

Presentation to Portfolio Committee on Trade and Industry

By the dtic, the National Regulator for Compulsory Specifications (NRCS) and the South African Bureau of Standards (SABS)

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Delegation

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Policy perspective from the dtic (1)

The re-imagined industrial strategy is the focus of the Department of Trade Industry and Competitiveness (**the dtic**).

There are 4 elements to the strategy:

- **Localisation** – Growing local manufacturing through the active identification and development of new domestic production capabilities within selected portions of the value chain to deepen manufacturing and exports into existing markets.
- **Exports** – to expand shelf space for South African goods beyond the national borders. The department is sparing no effort on the AfCFTA programme as this will enable better access to many African countries. Many products on the continent of Africa are not manufactured in Africa.
- **Investments** – Greater focus is being placed on the capital investment the country attracts, the target is R1.3trillion in 5 years time.
- **Industrial Competitiveness** – competitiveness factors include price, innovation, quality and availability. These are the constraints that businesses face in production of products. The approach of the department is through sectoral masterplans that capture relations and engagements with all players.

Of importance today is that the work of NRCS and SABS is designed to assist industry with quality needs – a component of industrial competitiveness.

Policy perspective from the dtic (2)

- The SABS and the NRCS report to **the dtic**.
- Government sets up these entities with a mandate to assist local industry production, export of local products as well the protection of the public from unsafe products that may be placed in the national market, through testing and inspection.
- In many instances the entities are directed by policy owning department in carrying out their work.
- As the Public Protector recommended, there is scope to improve how delegated work is carried out by these entities.

Policy perspective from the dtic (3)

- The Department of Transport (DoT) is the policy owner for safety of vehicles in terms of the National Road Traffic Act , Act 93 of 1996.
- The DoT delegated some work to the NRCS to be the Inspectorate of Manufacturer, Importer, Builder (MIB) of vehicles. The NRCS has specific Compulsory specifications (Technical regulations), that are promulgated under the NRCS Act, Act 8 of 2008 that relate to different categories of vehicles. These compulsory specifications are used to implement the mandate from the DoT.
- The SABS, through the Standards Act, Act 5 of 2008 develops the standards that set out the technical requirements for various products and processes and some standards relate to vehicles. Standards become mandatory when referenced in a regulation, in this instance the relevant compulsory specifications from the NRCS.
- The SABS is also an accredited service provider to industry and regulators in terms of testing compliance of a product against certain standards, where SABS has the capability to test. Tests are done under a contractual arrangement between the SABS and its clients and they are usually specific.

Context of Panel Van conversions

- A salient point:
 - The complaint dealt with by the Public Protector refers to the process of regulating illegally converted vehicles that were already operating on public roads. Owners were required to bring the vehicles back to DoT so that they can be modified.
- My understanding is that it is legally permissible to convert a vehicle.
- Problem is in policing and keeping vehicles converted illegally off the roads, such vehicles do not undergo a homologation process but are able to get licensed.

Selected Findings by Public Protector(1)

- There are gaps when these illegal converted vehicles are captured in the e-NaTIS as the information, ID numbers and VIN-numbers are captured in the Registering Authority and there are chances that fraud could take place where these illegal conversions can be licensed and registered up to 16 seaters instead of three (3) seaters in the e-NaTIS systems. **Solution**
- The DOT conceded that the possibility is that front-line staff at the licensing offices altered information on the e-NaTIS system, thus opening the system to manipulation and fraudulent activities. **The solution lies here.**
- In its capacity as the Regulator for compulsory specifications, the NRCS is also responsible amongst others, for the implementation and regulatory and compliance system for compulsory specifications for market surveillance by the National Regulator in order to ensure compliance with the compulsory specifications. The NRCS therefore serves as the inspectorate of MIBs (incorrect). However, **“the DoT stated that it does not condone the operation of illegally converted vehicles and law enforcers should remove those vehicles from the roads and that is the competency of RTMC, the Provinces and Municipalities”, section 5.1.55 of report. NRCS will elaborate on its interventions in its presentation.**
- The SABS failed to conduct adequate quality assurance tests in respect of the vehicles to ensure that they are safe as commuter vehicles. The tests that were agreed upon between DoT’s technical task team and the SABS were roll over tests, tilt test, the “type 2” brake test and the seat anchorage test. **SABS tests are based on standards and support the request from a client. SABS will elaborate on its interventions in its presentation.**

Selected Findings by Public Protector(2)

- Although the Public Protector Report took into account the fact that RTMC is part of organs of State that impose administrative standards that should have been upheld;
- and that the role of RTMC is “to provide in the public interest, facilitation and law enforcement in respect of road traffic matters”.
- There are **no** findings against RTMC or remedial action that they should implement.

Remedial Action for the dtic

The Minister of Trade and Industry to take urgent and appropriate steps to:

Harness and foster good, effective and efficient working relations between the NRCS and the SABS with one being the National Regulator responsible for the maintenance of compulsory specifications and the implementation of a regulatory and compliance system for compulsory specifications and the other being a national standardization institution mandated to maintain national standards and ensure quality of commodities, products and services in the interests of the consumers and the people of South Africa.

Steps taken by the dtic

- The NRCS and SABS wrote to the department seeking permission to take the Public Protector Report on review. In the interest of collegial working relations and cooperative governance the department did not support a review through the court system.

Action Plan

- The department encouraged the development of two Memoranda of Agreements and their signing – one between NRCS and SABS and the other between DoT and NRCS.
- In addition, in instances where NRCS is delegated work from other departments, **the dtic** must be informed before signing.
- In quarterly reports of entities, progress with work designed to address findings/remedial actions identified by the Public protector is to be reported on in its own section.
- The departments of Transport and **the dtic** share ideas regularly on strategies to support the Automotive vehicle industry and regulatory measures.

Conclusion

- In hindsight, the department should have supported having the report reviewed by the courts.
- The lack of findings or remedial action for RTMC may **not** be of help in dealing with remaining illegally converted and registered/licensed vehicles that are still on the roads.
- THANK YOU