ul style="list-style-type: none"> ▪ Service delivery challenges - depending on approach of winning party and their commitment to service. ▪ Change in political direction – New policies and goals set that can impact on NRCS mandate. ▪ Change in the dti&c Minister – New Minister may set new agenda which may change NRCS resourcing. ▪ Conflictual collective bargaining environment. ▪ Post-election changes in the political administration. ▪ The perception of political bias is a risk. ▪ Increased activism regarding public service delivery. 	<ul style="list-style-type: none"> ▪ Information security challenges. ▪ Regulatory framework and its impact on faster and increased bandwidth – impact on e-applications. ▪ Open source platforms and optimizing operations and access to technology. ▪ Increase in on-line trading and the related challenges e.g., E-commerce ▪ Rise of flexible working and tele-commuting. ▪ Real potential of a paperless environment. ▪ Low cost access to technology & communications devices such as Smartphone's. ▪ More technology players, lower cost of communications & technology. ▪ Ease of access to information requirements. ▪ The rise of 'big data', predictive analytics and intelligent forecasting and reporting tools. ▪ Availability of "off the shelf" software to impact ICT process, e.g. recording, tracking and reporting. ▪ Increasing sophistication of threats on IT security and HR processes. ▪ Increasing cost effective technology for effective records management. ▪ Keeping up with advancement in technology. ▪ Enable remote surveillance in order to ensure that non-compliant products are locked-out of the local marketplace, prior to entering trade. ▪ Efficient intelligence gathering, data mining and risk profiling to ensure that regulatory enforcement activity is well focused and resources are utilised optimally.

Economic & Legal/Ethics aspects

Economic	Legal/Ethics
<ul style="list-style-type: none"> ▪ Tough economic times have resulted in an increase in corruption. ▪ Cost cutting through consolidation of public entities. ▪ Weakening of rand, rising inflation levels and possible interest rate increases. ▪ BBBEE ▪ The ongoing worldwide economic recession. ▪ Downward adjustment of economic growth rate. ▪ Increase in on-line transactions. ▪ Financial constraints on the fiscus. ▪ Companies implement cost control measures which has the potential to result in the production of sub-standard and non-compliant products. 	<ul style="list-style-type: none"> ▪ More laws, increasing moral prescription rather than reliance on ethics or moral guidance. ▪ Changes in founding laws are on the horizon. ▪ Implementation of various laws and the impact on NRCS –e.g., Border Management Act and Consumer Protection Act. ▪ Legislation which overlaps/duplication of mandates.

Social & Environmental aspects

Social	Environmental
<ul style="list-style-type: none"> ▪ Increased awareness and mobilization of people on the ground - promote political agendas that might impact NRCS. ▪ Urbanization – Rural – Urban migration. ▪ High levels of unemployment. ▪ Changes in company culture - Gen Y and Millennials. ▪ Need for Youth Development. ▪ Active Citizenry - demand for improved access to services and improved service delivery. ▪ Increase in flexible working practices. ▪ Rise of social media and digital inter-connectedness. ▪ High cost of living drives demand for low cost of goods. 	<ul style="list-style-type: none"> ▪ Natural disasters – food price increases and less disposable income. ▪ NRCS environmental responsibilities in respect of sustainable consumption. ▪ Need to focus on employee safety and wellness in the workplace. ▪ Focus on waste management in terms of non-compliant products. ▪ Need to minimise Carbon Footprint. ▪ Need to innovatively share and package information. ▪ Reducing consumption e.g., printing, water and electricity. ▪ Rise in environmentally friendly practices.

ORGANISATIONAL ENVIRONMENT (INTERNAL-SWOT)

The NRCS's internal strengths and weaknesses, together with the external opportunities and threats referenced earlier, were evaluated to provide a basis for re-aligning, re-prioritising and refining the NRCS's goals and objectives. The purpose is for the NRCS to optimise identified strengths, harness opportunities, offset identified weaknesses and mitigate threats.

List of Strength and Weaknesses

Strength	Weaknesses
<ul style="list-style-type: none"> ▪ Good relationships with stakeholders. ▪ Legislative empowerment & authority. ▪ Policy and procedure framework. ▪ Diversity and relevance of knowledge and expertise of staff. ▪ Soundness of inter-personal relationships and diversity of organisational culture ▪ Skilled workforce ▪ Participation in international forums. 	<ul style="list-style-type: none"> ▪ Documents and records management systems and practices not always operationalized. ▪ Inability to sanction particularly in complex cases. ▪ Increase in applications creating backlog and negatively impacting administrative efficiency. ▪ HR systems, processes and practices not always operationalised. ▪ Recruitment system not attracting / selecting the most competent people within reasonable periods of time. ▪ Current inability to access records and information quickly and accurately. ▪ Weak organisational culture ▪ Inaccuracies experienced in data capturing. ▪ Inefficient Supply Chain system and process ▪ Lean organisational structure and resourcing challenges. ▪ Lack of effective strategic and operational change management. ▪ Lack of internal ICT support capacity on specialized aspects. ▪ Lack of effective internal communications. ▪ Absence of communication channels that employees deem to be safe to utilise to voice concerns. ▪ Funding challenges.

List of Opportunities and Threats

Opportunities	Threats
<ul style="list-style-type: none"> ▪ Soundness of inter-personal relationships and diversity of organisational culture. ▪ Increased focus on implementing sound HR practices. ▪ Employee development. ▪ Accommodating persons with disabilities. ▪ Knowledge sharing with other national, regional and international regulators for compulsory specifications. ▪ To grow structurally through a flexible combination of permanent and contingent employment. ▪ Increased technological neutrality and convergence. ▪ Ease of obtaining and sharing information. ▪ Enhanced visibility and role differentiation through building relationships with regulators / agencies. ▪ Increased potential for Alternative Dispute Resolution. 	<ul style="list-style-type: none"> ▪ Inability to meet external demands beyond organisational capacity. ▪ Available data not useable for future predictions and planning. ▪ Inadequate number of full-time employees. ▪ Failing to timeously to appoint new employees. ▪ Lack of coherent pooling methods for information and data. ▪ Potential of negative impact on employee morale as number of applications rises without commensurate increase in resources. ▪ Reducing number of efficiency improvement opportunities as technology enhancements are successfully implemented. • ICT security threats and safeguarding of public information. ▪ High compliance costs ratio to income as well as resource requirements.

13. THE NRCS CORE PROCESS

In executing its mandate, the NRCS understands and follows a distinct core business process as outlined below:

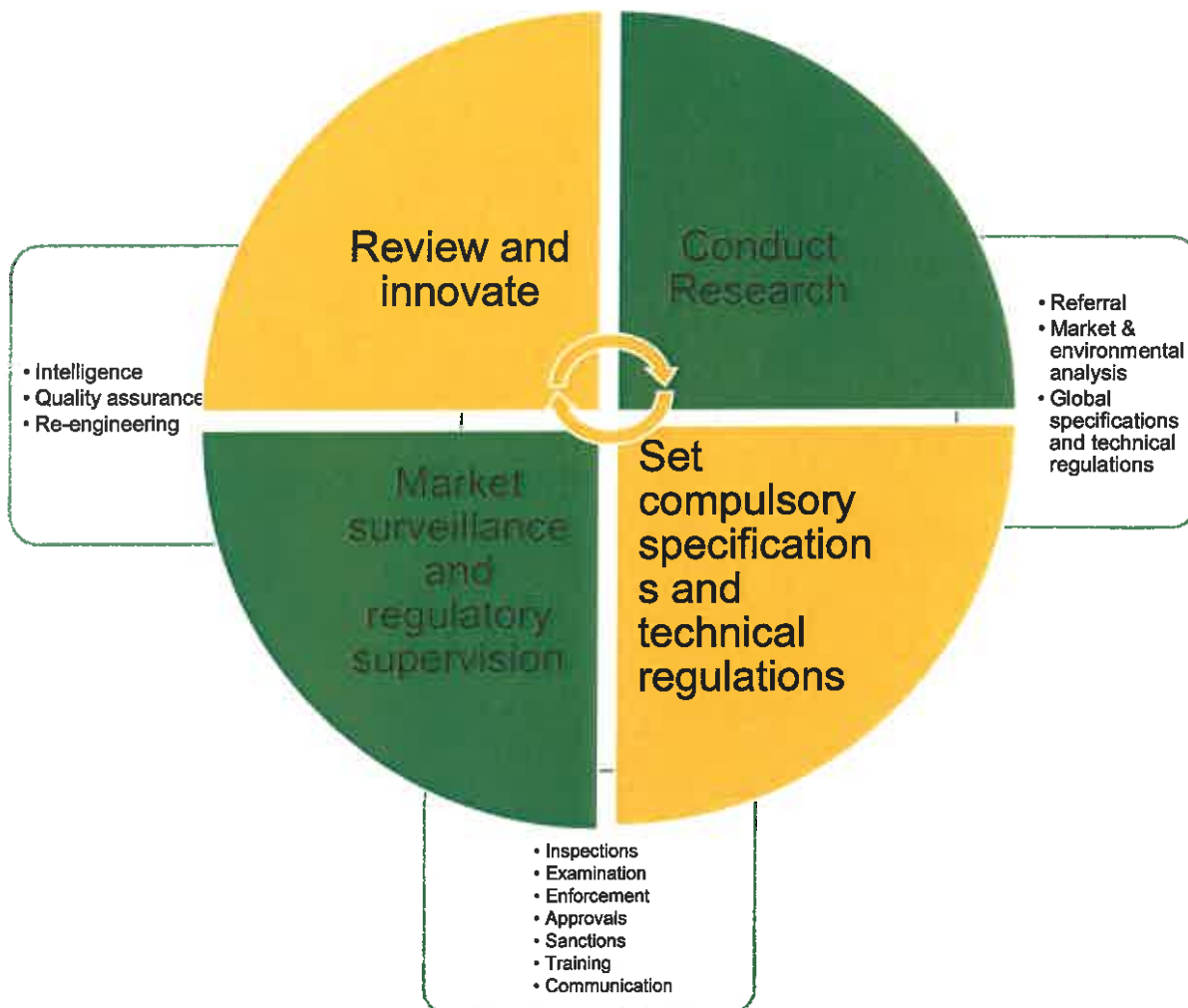


Figure 1: NRCS Core processes

Conduct Research

The NRCS conducts market research and environmental scans / analyses to determine those compulsory specifications and technical regulations that should be introduced to ensure that the health and safety of the South African public and the environment are protected, as well as to ensure fair trade.

NRCS will be proactive in identifying shortcomings in the current regulatory framework as well as with the current compulsory specifications and technical regulations.

Set Compulsory Specifications and Technical Regulations

The development, amendment or withdrawal of compulsory specifications and technical regulations involve conducting risk and impact assessments in the drafting process. Wherever possible, national and international standards are used in the development of these compulsory specifications and technical regulations. In the absence of suitable standards, the NRCS initiates the drafting of the standard or develops a compulsory specification or technical regulation incorporating the necessary technical requirements in accordance with legislative prescripts. In the case of building regulations, the NRCS develops technical regulations to set the minimum technical requirements for buildings and the built environment.

Stakeholder Engagement

The NRCS will conduct extensive analysis and engagement with relevant stakeholders to ensure that the specifications and regulations developed are practical, appropriate and meaningful. The NRCS will also engage with stakeholders to provide education and awareness programmes and to promote compliance with compulsory specifications and technical regulations.

Market Surveillance and Regulatory Supervision

The NRCS will continue to apply the Border Enforcement Strategy and the Risk-Based Approach in its work, signifying a shift from the past practice where the NRCS predominantly conducted inspections at retail outlets. NRCS will comprehensively explore the approach of **“inspecting at source of production or port of entry”** to promote compliance behaviour. This combined with the introduction of self-regulation which is currently in its pilot phase will see an increase in inspections at source with an expected improvement in compliance behaviour.

Regulatory supervision also incorporates the pre-market approval process. Pre-market approvals serve as confirmation that the product model which has been evaluated by the NRCS meets the requirements of the relevant compulsory specification or technical regulation.

Review and Innovate

It is essential that the NRCS develops an effective quality assurance process to ensure that a culture of ongoing learning, improvement and innovation is cultivated. Such an approach will ensure that the required impact of the regulator is achieved and that there is a focus on quality outcomes rather than on activities. Furthermore, all approaches, methodologies, business processes and procedures will be continually reviewed and re-engineered to keep them current, efficient and effective.

PART C: MEASURING OUR PERFORMANCE

14. INSTITUTIONAL PERFORMANCE INFORMATION

Impact Statement	Safe and Compliant products in the South African Market
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The mandate of the NRCS will be executed by pursuing the following **four key strategic goals**.

Priority 1: All safety critical products in the scope of NRCS' regulatory work, either regulated or planned for regulation.

Priority 2: No non-compliant products in trade.

Priority 3: Consumers and other stakeholders have improved recognition and awareness of NRCS and its work.

Priority 4: Efficient and effectively functioning organisation

- **Strategic Goal One:** Effective and efficient regulatory system that is responsive to the environment in which we operate in order to protect the public.
- **Strategic Goal Two:** Full compliance with compulsory specifications / technical regulations
- **Strategic Goal Three:** Recognition and awareness of the NRCS
- **Strategic Goal Four:** Sound, effective and efficient organisational governance

Each of these goals is linked to a set of strategic (measurable) objectives which are in turn linked to key performance indicators and targets in the organisation's Strategic Plan. Furthermore, the APP will track progress made towards achieving these goals over the three-year cycle.

Strategic Goal One: To develop, maintain and administer compulsory specifications and technical regulations

The NRCS will increase the scope of regulatory coverage by identifying and developing new compulsory specifications that provide the optimal balance between the needs of the consumers and the South African industry in compliance with the NRCS' mandate.

Resources will be dedicated to maintaining a range of compulsory specifications and technical regulations in accordance with government priorities, industry requirements and market analyses conducted by the NRCS. Through this process, the NRCS will conduct impact and

risk assessments to determine the feasibility of developing new compulsory specifications/technical regulations, the revision and amendment of existing ones and withdrawal of the compulsory specifications/technical regulations in consultation with relevant stakeholders.

It is the desire of the organisation, through pursuance of this goal, that any product that can potentially harm the consumer and/or the environment and negatively impact on fair trade must be identified and regulated. This principle demands that a central governmental database of all products that can potentially cause harm to the consumer and/or the environment must exist and that plans and processes must be developed for the regulation of all such products.

Effective and efficient regulatory system that is responsive to the environment in which we operate in order to protect the public.

Outcome	Outcome Indicator	Baseline -Projected Performance 2019/20	Target 2020/21 - 2024/25
A Regulatory System Responsive to Market needs	Number of VC's/Tech Regulations (new and amended) submitted to the dti&c for first Gazette	8 Compulsory Specifications/ Technical Regulations submitted for first gazetting	41 Compulsory Specifications/ Technical Regulations submitted for first gazetting
	Number of VC's/Tech Regulations (new and amended) submitted to the dti&c, submitted for final gazette	4 Compulsory Specifications/ Technical Regulations submitted for final gazetting	36 Compulsory Specifications/ Technical Regulations submitted for final gazetting

Strategic Goal Two: To maximise compliance with all specifications and technical regulations

The NRCS will seek to improve compliance with compulsory specifications and technical regulations through pre-market approvals, market surveillance and the imposition of sanctions where non-compliances has been identified, utilising the risk-based approach, border enforcement strategy, self-regulation, inspection at source and benchmarking of business models. A number of regulatory interventions will be implemented to reduce the availability of non-compliant products in the market. These interventions will include the traditional NRCS on-site surveillance activities, enforcement, investigations, awareness briefings and

communication, and desktop inspections. An inspection will have the desired impact at the source of the product. A quality assurance process will randomly check that these interventions comply with inspection quality standards.

Another specific intervention to be employed to limit the quantum of non-compliant products will be to enforce the requirement that a valid LOA must be pre-approved for all safety critical products entering into or being traded in South Africa. It is expected that the LOA requirement will not apply to labelling prescripts as all products traded must comply with Legal Metrology prescripts.

Outcome	Outcome Indicator	Baseline Projected Performance 2019/20	- Target 2020/21 - 2024/25
Increased compliance to compulsory specifications and technical regulations	Number of Inspections conducted within Automotive, Chemicals Materials and Mechanicals (CMM), Electro-technical and legal Metrology business units	20 915	105 450
	Percentage of Inspections conducted on locally produced, imported and exported canned fishery and meat product consignments in accordance with the compulsory specification and procedures	100% of inspections conducted on all declared canned fishery and meat products produced.	100% of inspections conducted on all declared canned fishery and meat products produced.
	Number of inspections conducted on locally produced Frozen products and fishery and canned meat processing factories and vessels in accordance with the compulsory specification and procedures	2096 inspections	11 010 inspections
	Percentage of gaming approval applications processed within the set timeframes	96% of applications	98% of applications

Outcome	Outcome Indicator	Baseline Projected Performance 2019/20	Target 2020/21 - 2024/25
	Percentage of approval applications processed within the set timeframes	processed within 30 calendar days 92% of all approval applications processed within 120 calendar days	processed within 30 calendar days 95% of all approval applications processed within 120 calendar days

Strategic Goal Three: To inform and educate our stakeholders about the NRCS

NRCS strongly believes that awareness of the role and mandate of the regulator as well as awareness of technical regulations and the respective compliance requirements, contributes significantly to voluntary compliance. This goal will be achieved through effective communication initiatives, the shaping of perceptions through the media and targeted training and awareness campaigns. A positive, credible, professional image of the NRCS will shape attitudes towards compliance. A respected regulator who is perceived to be fair and effective and to hold sufficient power to enforce compliance is likely to be a deterrent to potential transgressors.

The introduction of the NRCS Mark or accreditation is also seen to be a key strategic tool that will build on the organisational brand and also provide added assurance for stakeholders when choosing regulated products and services.

Outcomes	Outcome Indicator	Baseline Performance	-Projected 2019/20	Target 2024/25	2020/21 -
Informed Stakeholders on NRCS functions	Number of stakeholder consumer education events or campaigns	18	Consumer education events or campaigns	110	Consumer education events or campaigns
	Approved Stakeholder Engagement Strategy and % Implementation of the Stakeholder Engagement Strategy	81%	implementation of the Stakeholder Engagement Strategy	95%	implementation of the Stakeholder Engagement Strategy

Strategic Goal Four: To ensure an optimally capacitated institution

This goal will be achieved when the NRCS effectively and efficiently utilises all available resources in the most optimal manner. The NRCS will have:

- Human Resource capacity that is highly engaged, skilled and competent
- An ICT Platform that fully supports the business
- Review the NRCS funding model
- Sound financial management and supply chain management systems
- Sound and effective support structures
- Sound and effective governance structures

Outcome	Outcome Indicator	Base line	Target 2024/25
		Projected Performance 2019/20	
Economical, efficient and effective accomplishment of NRCS mandate and sound corporate governance	Percentage (%) of vacancies. Vacancy rate of approved and funded posts	6%	Reduce vacancy rate from 6% to 4% in 2024/25 financial year
	Percentage (%) implementation of Modernization related projects	40%	100% implementation of Modernization related projects

15. RISK MANAGEMENT

Overview

NRCS recognises that risk management and a responsive system of internal control are key elements of good corporate governance and legislation. The organisation has adopted an integrated enterprise risk management (ERM) policy and framework in order to assure organisational performance through ensuring that significant risks and related incidents are identified, documented, managed, monitored and reported in a consistent and structured manner across the organisation. Effective management of risks will contribute to the achievement of strategic goals and objectives.

Risk Management Governance Structure

The Accounting Authority is responsible for ensuring that the organisation implements effective risk management in the organisation. Management is responsible for the implementation of the approved risk management framework (policies, strategy, procedures and plans) within the organisation and the Audit and Risk Committee will ensure effective oversight. Management has established a risk management function to design deliberate and targeted programmes to respond to the pertinent risks and ensure these are appropriately managed and to assist management in the implementation of the risk management framework.

Risk Management Process

NRCS has a defined a formal risk management process that provides guidance on how risk management is applied within the organisation.

Key business risks

The organisation periodically reviews and determines its key business risks and develops the necessary response strategies.

Outcome	Key Risks	Current Controls	Risk Mitigation
A Regulatory System Responsive to Market needs	Unregulated markets/ products/ services (regulated environment that the NRCS operates in)		Agreement with the SABS
		Scientific Articles, Internet Research & stakeholder engagements	Partnership/ Agreements with reputable research institutions
		MOU's, Minister's Directives, compulsory	Enter in to agreements with all Government departments and entities which NRCS is performing work on behalf of, Identify and partake in government stakeholder forums, review of the NRCS Act
		CSP350 VC/TR development, Impact assessment, Feasibility and Risk Assessments	Review Risk Assessment Methodology
		Technical Specialists conducting Research	Partnership/ Agreements with reputable research institutions, Organisational Review (Human Resources)
		Participation of NRCS on Harmonisation committees	Participation on identified Harmonisation Committees, Document process on voting and or resolve Mandate from the SA government and NRCS Leadership for all Committees
		Conformity Assessment Policy	Implementation Plan for VCs where there is no local testing
		Manual Operating Systems	Modernisation Project
		CSP350 VC/TR development, Impact assessment, Feasibility and Risk Assessments	Participation of the Shareholder in the VC/TR development process and mapping out governance process, understanding of the dtic processes in VC/TR approval process
Increased compliance to compulsory specifications and technical regulations	Non-compliant regulated products in the market	Risk Based Approach, Inspection procedures	Implementation of RBA Plans, Voluntary compliance
		Marketing and Communications Plan, Regional Offices	Implementation of the Marketing Plan (naming and shaming), Provide resources to Marketing and Communications
		HR Strategy	HR Plan
		MOU with SABS	Testing Framework, Testing Service level Agreement with the SABS and identified Conformity Assessment Bodies, Overseas Testing
		Border Enforcement Strategy, Pre-approval, Market Surveillance, and sanctioning Processes	Review effectiveness of the NRCS Regulatory Model
		Consumer concerns, customer complaints, inspection databases and approvals	Electronic access to SARS Database, Modernisation - Regulatory System

		databases, Natis Database	
		Risk Based Approach, Cancellation Policy	Implementation of Risk based Approach,
		None	Develop and Implement e-commerce strategy
		Business Plans	Ensure Inspection plans adequately/effectively cover the market
			Review terms of reference with the Shareholder e.g the dtic /NRCS quarterly Meeting
		5 Year Implementation Plan	Implement the 5year plan for Legal Metrology
		File Plan	Share Point, Modernisation
		Stakeholder Management strategy, JDE and Operational Databases	Review and implement Stakeholder Management strategy, review databases for accuracy
		Lease Agreements in Pretoria, Durban, Cape Town	Storage in Durban, Cape Town, Pretoria and Office accommodation in Bloemfontein, Renovation of PE Building
Increased compliance to compulsory specifications and technical regulations	Inadequate sanctioning of non-compliances	Special Investigations Unit	Capacitation of Special Investigations
		Bilateral Agreements	Bilateral Agreement import Countries, Import Regulation for regulated food products
		MOU with SABS	Service level agreement with SABS Testing and other service providers
		Sanctions procedure	MOU with SAPS, review current NRCS processes in terms of escalation from BU to Special Investigations
		Inspection records, approvals files	Act review being conducted by the dtic, NRCS to make submissions
			Review Inspection records and processes
Economical, efficient and effective accomplishment of NRCS mandate and sound corporate governance	Inadequate IT Systems	Appointed Modernisation Project manager	Structure Review, Resource company appointment
		Outsourced ICT Services to service provider (Gartner)	Resource company to provider resources including EA

		Staff development on Cyber security and the firewall implemented in the new IT infrastructure	ICT to review the IT security, develop and implement a security strategy
		Ms Access and Excel Db is currently used to manage Data.	Modernisation Project
		JDE, Sibel	Review of Modernisation project plan, elevation of project to ensure continuous reporting, Appointment of resource company to augment resources
		Acting CIO, provision of budget for ICT investment	Appointment of CIO, appointment of resource company,
Increased compliance to compulsory specifications and technical regulations	Fraud and Corruption	Segregation of duties	Fraud assessment
		Fraud, Risk and Loss Control Committee	Fraud , Risk and Loss Control, review of the Asset Management policy to incorporate liability and losses and review of vehicle policy to incorporate the liability and losses
		Internal Audit Investigations	Review investigations procedure and implementation of the results thereof,
		Conflict of Interest policy	Consequence management
		LOA control processes	Review Approval process to incorporate mandatory checks or consistent statistical checks
		Fraud and Risk Policy.	Review Fraud and corruption processes and all processes susceptible to fraud and corruption, fraud awareness, consequence management

16. SUMMARY OF NRCS FINANCIAL PLAN

(a) Asset and Liability Management

The identification of levy payers, management of debtors through a vigorous debt collection programmes together with charging interest on late payment of levies are the primary mechanisms implemented by the NRCS to ensure completeness of revenue and improved collection of debt. Payment of creditors within prescribed timelines and overall management of procurement in the NRCS are in place to ensure timely and accurate settlement of creditors.

(b) Cash Flow Projections

The NRCS projects positive, yet reducing cash flows throughout the MTEF period mainly as a result of the organisation having to sustain higher employee costs and reduced government funding. Cash is also used to fund capital purchases and infrastructure projects.

(c) Capital Expenditure Projects and Infrastructure Plans:

Capital expenditure, including infrastructure plans, includes the following:

- Refurbishment of the Port Elizabeth building (office accommodation) with the intention of NRCS occupying this building,
- Procurement of office accommodation in Cape Town and Bloemfontein
- Procurement of pool vehicles to replace current vehicles and to enable NRCS to discharge its mandate.
- Replacement of ICT equipment and procurement of new ICT software and hardware
- Replacement and procurement of new laboratory equipment,

(d) Infrastructure Plans:

NRCS does not have any infrastructure projects.

Public Private Partnerships:

NRCS does not have any Public Private Partnerships.

Dividend Policy

NRCS does not declare dividends

Budget

	Audited Outcome	Audited Outcome	Audited Outcome	Approved budget	R Thousand					Medium-term estimate				
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2022/24	2022/25					
Administration	44 405	42 231	47 101	58 074	63 132	66 289	69 469	73 637	78 055					
Maximise compliance with all specifications and technical regulations	209 583	232 270	264 298	334 464	382 254	401 367	420 632	445 870	472 622					
Develop, maintain and administer compulsory specifications and technical regulations	6 337	7 446	8 965	11 017	11 508	12 082	12 662	13 422	14 227					
Inform and educate stakeholders on the regulator's mandate	5 218	6 155	7 252	10 705	13 213	13 874	14 540	15 412	16 337					
Ensure an optimally capacitated institution	61 077	58 295	235 161	76 414	81 509	85 584	89 693	95 074	100 778					
Total expense	326 620	346 397	562 777	490 674	551 616	579 196	606 995	643 415	682 020					

Part D: Indicator Profiles

Strategic Goal 1: To develop, maintain and administer compulsory specifications and technical regulations

1. Indicator title	Number of VC's/Tech Regulations (new and amended) submitted to the dtic, submitted for 1 st and 2 nd gazetting
2. Definition	Number of New and Amended Compulsory Specifications/ Technical Regulations submitted to the dti for first gazetting. The process is as per the CSP 350 procedure. The VC development, amendment and withdrawal process is the same and thus the CSP process is followed requiring same effort from the NRCS.
3. Source/collection of data	NRCS Senior Management meeting minutes for proof of approval and confirmation of receipt by the dti .
4. Method of calculation	Simple count addition of the different compulsory specifications or technical regulations
5. Assumptions	None
6. Disaggregation of Beneficiaries	N/A. Meant for all South Africans
7. Spatial Transformation	N/A
8. Reporting cycle	Quarterly cumulative reporting
9. Desired performance	8 - 1 st Gazette and 6 - 2 nd Gazette Compulsory Specifications / Technical Regulations
10. Indicator responsibility	RRD General Manager

Goal 2: To maximise compliance with all specifications and technical regulations

Inspections conducted within Automotive, Chemicals Materials and Mechanicals (CMM), Electro-technical and legal Metrology business units.

1. Indicator title	Number of Inspections conducted within Automotive, Chemicals Materials and Mechanicals (CMM), Electro-technical and legal Metrology business units
2. Short definition	The number of inspections carried out to determine, whether any or all of the requirements of a compulsory specification are met, by sampling regulated products on the market and examining them against the relevant compulsory specification.
3. Source/collection of data	Manual Inspection Records or CRM Inspection Electronic records
4. Method of calculation	Counting and adding the number of inspections per inspector in a given cycle
5. Assumptions	Determines compliance to requirements of compulsory specifications.
6. Disaggregation of Beneficiaries	N/A
7. Spatial Transformation	N/A
8. Lead/ coordinating agency	Automotive 5000, CMM 5200, Electro-technical 5000 and Legal Metrology 4 715
9. Reporting cycle	Quarterly
10. Desired performance	20 995
11. Indicator responsibility	Divisional General Managers

Locally Produced Fisheries

1. Indicator title	Percentage of Inspections conducted on locally produced, imported and exported canned fishery and meat product consignments in accordance with the compulsory specification and procedures
2. Short definition	% Number of inspections conducted on consignments or productions of canned fish, canned meat in accordance with the compulsory specification, divisional procedures and applicable legislation. A production consists of packages/containers of various quantities of a specific product with a specific production code.
3. Source/collection of data	The source of this data is inspection reports or CRM electronically captured inspection report
4. Method of calculation	Percentage of Number of productions or consignments inspected as a percentage of number of productions or consignments declared by the importer or producer
5. Assumptions	Increase compliance to compulsory specifications and technical regulations. Minimize the risk to the consumer and proactively detect the non-complying products.
6. Disaggregation of Beneficiaries	N/A.
7. Spatial Transformation	N/A
8. Reporting cycle	Quarterly and annual basis reports are generated
9. Desired performance	To inspect all productions of canned fish and meat produced in South Africa.
10. Indicator responsibility	The General Manager of the Division.

Strategic Goal 2: To maximise compliance with all specifications and technical regulations

1. Indicator title	Number of inspections conducted on locally produced Frozen products and fishery and canned meat processing factories and vessels in accordance with the compulsory specification and procedures
2. Short definition	Number of inspections conducted on locally produced Frozen products and fishery and canned meat processing factories and vessels in accordance with the compulsory specification and procedures.
3. Source/collection of data	The information is based on the actual number of registered facilities at a given time and the source document is the Manual Inspection form or the Electronic CRM inspection report
4. Method of calculation	Number of inspections conducted.
5. Assumptions	Increase compliance to compulsory specifications and technical regulations. Minimize the risk to the consumer and proactively detect the non-complying facilities.
6. Disaggregation of Beneficiaries	N/A
7. Spatial Transformation	N/A
8. Reporting cycle	Quarterly and annual basis reports are generated
9. Desired performance	All inspections conducted as per forecasted number of facility inspections.
10. Indicator responsibility	The General Manager of the Division.

Percentage of Approvals Issued within 120 calendar days

1. Indicator title	Approval applications processed within 120 calendar days
2. Short definition	Number of calendar days to process approvals from the date the full application is received by the NRCS to the date approved or rejected. That is from the date the full application plus the non-refundable fee has been received to the date the approval is granted.
3. Source/collection of data	<ul style="list-style-type: none"> • CRM system • LOA databases • Approvals Databases
4. Method of calculation	Manual Counting
5. Assumptions	None
6. Disaggregation of Beneficiaries	N/A
7. Spatial Transformation	N/A
8. Reporting cycle	Quarterly
9. Desired performance	Decrease in non-compliance rate
10. Indicator responsibility	The General Managers

Percentage of approvals for Gaming Equipment processed

1. Indicator title	Percentage of gaming approval applications processed within the set timeframes
2. Short definition	Number of calendar days to process gaming equipment approvals from the date the full application is received by the NRCS to the date approved or rejected. That is from the date the full application plus the non-refundable fee has been received to the date the approval is granted.
3. Source/collection of data	<ul style="list-style-type: none"> • CRM system • LOC Approvals Database
4. Method of calculation	Manual Counting
5. Assumptions	None
6. Disaggregation of Beneficiaries	N/A
7. Spatial Transformation	N/A
8. Reporting cycle	Quarterly
9. Desired performance	Decrease in non-compliance rate
10. Indicator responsibility	General Manager Metrology

Strategic Goal 3: To inform and educate our stakeholders about the NRCS

1. Indicator title	Number of stakeholder consumer education events or campaigns
2. Short definition	Consumer educational events or campaigns are designed to disseminate information to the general public that utilises the Regulated commodities. This is an initiative to create a platform for the South African citizens to notify NRCS of non-compliant products that may be on the market.
3. Source/collection of data	Attendance registers and proof of attendance by stakeholders
4. Method of calculation	Manual count number of stakeholder consumer awareness campaigns.
5. Assumptions	The Indicator is used to measure the rate at which NRCS is disseminating information to the general public
6. Disaggregation of Beneficiaries	N/A
7. Spatial Transformation	N/A
8. Reporting cycle	Quarterly Cumulative
9. Desired performance	Increase in the Awareness of NRCS activities
10. Indicator responsibility	Head Communications and Marketing.

Strategic Goal 4; To ensure an optimally capacitated institution

1. Indicator title	Percentage (%) of vacancies. Vacancy rate of approved and funded posts
2. Short definition	The percentage number of vacant funded positions on the structure as a percentage of total number of the approved positions on the NRCS organizational structure
3. Source/collection of data	Approved organizational structure, NRCS signoff budget and the employee database
4. Method of calculation	Percentage
5. Assumptions	The Indicator is used to measure efficiency in NRCS recruitment and ensure NRCS is a capacitated organization
6. Disaggregation of Beneficiaries	N/A
7. Spatial Transformation	N/A
8. Reporting cycle	Quarterly cumulative
9. Desired performance	4% vacancy rate or less
10. Indicator responsibility	Head Human Resources

Strategic Goal 4; To ensure an optimally capacitated institution

1. Indicator title	% implementation of ICT Master System Plan
2. Short definition	NRCS to ensure it has the requisite ERP which supports business operations.
3. Source/collection of data	Availability of the implemented system and or approved documents
4. Method of calculation	Verify the availability and/or existence of the approved ERP System – establish that the sytem has been implemented and its ready for testing and or deployment for use by the nRCS
5. Assumptions	The Indicator is used to measure whether the NRCS has adequate IT infrastructure and resources that will ensure that it becomes efficient and move away from paper-based processes to automation
6. Disaggregation of Beneficiaries	N/A
7. Spatial Transformation	N/A
8. Reporting cycle	Quarterly cumulative average
9. Desired performance	Approved system in place and implementable
10.Indicator responsibility	Head: ICT