

NRCS ANNUAL PERFORMANCE PLAN FOR

2025/26– 2027/28

08 APRIL 2025

1. LIST OF ABBREVIATIONS

AFRIMETS	Intra-Africa Metrology System
COTII	Council of Trade and Industry Institutions
the dtic	Department of Trade, Industry and Competition
EU	European Union
KPA	Key Performance Area
KPI	Key Performance Indicator
LOA	Letter of Authority
MTDP	Medium Term Development Plan
NEDLAC	National Economic Development and Labour Council
NRCS	National Regulator for Compulsory Specifications
OECD	Organisation for Economic Cooperation and Development
OIML	International Organisation of Legal Metrology
PFMA	Public Finance Management Act
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 Organisation Agreement on Technical Barriers to Trade
AfCFTA	African Continental Free Trade Area

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3. FOREWORD BY THE MINISTER



The Public Finance Management Act (PFMA) requires that every public entity submit an Annual Performance Plan (APP), which converts the overall strategy to key annual targets. The APP is aligned to the NRCS strategic plan, industrial policy, **the dtic** strategic plan, various government strategic and policy frameworks.

The APP and Strategic Plan are premised on the three focus areas of the industrial policy being decarbonisation, diversification and digitalisation. The NRCS, as a public entity charged with the responsibility to implement government policies under the auspices of **the dtic**, 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 while implementing sanctions for non-compliance.

Therefore, this APP constitutes the foundation upon which NRCS will position itself as a leading authority in Technical Regulations / Compulsory Specifications while working with its partners and stakeholders, to address many challenges faced by South Africans as it impacts its constituency within which it operates.

The NRCS will contribute towards the achievement of the government's key priority areas and the **the dtic** key performance areas, focusing on the areas of industrial production, exports and trade as well as reducing red tape. The NRCS will also continue to dedicate resources in order to improve its enforcement mechanisms, "locking-out" non-compliant products, improve compliance behaviour and encourage local manufacturing. The NRCS's Annual Performance Plan 2025/26, is hereby submitted in accordance with the Revised Framework on Strategic and Annual Performance Plans.



Mr. Parks Tau, MP

Minister of Trade, Industry and Competition

4. OVERVIEW BY THE CEO



The National Regulator for Compulsory Specifications (NRCS) has developed its Annual Performance Plan (2025/26–2029/30) to align to government priorities, **the dtic's** Strategic Plan (SP) and Strategy Plan as well as various government, strategic and policy frameworks. These frameworks include, amongst others, the National Development Plan (NDP), Minister's Key Outcomes, the Medium-Term Strategic Framework (MTSF) and the Medium-Term Development Plan (MTDP). It is also aligned to the government priorities as directed by the Executive Authority and the Statement of intent of the Government of National Unity under the 7th administration.

The Minister's focus is on outcome-based indicators and the Minister's key Outcome indicators. These are aimed at industrialisation to promote more jobs and rising incomes, **transformation** to build an inclusive economy and building **capable state** to ensure improved impact of public policies. Additionally, these outcomes are aimed at reduction of poverty and cost of living.

The Annual Performance Plan of the NRCS is well aligned to that of **the dtic**. It ensures that our industrialisation is focused on products that comply to global safety standards and do not harm the environment. It focuses on transformation to ensure that the health and safety

interests of consumers are protected, and that fair trade is facilitated. It ensures that consumers and businesses can trade and purchase with confidence. It aims to rebuild the NRCS in such a way as to ensure that it is a capable organisation that has the people, operating practices, resources and technology to deliver on its mandate.

In accordance with its mandate, the NRCS will continue to dedicate resources towards the 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 expand and strengthen the scope of legal metrology in line with the LM Act, to protect consumers against inaccurate measures, support local industrial competitiveness, enhance protection of the environment and public health and safety whilst promoting fair trade.

This Annual Performance Plan is guided by the mandate as set out in the National Regulator for Compulsory Specifications Act, Act 8 of 2008, as amended which is the, founding legislation, and the LMA. It takes in to account the current dynamic environment, the establishment of the Border Management Authority (BMA) 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 implement sanctions for non-compliance.

the dtic will continue to support the NRCS in its endeavours to rebuild and renew its capabilities. This includes reviewing of the NRCS funding, Ministerial and Departmental approvals, implementing an innovated organisation design, developing and acquiring the technology and innovated ways of working required to modernise its operations, whilst simultaneously enhancing its efficiency and effectiveness.

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

- Fully implement the amended LMA and build capacity to achieve this mandate;
- Modernise and automate ICT systems to more efficiently and effectively regulate the market;

- Inspect manufactured and imported goods 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;
- Conclude Memoranda of Understanding (MoUs) and technical agreements with other partner organisations in the public sector, as well as regional and other international governmental and treaty organisations;
- Conduct regular awareness and educational interventions;
- Build partnerships with industry and other regulatory bodies;
- Enhance participation of small businesses in the technical regulations development process; and
- Institute sanctions where non-compliances are found.

The NRCS's 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;
- Ensure ease of accessibility as well as efficient and effective operations of the NRCS through the modernisation and automation of its ICT systems.

It is the view of the NRCS that national, continental and international harmonisation of standards and regulations should be strengthened to widen the regulatory area and promote implementation of best practice and existing trade protocols. The continental harmonisation of standards and regulations will contribute towards the implementation of the African Continental Free Trade Area (AfCFTA) agreement. Furthermore, the harmonisation of regulatory practices is of particular value where a specific regulatory issue has significant cross-border effects and cannot be tackled by a national regulator alone.

South Africa is committed to working with continental and international partners on bilateral and multilateral basis to strengthen existing agreements and programmes in order to deepen industrial development.

In building a better Africa and World, the NRCS will continue to represent the country on national, continental and international forums. Participation in these forums is based on the needs of the country, **the dtic**, industry and the consumer. It encompasses active engagement as South African representative, in the work of the technical committees by prioritising input into the development of international technical regulations and hosting technical committee meetings and participating in treaty organisations at a high level.



Mr. Duncan Mutengwe

Acting Chief Executive Officer

5. OFFICIAL SIGN-OFF

It is hereby certified that this Annual Performance Plan:

Was developed by the management of the National Regulator for Compulsory Specifications and it takes into account all the relevant policy and legislative mandates for which the NRCS is responsible. It further accurately reflects the strategic outcome-oriented goals and objectives for which the NRCS will work towards achieving during the medium-term period 2025/26 – 2027/28.

Mr. Edward Matemba

Senior Manager Strategy and Risk

Date: 08 April 2025

Signature:



Mr. Thomas Madzivhe

Chief Operations Officer

Date: 08 April 2025

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Signature:

Signed by: NTOMBOXOLO MEISIE KATZ
Signed at: 2025-04-08 10:39:44 +02:00
Reason: I Approve NTOMBOXOLO MEISI



 **NRCS** | national regulator for
compulsory specifications

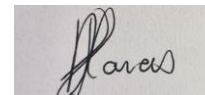
Ms. Nadine Thomas

Chief Financial Officer

Date: 08 April 2025

Signature

Signed by: NADINE AMELIA MARGARET
Signed at: 2025-04-08 10:41:18 +02:00
Reason: I Approve NADINE AMELIA MAR



Mr. Duncan Mutengwe

Acting Chief Executive Officer

Date: 08 April 2025

Signature:



PART A: STRATEGIC OVERVIEW

6. VALUES, VISION AND MISSION

STRATEGIC INTENT

The NRCS has synthesised its Mission and Vision into a coherent, focused Strategic Intent, as follows:

MISSION

The NRCS Mission is derived from our Mandate and confirms why we exist and how we intend to focus our activities to deliver on our mandate.

Why?

To protect public health and safety, safeguard the environment and facilitate fair trade.

How?

We do this by enabling and enforcing compliance with compulsory specifications and technical regulations

VISION

The NRCS Vision is for a safe, sustainable South Africa where people and businesses can trade and purchase with confidence.

VALUES

The NRCS values provide guidance to all leaders and employees to inform the behaviour and actions expected of them in the implementation of this strategy. The NRCS values are:

- **Professionalism** – *we shall act independently, take well-informed decisions and act at all times with integrity. In so doing, the decisions that we take shall be aligned to the needs and expectations of South Africa and its citizens. We will ensure that we are always competent in the way we discharge our responsibilities.*
- **Accountability** – *we will develop a high-performance culture underpinned by teams who act in a predictable, responsible, efficient and effective manner.*
- **Innovation** – *we will be proactive and respond rapidly, appropriately and intelligently, appropriately to the ever-changing needs and expectations of industries and consumers. We will maintain our relevance through being future-focused and through embracing change and ongoing adaptation.*
- **Collaboration** – *we will lead inclusively through developing focused, dedicated teams in which the perspectives and contributions of all are valued. We will always respect and value the wisdom and loyalty of all of our valued stakeholders.*
- **Ethical** - *we will act with integrity at all times, ensuring that the decisions and actions we take are consistent and impartial. We will be transparent in the way we perform our duties and treat our stakeholders and the regulated industry equitably (in a fair and impartial manner).*

7. CONSTITUTIONAL MANDATE

The NRCS as a public entity plays a significant role in upholding and preserving the principles as captured in the Constitution and enshrined in its legislative and policy mandate. Section 195 of the South African Constitution outlines the basic values and principles governing the NRCS. These principles include:

- High standard of professional ethics: Promoting and maintaining ethical conduct.
- Efficient and effective use of resources: Ensuring economic and effective utilization of public funds and assets.
- Development-oriented: Focusing on the needs of the people and promoting social and economic development.
- Impartial, fair, equitable, and unbiased service delivery: Providing services without discrimination.
- Responsiveness to people's needs and public participation: Encouraging public involvement in policy-making.
- Accountability: Being answerable for decisions and actions.
- Transparency: Providing the public with timely, accessible, and accurate information.
- Good human-resource management and career development: Cultivating practices that maximize human potential.
- Broad representivity: Ensuring the public administration is broadly representative of the South African people, based on ability, objectivity, fairness, and the need to redress past imbalances.

8. 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; and

- The Legal Metrology Act, 2014 (Act No. 9 of 2014).

9. POLICY MANDATES

In addition to the legislative mandate, the NRCS strategy is aligned to that of its primary stakeholder, **the dtic, MTDP** and the industrial policy. The NRCS strategy also takes into consideration, the three strategic pillars of the industrial policy namely, i) decarbonisation, ii) diversification and iii) digitilisation.

The NRCS will contribute towards the attainment of the developmental goals through development and harmonisation of regulations which will enable local production and access to export markets. Furthermore, the NRCS will enable local trade through the enforcement of the VCs and TRs.

10. INSTITUTIONAL STRATEGIES

The National Regulator for Compulsory Specifications remains committed to creating a sustainable organisation measured and consistent in its approach to improving the organisational environment rising to the significant challenges that the organisation continuously surmounts both internally and externally. NRCS is on a path to creating a world class model of an organisation with exemplary level of performance and leadership excellence while enhancing the working environment through a culture of respect, trust, appreciation, high employee morale and professionalism.

In terms of its strategic mandate, the NRCS's Strategic Plan intends to achieve the following:

- Enhance the quality of life of all South African citizens by ensuring their health and safety, as well as protecting the environment and maintaining fair trade
- Encourage local manufacturing of compliant products by “locking-out” non-compliant imported products, thereby contributing to the development of the South African economy.

In advancing these values and enhancing the organisational performance, NRCS in consultation with all its key stakeholders and based on the analysis of both its internal and external environment has developed a context specific organisational strategic plan which

informs its strategies over the five-year planning period. The organisational strategic plan will focus on the following areas:

- Financial stability, diversification and revenue targeting model
- Human Capital Development
- Improved brand recognition by Consumers and other stakeholders for grand positioning
- Improved and Strengthened Governance Systems and processes
- Technologically driven organisation for world class positioning
- Strengthening Research and Development

The NRCS has identified the risk-based approach, Port of Entry Enforcement, regulating at the source and market failure approach as the three key strategic interventions in regulating the market.

i) 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.

ii) Port of Entry Enforcement Strategy

The NRCS has strengthened its capacity to act expeditiously against unfair trade (dumped products) and surges in illegal, unsafe and non-compliant products imported through our ports of entry. Working with SARS and other stakeholders, the NRCS inspects containers suspected to be transporting regulated products. When identified products are non-compliant, the respective containers are detained at the borders or released to depots for further inspections or sanctioning process. Compliant products are released in coordination with SARS and SAPS.

iii) Regulating at the 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 into 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.

iv) Market failure Regulatory Response Strategies

Regulatory response to market failures will be developed to address risks in a focused manner. The focus of NRCS will be on prioritising on 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.

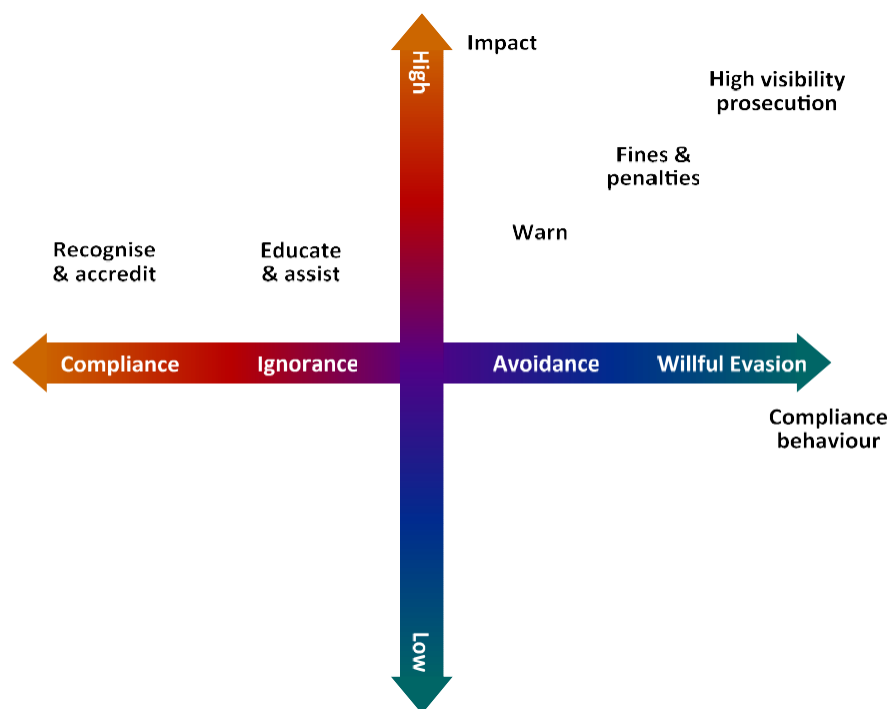
The following important principles will inform NRCS's work:

- Safety critical products must be identified and regulated.
- Compliance, preferably voluntary/ self-compliance, to compulsory specifications and technical regulations must be incentivised.

- 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. Different 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.
 - **Blitz/Joint Inspection:** The NRCS notes the prevalence of non-compliant products and will work with other government agencies to target non-compliant businesses and products.

The following diagram illustrates how the regulatory response may be focused on the level and type of risks as well as compliance behaviour exhibited. For instance, where the industry's behaviour is considered to be wilful evasion from compliance in high-risk areas where the non-compliance has a high impact, the NRCS will focus its resources for high visibility and implement prosecutions to the offenders. Where the industry is considered to be compliant resulting in low impact on the health, safety and environment, the NRCS will recognise and issue incentives such as reduced turnaround for approvals and container releases at the ports of entry.

Compliance Behaviour and NRCS Intervention



11. RELEVANT COURT RULINGS

There were no recent court judgements.

12. PLANNED POLICY INITIATIVES

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.

13. THE NRCS SITUATIONAL ANALYSIS

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 PESTEL analysis, a SWOT analysis, Stakeholder Analysis and a Risk Review. The NRCS's macro-environment was assessed, taking into consideration the Political, Economic, Social, Technological, Legal / Ethics & Environmental aspects.

a. External Environment

There are a number of important forces / trends that are impacting and will continue to impact upon the NRCS going forward. The following illustration sets out some of these key forces and / or trends.



b. Internal Environment

The following have been identified as key internal priorities for the NRCS to achieve its mandate

- Organisational Culture
- Financial sustainability
- Governance
- Information Communication technology – systems adoption by the NRCS

c. PESTEL ANALYSIS

Political and Technological

Political	Technological
<ul style="list-style-type: none"> • Change in political direction – New policies and goals set that can impact on NRCS mandate. • Conflictual collective bargaining environment. • The perception of political bias is a risk. • Increased activism regarding public service delivery. • Trade agreements (e.g AfCFTA) 	<ul style="list-style-type: none"> • Information security challenges. • Open source platforms and optimizing operations and access to technology. • Increase in on-line trading and the related challenges e.g., E-commerce • 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. • Keeping up with advancement in technology. • 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
<input type="checkbox"/> Tough economic times have resulted in an increase in corruption.	<input type="checkbox"/> More laws, increasing moral prescription rather than reliance on ethics or moral guidance.
<input type="checkbox"/> Cost cutting through consolidation of public entities.	<input type="checkbox"/> Changes in founding laws are on the horizon.
<input type="checkbox"/> Weakening of rand, rising inflation levels and possible interest rate increases.	<input type="checkbox"/> Implementation of various laws and the impact on NRCS –e.g., Border Management Act and Consumer Protection Act.
<input type="checkbox"/> BBBEE	<input type="checkbox"/> Legislation which overlaps/ duplication of mandates.
<input type="checkbox"/> The ongoing worldwide economic recession.	
<input type="checkbox"/> Downward adjustment of economic growth rate.	
<input type="checkbox"/> Increase in on-line transactions.	
<input type="checkbox"/> Financial constraints on the fiscus.	
<input type="checkbox"/> Companies implement cost control measures which has the potential to result in the production of sub- standard and non-compliant products.	

Social & Environmental aspects

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

d. SWOT ANALYSIS

Strengths	Weaknesses
<ul style="list-style-type: none"> • The uniqueness and extent of the NRCS's mandate positions it as a relevant institutional intervention in the enforcement of compulsory specifications to promote public health and safety, environmental protection and ensuring fair trade. • Established strong partnerships with organisations such as the South African Revenue Services (SARS), South African Police Service (SAPS) and the National Consumer Commission (NCC), among others, to ensure more effective regulation. 	<ul style="list-style-type: none"> • Lack of technological capabilities for operations and market surveillance • Operational inefficiencies leading to poor turnaround times. • ICT security. • Negative financial position • Inadequate processes to implement penalties
Opportunities	Threats
<ul style="list-style-type: none"> • Expanded scope of the Legal Metrology Act • To ensure that technical infrastructure support is available to encourage value-adding growth, labour-intensive manufacturing and advanced beneficiation. • To take a leading role in promoting technical infrastructure to better equip emerging industries in the 	<ul style="list-style-type: none"> • Reduced fiscal allocation by the National Government • Low economic growth rate • Stagnant tariffs and fees • Increase in ecommerce and imports • Lack of mechanisms for monetary fines in the NRCS Act and Legal Metrology Act

<p>SADC region to be competitive in domestic and international markets.</p> <ul style="list-style-type: none"> • To support quality infrastructure development in Africa that will facilitate the acceptance of accredited certification, inspection and testing in many African markets, based on single accreditation and a measurement system adapted to intra-Africa trade. • African Free Trade Area (AfCFTA) 	
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e. Medium Term Key Focus Areas in response to the PESTEL and SWOT Analysis

In terms of its strategic mandate, the NRCS's Strategic Plan intends to achieve the following:

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In advancing these values and enhancing the organisational performance, NRCS in consultation with all its key stakeholders and based on the analysis of both its internal and external environment has developed a context specific organisational strategic plan which informs its strategies over the five-year planning period. The organisational strategic plan will focus on the following areas:

- Financial stability, diversification and revenue targeting model
- Human Capital Development
- Improved brand recognition by Consumers and other stakeholders for grand positioning

- Improved and Strengthened Governance Systems and processes
- Technologically driven organisation for world class positioning
- Strengthening Research and Development

NRCS is in the process of reviewing its organisational design in order to implement a structure that promotes the accomplishment of the NRCS' mandate in an economical, effective and efficient manner. The Risk-Based Approach and the Port of Entry Enforcement Strategy will fundamentally impact the organisational design of the NRCS. It is envisaged that the Risk-Based Approach and Port of Entry Enforcement Strategy will enable the NRCS to inspect commodities at source and the focus of inspectors will become more proactive in addressing areas of non-compliance through a range of regulatory interventions as opposed to routine inspections. The Risk-Based Approach will enable inspectors to gather market intelligence and create awareness through briefings with stakeholder groupings such as trade unions, chambers of commerce and industry groupings whilst focusing enforcement activities where high risks exist. A new and integrated surveillance approach, informed by the intelligent application of information technology, is planned for adoption to enhance regulatory activities.

NRCS' mandate will be achieved through:

- Committed leadership
- Building a core of committed, skilled and experienced staff
- Communicating openly, transparently and collaborating with all stakeholders

The following table summarises the key points from the PESTEL AND SWOT analysis and sets out the implications for the NRCS and the actions that will be implemented by the NRCS.

Trend What?	Elements of the Trend What?	Implications So what?	Actions Now what?
Vulnerable globalisation – world moving away from free trade towards	Increase in nationalism and protectionism impacting global trade	<ul style="list-style-type: none"> • Likely increase in the use of technical standards compliance etc to restrict imports of SA goods • Global supply chain shifts may mean that new products are 	<ul style="list-style-type: none"> • Provide more support to SA companies to assist in ensuring compliance with global technical standards • Greater need to ensure that imports into SA are compliant – step

Trend What?	Elements of the Trend What?	Implications So what?	Actions Now what?
greater protection of local markets Need for greater Supply Chain resilience providing incentive for onshoring of production		produced locally requiring new / changed VCs	up compliance inspections <ul style="list-style-type: none"> Need for greater harmonisation of local and international approvals, including Metrology Increase capability for inspections and testing Build intelligence capability
Social fabric / inequality	<ul style="list-style-type: none"> Poor becoming more vulnerable Inequality increasing Increased regulation may increase cost of imported goods, impacting the poor 	<ul style="list-style-type: none"> Need for increased visibility Need for greater certainty and understanding of harmful products 	<ul style="list-style-type: none"> Higher visibility required for NRCS More awareness & education for citizens on standards and the need to regulate standards Balance cost and benefits of compliance
Industrial & Technology Transformation Digital transformation	<ul style="list-style-type: none"> 'New' technologies such as Artificial Intelligence and Analytics becoming more mainstream 	<ul style="list-style-type: none"> ICT technologies driving efficiency through automation, better connectivity Industry expectations for seamless transactions & interactions increasing 	<ul style="list-style-type: none"> Build new digital / technology capabilities Urgently need to speed up 'Modernisation' process Revisit MoUs and use them / manage them better to ensure relevancy Need to have a strategy to deal with e-commerce across SA's borders
Pace and rate of change increasing	Technology adoption faster	Need to have a future-focus – build a capability in understanding what future products / services, augmented by technology, may require in terms of VCs	<ul style="list-style-type: none"> Need to increase responsiveness and turnaround times on LoAs and industry requirements to ensure that NRCS remains relevant in a changing world
SA's energy crisis deepening	<ul style="list-style-type: none"> Rise in products in the market that are focused around sustainability and renewables 	<ul style="list-style-type: none"> Need to be relevant in supporting the energy transition – faster production of VCs for electric vehicles, autonomous 	<ul style="list-style-type: none"> Need to harmonise regulations to meet new emissions requirements and Sustainable Development Goals

Trend What?	Elements of the Trend What?	Implications So what?	Actions Now what?
		vehicles, renewables, battery storage etc	
Africa Continental Free Trade Agreement	<ul style="list-style-type: none"> Free movement of goods in Africa NRCS counterparts in Africa becoming more capable and professional 	<ul style="list-style-type: none"> Need to better understand the implications of AfCFTA for NRCS Need to harmonise regulations across the continent 	<ul style="list-style-type: none"> Increase interaction and engagement with African counterparts Need to regain lead by becoming more relevant to a changing world
Regulatory shifts Moves towards self-regulation - where there is a self-declaration on the conformity of a product. •	<ul style="list-style-type: none"> First world emerging practice This is expensive however and the costs would be passed on to consumers 	<ul style="list-style-type: none"> May not be an appropriate form of regulation for all categories of products in South Africa NRCS needs to reward compliant behaviour 	<ul style="list-style-type: none"> Incorporate compliance behaviour into RBA based on an understanding of where markets are mature and receptive

14. NRCS CORE PROCESS AND PRODUCTS

The Internal Environment Analysis commenced with an assessment of the NRCS core process and where it is breaking down or may need to be enhanced or innovated. The following illustration sets out the **NRCS core process** through its value chain.



Figure 1: NRCS Core Process / Value Chain

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, to ensure the environment is 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. Furthermore, the development of new compulsory specifications and the amendment of existing ones will be in accordance with the industrial policy and the key government priorities, industry and consumer needs.

It has been recognised that the Research and Development capability within NRCS will need to be fully capacitated / strengthened going forward to generate actionable intelligence, prioritise activities including Inspections and to better understand the availability of international technical regulations for new products, in particular digitally enabled products and / or EVs, autonomous vehicles etc. This stage of the NRCS core process **breaks down** in the following areas:

- Lack of buy in and input from stakeholders
- Availability of information as requested Socio-Economic Impact Assessment System (SEIAS)
- Lack of technology to enable analysis of external and internal data

Strengthening this part of the NRCS core process would require:

- Being able to generate **quantitative data** to support decision making
- Using research to enable scientific, evidence / data-driven decision making
- Incorporate technology-appropriate ICT systems
- Greater collaboration with other research-focused entities
- Conduct post VC impact research

Set Compulsory Specifications and Technical Regulations

The process for setting compulsory specifications and developing technical regulations will need to be accelerated to ensure the NRCS's relevance in a world where stakeholder / industry expectations are ever-increasing. The innovated core process is:

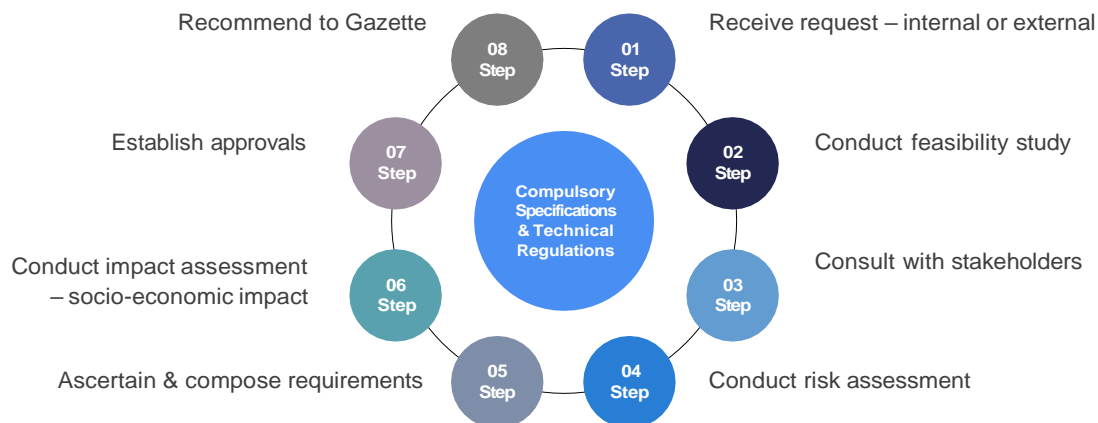


Figure 2: Setting Compulsory Specifications & Technical Regulations Process

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. Challenges experienced within this stage of the NRCS core process include:

- Stakeholders do not always agree on the risk assessment and this delays or introduces an element of conflict into the process.
- Delays are experienced in the availability of suitable standards.
- There are delays outside of the NRCS control with gazetting. This will require the dtic to more urgently address these delays.
- Commercial interests, at times, unduly impact decision making.

Stakeholder Engagement

The NRCS will engage with relevant stakeholders and role-players to ensure that the specifications and regulations developed are practical, appropriate and meaningful.

Increased stakeholder engagement, awareness and education around why Compulsory Specifications and Technical Regulations exist and how they should be used is essential going forward. 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.

Going forward, the NRCS will positively address this stage by:

- Ensuring complete alignment with the legislation
- Ensuring VCs are responsive to public and environmental requirements

- Accelerating the harmonisation and adoption of international regulations
- Working closer with **the dtic** to ensure clear alignment of interests and to reduce any potential delays in gazetting

Market Surveillance and Regulatory Supervision.

The NRCS will continue to apply the “Enforcement at Source” Strategy and the Risk Based Approach to its work, signifying a shift from the past practice where we predominantly conducted inspections at retail outlets. We will comprehensively and continuously explore and enhance the approach of “inspecting at source of production and port of entry” as well as the risk-based approach to promote compliant behaviour. This approach, combined with the introduction of self-regulation, which is currently in its pilot phase, will see an increase in inspections at source with an increased focus on areas of high risk.

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.

A need has been identified to strengthen the Inspection process and, in particular the Inspection strategy / planning process to ensure that these are focused on real impact in accordance with an innovated Risk Based Approach.

This stage of the NRCS core process **breaks down** in the following areas:

- Absence of a clear **regulatory framework**
- A need for a focus on the **quality** versus the quantity of inspections
- **A lack of effective investigative** techniques – eg. how to gather evidence
- **Poor planning** – need to ensure geographic / national coverage.
- Requirement for **information and good record keeping** - industries database, compliance history status, all information that is key to planning.
- Record keeping and improvements in all aspects of **administration**
- Lack of ‘**fit for purpose**’ **VC** or technical regulations

- **Execution** – Travelling, identification of products to be inspected or outcomes of inspections, for example, pro-active, re-active and follow up re-inspections, inclusive of new businesses
- High levels of non-compliance
- Sampling, including approvals and submission of 'golden' samples
- Lack of internal intelligence
- e-commerce is currently uncontrolled
- No proper database exists for the retrieval of records etc
- There is a lack of reference labs for the purposes of testing as a regulator

Strengthening this stage of the core process will require:

- A clear regulatory framework and well documented compliance strategy
- An automated system linked to a digital database
- Appropriate ICT-enabled systems and support
- Multi-faceted, competent Inspection Teams
- Technically proficient, knowledgeable and competent Inspectors
- End to end processing on approvals and inspections
- A respected Regulatory Mark or form of recognition
- Increased compliance and high impact inspections
- 100% compliance
- Data / intelligence driven inspections
- Systems integration with other entities such as Customs

We will need to do the following **differently** to deliver success ...

- Capacitate the NRCS through accelerating the 'Modernisation' process
- Better project management
- Proper implementation of a Risk Based Approach and the 80 / 20 principle
- Better performance management
- Quality, focused inspections based on target setting that has been intelligently thought through. For example, number of approved, targeted Inspections in accordance with the Inspection Plan developed and approved by the Manager

- Consistent Inspection process – in line with applicable VC to prove compliance
- More education, awareness and training
- Better stakeholder management and improved relationships
- More effective sanctions
- Fast-tracked automation of systems
- Adoption of technology to improve controls and increase effectiveness

Enforcement

Enforcing compliance is a significant area of concern for the NRCS as the enabling legislation does not have strong deterrent measures and the appropriate legal forums for effective enforcement action to be prosecuted so as to ensure real, meaningful consequences for non-compliance. This stage of the NRCS process **breaks down** in the following areas:

- **Facility limitations** - especially a lack of facilities for the storage of seized, non-compliant products
- Dependencies on processes involving **other parties** such as law enforcement and / or testing
- Need for **more disciplined chains of evidence** to be established and maintained through effective completion and gathering of evidence on the part of the NRCS Inspectorate
- Development of a **strengthened internal capability** focused on enforcement with Section 15 (3) delegations
- Focus on **completing the enforcement process** in the prescribed 120 days

Review and Innovate

It is essential that the NRCS develops an effective and efficient 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 high quality outcomes and impact rather than simply on activities. Furthermore, all approaches, methodologies, business processes and procedures will be continually reviewed and re-engineered to keep them current, economical, efficient and effective.

15. MEDIUM TERM DEVELOPMENT PLAN AND INDUSTRIAL POLICY

the dtic's response to South Africa's economic challenges focuses on comprehensive analysis of economic constraints, identification of sector-specific opportunities, monitoring mechanisms to ensure accountability, targeted interventions with measurable outcomes and implementation framework for execution. The SA economic challenges from a macroeconomic perspective include amongst others, low growth trajectory; premature de-industrialisation resulting in declining contribution of manufacturing to Gross Domestic Products; structural barriers resulting in barriers to new entrance in the markets, triple bottom line challenges and limited diversification; and external pressures leading to reduced exports.

NRCS has a significant role to play in realising **the dtic's** drive to grow the GDP to 3.6% by 2029. 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 through the development and enforcement of Compulsory Specifications and Technical Regulations as provided within its mandate.

The NRCS will balance its regulatory responsibilities and the needs of the economy in terms of operationalising the Industrial Policy and application of the interventions that that will unlock the following economic growth constraints in the areas where the entity has a role to play:

- Administration costs (energy & electricity, logistics, parks, fuel, gas)
- Cost of capital/ availability of finance
- Red tape reduction
- Up streams inputs
- Illicit imports
- Infrastructure collapse (sports, roads, rail)
- Market access
- Digital infrastructure (ICT& AI)
- Local Government (LED Enablers) Metros

- Workforce + Supplier readiness
- Focus (SMMEs vs Big Business)
- Concentration of economy
- Policy Reform
- Inequality of purchasing power
- Openness of economy (protectionism)
- Workforce Readiness & Skills for The Economy
- Market Concentration and Economic Inclusion
- SEZ and Industrial Parks Impact
- Critical Minerals Value Chain
- Digital economy and digital transformation.

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 compulsory specifications are developed, market surveillance activities are conducted, and enforcement activities are implemented by the NRCS.

Industrial Policy

The NRCS will contribute towards the industrial policy and has identified the following projects:

a) Decarbonisation

- Development of a Compulsory specification for lithium batteries.
- Enforcement of compliance with existing VCs that protects the environment (vehicle engine emissions and energy efficiency).

b) Diversification

- (i) Development of a Compulsory Specifications for aqua-cultured fresh water fish and crude fish oil that will enable local production and exportation
- (ii) NRCS in partnership with **the dtic**, to implement a program targeting Black owned SMMEs to participate in the Legal Metrology space as repair Bodies and or verification

laboratories. NRCS to designate qualifying black owned companies to perform work on its behalf as per the Legal Metrology Act

Medium Term Development Plan (MTDP)

The NRCS will contribute towards the MTDP and the three priorities which are i) inclusive growth and job creation; ii) reduce poverty and tackle the high cost of living; iii) build a capable, ethical and developmental state. The NRCS has identified the following areas:

Priority 1: Drive Inclusive Growth And Job Creation

a) Small Medium Micro Enterprises (SMME) Support:

The NRCS will support SMMEs that are participating within the NRCS regulated space. The support will mainly be technical to ensure that the SMMEs are able to meet the requirements and participate within the relevant sectors.

b) Work Experience

The NRCS will continue to run an internship program. The program is intended to provide recent graduates with work experience and ensure that they are job market ready at the end of the internship program.

c) Subsistence Farmers

The NRCS will provide technical assistance to small scale fish farmers and assist them to comply with the regulatory requirements.

d) Transformation

The NRCS will enhance the program and ensure that previously disadvantaged groups participate within the Legal Metrology Scope. In this regard the NRCS will designate all BBBEE Complaint entities to perform work on NRCS's behalf as per the provisions of the LMA.

e) Exports

The NRCS will ensure that the technical regulations are aligned to those of our trading partners and that health guarantees and export certification are processed timeously to enable exportation of South African products to various markets.

Priority 2: Reduce poverty and tackle the high cost of living

NRCS as a regulator contribute to this priority through ensuring compliance to various technical regulations as per the NRCS Act and Legal Metrology Act.

Priority 3: Build a Capable, Ethical and Developmental State**a) Red tape reduction**

The NRCS will in the medium-term review the approvals processes in a bid to reduce turn-around times and enable business to bring products quicker to market.

15.1 Blue Sky Interventions - NRCS Key Performance Areas Linked to the MTDP Strategic Pillars and the dtic Outcomes

15.1.1 Red Tape Reduction

Intervention	Outcomes	Indicators	Linkage to KPAs
Process improvement and policy instruments optimisation, harmonisation, digitisation, and integration to improve service delivery and operational efficiency.	A fully integrated and customer relationship management system to enable end to end processing of all approvals and inspections within the NRCS	% implementation of Customer Relationship System	Section 15 Table 4.1.3
	Continuous improvement of business processes to increase productivity, reduce inefficiencies across operations and enhance the overall effectiveness of service delivery.	% of pre-market approval processes optimised, integrated and harmonised Increase % of pre-market approvals finalised within 90 calendar days	Section 15 Table 2.1.5 Section 15 Table 2.1.4

14.1.2 Strategic Markets for domestic producers

Intervention	Outcome	Indicators:	Linkage to KPAs

Unlocking Strategic Markets for domestic products	Broadening economic participation by increasing the number of black-owned companies designated as repair bodies and verification laboratories	% of all new BBBEE Level 4 applicants to be designated as repair bodies and verification laboratories in terms of the Legal Metrology Act	Section 15 Table 2.1.8
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14.1.3 Workforce Readiness & Skills for the Economy

Intervention	Outcomes	Indicators:	Linkage to KPAs
Building a more dynamic, skilled, and competitive workforce by enhancing the employability of individuals by implementing key strategies such as ring-fencing funds for internships,	Increasing Skills and Work Experience for the Economy	Number of internship positions filled	Section 15 Table 4.1.2

14.1.4 Strategic Markets: Deepening market opportunities for domestic producers

Intervention	Outcome	Indicators:	Linkage to KPAs
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Unlocking Strategic Markets for domestic products	Strengthen the domestic economy and increase local and global market competitiveness:	Introduction of the compulsory specifications for lithium-ion batteries (solar energy storage),	Section 15 Table 1.1.1
		Introduction of compulsory specification of corrugated roof sheeting-metal cladding materials	Section 15 Table 1.1.1
	Provide market opportunity and a fair-trading platform for electric vehicle charging station metering systems	Interim technical requirements for approval of Electric Vehicle Charging Stations metering system	Section 15 Table 1.1.2

14.1.5 Illicit Trade

Intervention	Outcomes:	Indicators	Linkage to KPAs
Prevent Illicit and non-compliant products	Reduce the prevalence of illicit and non-compliant products in the market	% increase in sanctioning rate of illicit and non-compliant products sanctioned and removed from the market	Section 15 Table 2.1.1
	Identify and sanction non-compliant/illicit products	Compliance rate for all imported NRCS regulated food products	Section 15 Table 2.1.2
		The value of non-compliant products sanctioned.	Section 15 Table 2.1.6

14.1.6 Market Access: Exports

Intervention:	Outcomes:	Indicators:	Linkage to KPAs
Promote market access in strategic global markets by enhancing exports, harmonization of regulations, eliminating barriers and increase exports	<p>Increase access to export markets</p> <p>Enable development of value chains that support the export of goods, ensuring local industries benefit from global trade opportunities.</p>	The value of canned meat, fish and fishery products facilitated for export from South Africa.	Section 15 Table 2.1.7

14.1.7 Economic Participation – Transformation

Intervention:	Outcomes:	Indicators:	Linkage to KPAs
Transformation and broaden economic participation of previously disadvantaged groups and SMMEs	Broaden economic participation by previously disadvantaged groups within the economy through increase in the number of SMMEs participating within the NRCS regulated scope	Increase number of new SMMEs participating in the NRCS regulated value chains	Section 15 Table 2.1.9
	Increase the number of black owned companies designated as repair bodies and verification laboratories	Percentage of qualifying B-BBEE Level 4 repair bodies and verification laboratories designated as per the Legal Metrology Act	Section 15 Table 2.1.8

14.1.8 Omnibus Regulations

Intervention:	Outcomes:	Indicators:	Linkage to KPAs
Identify the list of regulations across the departments applicable for red tape	Reduction of turnaround time to develop a Compulsory specification in terms of the NRCS Act 5 of 2008, as amended	Develop a regulation on the promulgation of compulsory specifications or technical regulations	Section 15 Table 1.1.1
	Issuing spot fines for non-compliance with the NRCS Act	Develop a regulation that provides for the NRCS to issue a fine at the point of identification of non-compliance with the NRCS Act, Compulsory Specifications and Technical Regulations	Section 15 Table 1.1.1

PART C: MEASURING OUR PERFORMANCE

15. OUTCOMES, OUTPUTS, PERFORMANCE INDICATORS AND TARGETS

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

Whilst fulfilling its mandate in other product and service areas, the NRCS will increase its focus on evolving technologies and technology enabled products, energy conservation and efficiency (energy storage, invertors, batteries and generators), automotive innovations (EV, hydrogen and other renewable energy source motor vehicles including increasingly autonomous vehicles) food and associated value-add products. Through this focus, compulsory specifications will play an increasingly important role in the medium term, by contributing towards energy efficiency, emissions reduction and increasing the exports of the agro-processing industry and, in particular, SMME participants in this industry. The NRCS will increase the scope of its regulatory coverage by identifying and developing new compulsory specifications that provide the optimal balance between the meeting the emerging needs of consumers and benefitting 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 feasibility of revising and amending existing ones and withdrawing redundant or no longer relevant compulsory specifications / technical regulations. This will be done in consultation with relevant stakeholders.

Through the achievement of this goal, the NRCS seeks to ensure that any product that may potentially harm consumers, the environment and negatively impact on fair trade is identified, evaluated and regulated. To deliver successfully on this goal, it is essential that all products that may potentially cause harm to the consumer or the environment must be identified and that plans and processes must be developed for the regulation of all such products.

The NRCS' aspiration therefore is to further develop an effective, efficient and dynamic regulatory system that is responsive to the fast-changing context in which South African businesses and citizens exist and that actively protects citizens and the environment.

In terms of the technical regulations and compulsory specifications, the following will be approved or submitted for approval within the 2024/25 financial year:

- Interim technical requirements for Electric Vehicles Charging Stations,
- Compulsory specifications for lithium-ion batteries (solar energy storage), and
- Compulsory specification of corrugated roof sheeting-metal cladding materials.

Table 1.1: Annual Targets: Goal 1: To develop, maintain and administer compulsory specifications and technical regulations

Outcome	Output	Output Indicator / Measure	Audited Performance 2021/22	Audited Performance 2022/23	Audited Performance 2023/24	Estimated Performance 2023/24	Target 2025/26	Target 2026/27	Target 2027/28
Unlocking Strategic Markets for domestic products and increase local and global market competitiveness	Compulsory Specifications (VC)/Technical Regulations (TR) that are relevant, impactful and responsive to market needs	Number of new, amended and withdrawn VC's/TR submitted to the dtic	8 new, amended and withdrawn VC's/TR submitted to the dtic	12 new, amended and withdrawn VC's/TR submitted to the dtic	5 new, amended and withdrawn VC's/TR submitted to the dtic	4 new, amended and withdrawn VC's/TR submitted to the dtic	6 new, amended and withdrawn VC's/TR submitted to the dtic	8 new, amended and withdrawn VC's/TR submitted to the dtic	10 new, amended and withdrawn VC's/TR submitted to the dtic
		Approved Interim technical requirements for Electric Vehicles Charging Stations	-	-	-	-	Approved Interim technical requirements for Electric Vehicles Charging Stations	-	-

Table 1.2: Cumulative Quarterly Targets: Goal 1: To develop, maintain and administer compulsory specifications and technical regulations

Number	Output Indicator / Measure	Reporting Period	Annual Target	Quarter 1 Target	Quarter 2 Target	Quarter 3 Target	Quarter 4 Target
1.1	Number of new, amended and withdrawn VC's/TR submitted to the dtic	Annual Cumulative	6 new, amended and withdrawn VC's/TR submitted to the dtic				6 new, amended and withdrawn VC's/TR submitted to the dtic
1.2	Approved Interim technical requirements for Electric Vehicles Charging Stations	Annual Cumulative	Approved Interim technical requirements for Electric Vehicles Charging Stations				Approved Interim technical requirements for Electric Vehicles Charging Stations

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

The NRCS seek to improve compliance with compulsory specifications and technical regulations through establishing pre-market approvals, enhanced market surveillance, timeous testing where required and the imposition of consequences, including sanctions, where non-compliances have been identified. The NRCS will use a risk-based approach, an effective border enforcement strategy, inspection at source and benchmarking of business models to improve the efficiency and effectiveness of its regulatory activities.

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, testing of products, awareness briefings and communication as well as desktop / remote inspections. An inspection will have the most effective impact when conducted at the source of the product including online trading platforms. 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.

The NRCS will, on an ongoing basis, develop and institutionalize improvements to its core regulatory process to ensure greater regulatory efficiency and effectiveness. Through this, the NRCS will:

- Develop an effective, efficient and responsive process to enable timeous testing, as may be required
- Develop an efficient, consistent approach to Risk Based Regulation, executed in a disciplined way
- On an ongoing basis, evaluate and assess levels of compliance in the market through sampling, testing, and trend analysis.
- Ensure well-focused inspections that contribute to improved compliance
- Implement compliance activities that enable positive economic contribution whilst contributing to greater inclusivity of economic participation on the part of entrepreneurs, SMMEs and compliant businesses

Table 2.1 Annual Targets: Goal 2: To maximise compliance with all technical specifications and technical regulations

No	Outcome	Output	Output Indicator / Measure	Audited Performance 2021/22	Audited Performance 2022/23	Audited Performance Target 2023/24	Target 2024/25	Target 2025/26	Target 2026/27	Target 2026/27
2.1.1	Prevent illicit and non-compliant products and enable compliance through effective market surveillance activities	Sanctioning rate for illicit and non-compliant products within the Automotive, Chemicals Materials and Mechanicals (CMM), Electro-technical and Legal Metrology Sectors	% increase in sanctioning rate of illicit and non-compliant products sanctioned and removed from the market enabling compliant role players to access the market within the Automotive, Chemicals Materials and Mechanicals (CMM), Electro-technical and Legal Metrology Sectors	-	-	-	8% increase in sanctioning rate of illicit and non-compliant products sanctioned and removed from the market enabling compliant role players to access the market within the Automotive, Chemicals Materials and Mechanicals (CMM), Electro-technical and Legal Metrology Sectors	20% increase in sanctioning rate of illicit and non-compliant products sanctioned and removed from the market enabling compliant role players to access the market within the Automotive, Chemicals Materials and Mechanicals (CMM), Electro-technical and Legal Metrology Sectors	22% increase in sanctioning rate of illicit and non-compliant products sanctioned and removed from the market enabling compliant role players to access the market within the Automotive, Chemicals Materials and Mechanicals (CMM), Electro-technical and Legal Metrology Sectors	25% increase in sanctioning rate of illicit and non-compliant products sanctioned and removed from the market enabling compliant role players to access the market within the Automotive, Chemicals Materials and Mechanicals (CMM), Electro-technical and Legal Metrology Sectors
2.1.2	Prevent illicit and non-compliant products and enable compliance through effective market surveillance activities	Compliance of all imported NRCS regulated food products	Compliance rate for all imported NRCS regulated food products	-	-	-	100% Compliance rate for all imported NRCS regulated food products	100% Compliance rate for all imported NRCS regulated food products	100% Compliance rate for all imported NRCS regulated food products	100% Compliance rate for all imported NRCS regulated food products

								regulated food products		
2.1.3	Market access and enable development of value chains that support the export of goods, ensuring local industries benefit from global trade opportunities.	Ensure compliance enabling compliant local firms to manufacturer and participate in the economy	% Compliance rate for all locally produced and exported food and associated products				99% Compliance rate for all locally produced and exported food and associated products	99% Compliance rate for all locally produced and exported food and associated products	99.5% Compliance rate for all locally produced and exported food and associated products	99.8% Compliance rate for all locally produced and exported food and associated products
2.1.4	Red tape reduction	Enable compliance through effective market surveillance activities	Percentage of all approval applications finalised within 90 calendar days	-	-	-	95% of all approval applications finalised within 90 calendar days	98% of all approval applications finalised within 90 calendar days	98% of all approval applications finalised within 90 calendar days	98% of all approval applications finalised within 90 calendar days
2.1.5	Red tape reduction	Reduce turn-around times and enable firms to bring products to market quicker	% of pre-market approval processes optimised, integrated and harmonised within Automotive, Electro-technical, Chemical Materials and Mechanicals Sectors and Legal Metrology Sectors	-	-	-	-	20% of pre-market approval processes optimised, integrated and harmonised within Automotive, Electro-technical, Chemical Materials and Mechanicals Sectors and	25% of pre-market approval processes optimised, integrated and harmonised within Automotive, Electro-technical, Chemical Materials and Mechanicals	30% of pre-market approval processes optimised, integrated and harmonised within Automotive, Electro-technical, Chemical Materials and Mechanicals Sectors and Legal Metrology Sectors

								Legal Metrology Sectors	Sectors and Legal Metrology Sectors	
2.1.6	Prevent Illicit and non-compliant products	Remove illicit and non-compliant products from the market	The value of non-compliant products sanctioned	-	-	R354 million worth of non-compliant products sanctioned	R427 million worth of non-compliant products sanctioned	R430 million worth of non-compliant products sanctioned	R440 million worth of non-compliant products sanctioned	R445 million worth of non-compliant products sanctioned
2.1.7	Promote market access in strategic global markets by enhancing exports, harmonization of regulations, eliminating barriers and increase exports	Facilitate exportation of products to various ,markets through issuance of Health Guarantees	The value of canned meat, fish and fishery products facilitated for export from South Africa			R8 billion worth of canned meat, fish and fishery products facilitated for export from South Africa	R8 billion worth of canned meat, fish and fishery products facilitated for export from South Africa	R9 billion worth of canned meat, fish and fishery products facilitated for export from South Africa	R9,4 billion worth of canned meat, fish and fishery products facilitated for export from South Africa	R9,6 billion worth of canned meat, fish and fishery products facilitated for export from South Africa
2.1.8	Broadening economic participation by increasing the number of black-owned companies designated as repair bodies and verification laboratories	Designate previously disadvantaged groups to conduct work on NRCS' behalf as per the Legal Metrology Act	Percentage of qualifying BBBEE Level 4 repair bodies and verification laboratories designated as per the Legal Metrology Act				Develop the incubation program framework and obtain approval and funding from the dtic	Designate 100% of qualifying BBBEE Level 4 repair bodies and verification laboratories designated as per the Legal Metrology Act	Designate 100% of qualifying BBBEE Level 4 repair bodies and verification laboratories designated as per the Legal Metrology Act	Designate 100% of qualifying BBBEE Level 4 repair bodies and verification laboratories designated as per the Legal Metrology Act

2.1.9	Market Concentration and Economic Inclusion	Increase participation in highly concentrated sectors with specific focus on encouraging the entry of Black-owned businesses	Number of new SMMEs participating in the NRCS regulated value chains					10 new SMMEs participating in the NRCS regulated value chains	12 new SMMEs participating in the NRCS regulated value chains	15 new SMMEs participating in the NRCS regulated value chains
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Table 2.2: Cumulative Quarterly Targets: Goal 2: To maximise compliance with all specifications and technical regulations

Number	Output Indicator / Measure	Reporting Period	Annual Target	Quarter 1 Target	Quarter 2 Target	Quarter 3 Target	Quarter 4 Target
2.2.1	% increase in sanctioning rate of illicit and non-compliant products sanctioned and removed from the market enabling compliant role players to access the market within the Automotive, Chemicals Materials and Mechanicals (CMM), Electro-technical and Legal Metrology Sectors	Quarterly Cumulative	20% increase in sanctioning rate of illicit and non-compliant products sanctioned and removed from the market enabling compliant role players to access the market within the Automotive, Chemicals Materials and Mechanicals (CMM), Electro-technical and Legal Metrology Sectors	20% increase in sanctioning rate of illicit and non-compliant products sanctioned and removed from the market enabling compliant role players to access the market within the Automotive, Chemicals Materials and Mechanicals (CMM), Electro-technical and Legal Metrology Sectors	20% increase in sanctioning rate of illicit and non-compliant products sanctioned and removed from the market enabling compliant role players to access the market within the Automotive, Chemicals Materials and Mechanicals (CMM), Electro-technical and Legal Metrology Sectors	20% increase in sanctioning rate of illicit and non-compliant products sanctioned and removed from the market enabling compliant role players to access the market within the Automotive, Chemicals Materials and Mechanicals (CMM), Electro-technical and Legal Metrology Sectors	20% increase in sanctioning rate of illicit and non-compliant products sanctioned and removed from the market enabling compliant role players to access the market within the Automotive, Chemicals Materials and Mechanicals (CMM), Electro-technical and Legal Metrology Sectors

Number	Output Indicator / Measure	Reporting Period	Annual Target	Quarter 1 Target	Quarter 2 Target	Quarter 3 Target	Quarter 4 Target
2.2.2	Compliance rate for all imported NRCS regulated food products	Quarterly Cumulative	100% Compliance rate for all imported NRCS regulated food products	100% Compliance rate for all imported NRCS regulated food products	100% Compliance rate for all imported NRCS regulated food products	100% Compliance rate for all imported NRCS regulated food products	100% Compliance rate for all imported NRCS regulated food products
2.2.3	% Compliance rate for all locally produced and exported food and associated products	Quarterly Cumulative	99% Compliance rate for all locally produced and exported food and associated products	99% Compliance rate for all locally produced and exported food and associated products	99% Compliance rate for all locally produced and exported food and associated products	99% Compliance rate for all locally produced and exported food and associated products	99% Compliance rate for all locally produced and exported food and associated products
2.2.4	Percentage of all approval applications finalised within 90 calendar days	Quarterly Cumulative	98% of all approval applications finalised within 90 calendar days	98% of all approval applications finalised within 90 calendar days	98% of all approval applications finalised within 90 calendar days	98% of all approval applications finalised within 90 calendar days	98% of all approval applications finalised within 90 calendar days
2.2.5	% of pre-market approval processes optimised, integrated and harmonised within Automotive, Electro-technical, Chemical Materials and Mechanicals Sectors and Legal Metrology Sectors	Annual Target	20% of pre-market approval processes optimised, integrated and harmonised within Automotive, Electro-technical, Chemical Materials and Mechanicals Sectors and Legal Metrology Sectors				20% of pre-market approval processes optimised, integrated and harmonised within Automotive, Electro-technical, Chemical Materials and Mechanicals Sectors and Legal Metrology Sectors
2.2.6	The value of non-compliant products sanctioned	Annual target	R430 million worth of non-compliant products sanctioned				R430 million worth of non-compliant products sanctioned

Number	Output Indicator / Measure	Reporting Period	Annual Target	Quarter 1 Target	Quarter 2 Target	Quarter 3 Target	Quarter 4 Target
2.2.7	The value of canned meat, fish and fishery products facilitated for export from South Africa	Quarterly Cumulative	R9 billion worth of canned meat, fish and fishery products facilitated for export from South Africa	R2 billion	4.5billion	R7 billion	R9 billion worth of canned meat, fish and fishery products facilitated for export from South Africa
2.2.8	Percentage of qualifying BBBEE Level 4 repair bodies and verification laboratories designated as per the Legal Metrology Act	Quarterly Cumulative	Designate 100% of qualifying BBBEE Level 4 repair bodies and verification laboratories designated as per the Legal Metrology Act	Designate 100% of qualifying BBBEE Level 4 repair bodies and verification laboratories designated as per the Legal Metrology Act	Designate 100% of qualifying BBBEE Level 4 repair bodies and verification laboratories designated as per the Legal Metrology Act	Designate 100% of qualifying BBBEE Level 4 repair bodies and verification laboratories designated as per the Legal Metrology Act	Designate 100% of qualifying BBBEE Level 4 repair bodies and verification laboratories designated as per the Legal Metrology Act
2.2.9	Number of new SMMEs participating in the NRCS regulated value chains	Annual target	10 new SMMEs participating in the NRCS regulated value chains	-	-	-	10 new SMMEs participating in the NRCS regulated value chains

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

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. NRCS strongly believes that increased awareness of the role and mandate of the regulator, as well as of technical regulations and 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.

Table 3.1: Annual Targets: Goal 3: To inform and educate our stakeholders about the NRCS

Outcome	Output	Output Indicator / Measure	Audited Performance 2021/22	Audited Performance 2022/23	Audited Performance 2023/24	Target 2024/25	Target 2025/26	Target 2026/27	Target 2027/28
Informed Stakeholders on NRCS functions	Stakeholder and Public education and awareness	Percentage implementation of the Stakeholder Engagement Strategy	98% implementation of the Stakeholder Engagement Strategy	95% implementation of the Stakeholder Engagement Strategy	97% implementation of the Stakeholder Engagement Strategy	97% implementation of the Stakeholder Engagement Strategy	97% implementation of the Stakeholder Engagement Strategy	98% implementation of the Stakeholder Engagement Strategy	98% implementation of the Stakeholder Engagement Strategy

Table 3.2: Cumulative Quarterly Targets: Goal 3: To inform and educate our stakeholders about the NRCS

Number	Output Indicator / Measure	Reporting Period	Annual Target	Quarter 1 Target	Quarter 2 Target	Quarter 3 Target	Quarter 4 Target
3.1	Percentage implementation of the Stakeholder Engagement Strategy	Quarterly Cumulative	97% implementation of the Stakeholder Engagement Strategy	97% implementation of the Stakeholder Engagement Strategy	97% implementation of the Stakeholder Engagement Strategy	97% implementation of the Stakeholder Engagement Strategy	97% 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. Effort will be focused on filling vacant positions in the approved structure
- An ICT Platform that fully supports the business with dedicated resources allocated to the modernisation review project
- A reviewed and innovated NRCS funding model
- Sound financial management and supply chain management systems
- Sound and effective support structures
- Sound and effective governance structures

Table 4.1: Annual Targets: Goal 4: To ensure an optimally capacitated institution

No.	Outcome	Output	Output Indicator Measure	Audited Performance 2021/22	Audited Performance 2022/23	Audited Performance 2023/24	Target 2024/25	Target 2025/26	Target 2026/27	Target 2027/28
4.1.1	Increase effectiveness of human resources (NRCS employees)	A capacitated organisation with fully resourced organisational structure	Vacancy rate (Percentage of vacant positions as per the approved NRCS organisational structure)	5% vacancy rate	8% vacancy rate	8% vacancy rate	10% vacancy rate	10% vacancy rate	8% vacancy rate	7% vacancy rate
4.1.2		Create employment and build a skills base through the internship program	Number of interns employed by the NRCS	21 interns employed by the NRCS	21 interns employed by the NRCS	30 interns employed by the NRCS	20 interns employed by the NRCS	35 interns employed by the NRCS	35 interns employed by the NRCS	35 interns employed by the NRCS
4.1.3	Increase effectiveness through optimisation, harmonisation, digitisation,	Implement Customer Relationship Management Systems to enable online	% implementation of the Customer Relationship Management System/s	-	-	-	-	100% migration of all electro-technical approvals applications to Energy	100% migration of all NRCS approvals processes to the	100% implementation of the Customer Relationship management system

No.	Outcome	Output	Output Indicator / Measure	Audited Performance 2021/22	Audited Performance 2022/23	Audited Performance 2023/24	Target 2024/25	Target 2025/26	Target 2026/27	Target 2027/28
	and integration of processes	management of processes						Efficiency ICT System	Energy Efficiency ICT System	

Table 4.2: Quarterly Targets: Goal 4: To ensure an optimally capacitated institution

Number	Output Indicator / Measure	Reporting Period	Annual Target	Quarter 1 Target	Quarter 2 Target	Quarter 3 Target	Quarter 4 Target
4.2.1	Vacancy rate (Percentage of vacant positions as per the approved NRCS organisational structure)	Quarterly	10% vacancy rate	10% vacancy rate	10% vacancy rate	10% vacancy rate	10% vacancy rate
4.2.2	Number of interns employed by the NRCS	Annual	35 interns employed by the NRCS				35 interns employed by the NRCS
4.2.3	% implementation of the Customer Relationship Management System/s	Annual	100% migration of all electro-technical approvals applications to				100% migration of all electro-technical approvals applications to

Number	Output Indicator / Measure	Reporting Period	Annual Target	Quarter Target 1	Quarter Target 2	Quarter Target 3	Quarter Target 4
			Energy Efficiency ICT System				Energy Efficiency ICT System

16. NEW OR AMENDED COMPULSORY SPECIFICATIONS MOTIVATION

Title of the Compulsory Specification	Motivation for the Compulsory Specification or Amendment of the Compulsory Specification
<p>1. New VC for <i>Crude fish oil intended for human consumption</i> (VC 9111)</p>	<p>The South African fish oil industry needs to ensure that the fish oil that is meant for human consumption is safe. Furthermore, the industry has also identified a niche market for exporting crude fish oil, intended for human consumption to identified destinations which offers value-add and employment opportunities in terms of refining the product as opposed to exporting only for animal consumption. This oil is used in the production of nutritional supplements for human consumption.</p> <p>As the Competent Authority for food and associated products the NRCS requires a regulation against which the Health Guarantees to accompany all consignments of crude fish oil for export markets may be issued. The NRCS is a competent authority for monitoring and subsequent export certification/health guarantees for fishery products and already registered as such in these markets.</p>
<p>2. The amendment of VC8021, <i>the compulsory Specification chilled smoked finfish and smoke-flavoured finfish</i></p>	<p>The NRCS regulates processed fish and fishery products and canned meats. The NRCS is also recognized as the Competent Authority in South Africa for fish and fishery products by the EU and other countries, has the necessary competence and is also currently issuing the health guarantees for the export of chilled fish.</p>

Title of the Compulsory Specification	Motivation for the Compulsory Specification or Amendment of the Compulsory Specification
	<p>The Ministers of Health and the dtic have concurred that the scope be expanded to cover chilled smoked finfish and smoke-flavoured finfish and products derived therefrom. Smoked fish is one of the typical food products associated with <i>Listeria Monocytogenes</i> (FAO/WHO <i>Listeria monocytogenes</i> risk assessment, 2004). This bacterium was responsible for the Listeriosis outbreak in South Africa in 2018, which was finally traced to processed meat i.e. Polony (www.nicd.ac.za). This regulation is, therefore, also meant to minimise the risk of listeriosis.</p>
<p>3. The amendment of VC 9008, <i>the Compulsory specification for energy efficiency and labelling of electrical and electronic apparatus</i></p>	<p>Energy efficiency: This compulsory specification intends to drive the market towards energy-efficient products and contribute to saving electrical energy as per the Department of Mineral Resources and Energy (DMRE) energy strategy, reducing electricity costs for consumers and reducing the negative impact of greenhouse gases on the environment. It is rolled out in pre-determined phases.</p>
<p>4. The amendment of VC 8006, <i>the compulsory specification for flexible cords for electrical appliances</i></p>	<p>To introduce SANS 1574-2 as an alternative standard to test against and demonstrate compliance.</p>
<p>5. New VC for Lithium Batteries</p>	<p>First gazette- The proposed VC aims to ensure the safety and health risks posed by lithium batteries to public health and safety and to mitigate their negative impacts on the environment. Furthermore, to support the South African Road Map for energy security through the commercialisation of locally manufactured lithium-ion cells for use in various applications.</p>

Title of the Compulsory Specification	Motivation for the Compulsory Specification or Amendment of the Compulsory Specification
6. The amendment of VC 8016 , <i>the Compulsory Specification for Protective Motorcycle Helmets and their Visors</i> .	The amendment aims to update the local standard, SANS 20022, which is equivalent to the international standard UNECE Reg22. A new edition of UNECE Reg22 (version 5) was adopted and published in August 2021.
7. The amendment of VC 9085 , <i>Cement</i>	VC 9085 is to be amended to include two new cement standards recently adopted by the South African Bureau of Standards (SABS). The two new standards cover products made from recycled concrete. This will help reduce waste from demolished structures and lower the construction sector's overall carbon output. Given the risks of impurities due to contamination with other matter associated with recycled products/ materials, the NRCS must enforce compliance with these standards to ensure that they meet the required strength needed to ensure safety and sustainability.
8. New VC for Metal Roof Sheeting	The proposed Compulsory Specification (VC) aims to protect the public health and safety of users of corrugated roofing materials through an effective and efficient regulatory regime to ensure the compliance with South African National Standards.
9. The proposed (new) VC 9106 , <i>Polymer film for damp-proofing and waterproofing in buildings</i>	Polymer film is used for waterproofing and is used for water insulation and acts as a moisture barrier, preventing water from entering or filtering through the various elements that make up a building. These materials are permanently added to the structures; therefore, they have a direct

Title of the Compulsory Specification	Motivation for the Compulsory Specification or Amendment of the Compulsory Specification
	impact on the quality and safety of buildings. The use of inferior construction materials and short measures in the thickness of the film can negatively affect its expected performance when incorporated in buildings, i.e. failure to prevent moisture penetration in buildings and thus pose health, safety and environmental risks to occupants of those buildings.
10. The amendment of VC 9092 , <i>the Compulsory Specification for the Preservative treatment of timber.</i>	Amendments to improve the effectiveness and efficiency of VC 9092, as well as aligning the referenced standards accordingly to ease the application of this compulsory specification.
11. The amendment of VC 8087 , <i>the Compulsory Specification for plastic carrier bags and flat bags.</i>	Periodic review to address the gaps identified in the interventions for plastic pollution (DFFE-NRCS MOU). Plastic pollution has become a pervasive environmental issue and has gained considerable attention in recent years. The amended VC 8087 incorporates the new types of eco-friendly and alternative materials that may be used to construct plastic carrier bags and flat bags. It will also address the limit of filler materials and other additives which will result in more durable bags and high-quality recycle materials at the end of their life cycle.
12. The amendment of VC 8072 , <i>the compulsory Specification for Respiratory protective devices (RPDs)</i>	Periodic review to address some challenges with the implementation i.e. The VC does not include the equivalence of standards for products that are manufactured to other Regional Standards. To also address administrative clauses to manage the active role players database to ease implementation.

Title of the Compulsory Specification	Motivation for the Compulsory Specification or Amendment of the Compulsory Specification
13. The amendment of VC 8079 , <i>The control of gaming devices and related apparatus</i>	Periodic review has necessitated amendment of this VC to ensure the requirements are relevant in terms of technology and as per the current product offerings. The VC need to also be updated to include the administrative process and the normative references.
14. Legal metrology technical regulation for Kingpin measuring instruments 15. Tyre tread measuring instrument	The Road Traffic Management Corporation submitted a list of measuring instruments to be regulated in terms of Legal Metrology regulations.

17. UPDATED KEY RISKS

Risk/Threat	Impact	Inherent Risk			Residual Risk		
		Impact	Likelihood	Total	Impact	Likelihood	Total Risk
Ineffective Regulation of the market/Unregulated products/services	Public/ environment exposure to unsafe products - Reputational damage to the NRCS	4	4	16	4	3	12
Non-compliant regulated products in the market	Non achievement of NRCS objectives	4	5	20	4	4	16
Inadequate sanctioning of non-compliances	Unsafe products available on the markets	5	4	20	5	3	15
Financial Sustainability of the NRCS	Inability to continue as Going Concern- Non achievement of NRCS objectives	5	5	25	5	4	20
Inadequate IT Systems	Ineffective regulator or failure to deliver on NRCS Mandate	5	5	25	5	4	16
Fraud and Corruption	Reputational damage to the NRCS/ Financial loss	4	5	20	4	3	12
Inadequate compliance with legislation (NRCS Act, PFMA, POPIA, NRCS Act and other related legislation)	Reputational damage and Financial Loss	5	4	20	5	3	15
Inadequate Human Capital Management	Non-achievement of NRCS objectives	5	4		4	3	12

18. OVERVIEW OF 2025/26 BUDGET AND MTEF ESTIMATES

Statement of Financial Performance

Statement of financial performance	Audited outcome	Audited outcome	Audited outcome	Revised Budget	Medium-term estimate		
R thousand	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Revenue							
Non-tax revenue	335,024	301,136	318,781	364,614	371,306	404,260	413,126
Sale of goods and services other than capital assets	323,301	279,537	296,740	347,291	355,487	385,199	392,861
Other non-tax revenue	11,723	21,599	22,041	17,323	15,819	19,061	20,265
Transfers received	144,099	147,560	138,611	145,734	149,235	154,319	161,297
Total revenue	479,123	448,696	457,392	510,348	520,541	558,579	574,423
Expenses							
Compensation of employees	373,075	413,831	401,252	416,402	422,515	468,831	492,273
Goods and services	101,678	114,719	166,297	93,946	98,026	89,748	82,150
Transfers and subsidies	-	-	-	-	-	-	-
Total expenses	474,753	528,550	567,549	510,348	520,541	558,579	574,423
Surplus/(Deficit)	4,370	(79,854)	(110,157)	-	-	-	-

Budget per Strategic Goal

Goals	Audited outcome	Audited outcome	Audited outcome	Revised budget	Medium-term estimate		
R thousand	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Administration	49,865	57,210	69,986	55,941	58,570	61,264	89,327
Maximise compliance with all specifications and technical regulations	307,306	353,112	369,123	334,651	336,587	366,162	380,615
Develop, maintain and administer compulsory specifications and technical regulations	9,102	11,904	12,942	13,724	14,369	15,030	15,248
Inform and educate stakeholders on the regulator's mandate	12,440	12,661	15,745	11,552	12,095	12,651	13,285
Ensure an optimally capacitated institution	96,040	93,663	99,753	94,480	98,920	103,472	75,948
Total expense	474,753	528,550	567,549	510,348	520,541	558,579	574,423

Statement of financial position

Financial position	Audited outcome	Audited outcome	Audited outcome	Approved budget	Medium-term estimate		
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Carrying value of assets	34,984	30,757	32,257	30,380	29,700	30,100	31,605
Investments	568	568	568	580	600	640	672
Receivables and prepayments	132,519	112,728	88,739	76,439	74,967	71,083	74,638
Cash and cash equivalents	199,781	94,385	56,320	42,500	38,363	35,732	37,518
Total assets	367,852	238,438	177,884	149,899	143,631	137,555	144,433
Accumulated surplus/(deficit)	264,636	130,295	72,116	44,304	39,471	32,505	34,130
Deferred income	-	-	-	-	-	-	-
Trade and other payables	58,470	54,305	56,470	52,480	48,460	47,630	50,012
Taxation	-	-	-	-	-	-	-
Provisions	44,746	53,838	49,298	53,115	55,700	57,420	60,291
Total equity and liabilities	367,852	238,438	177,884	149,899	143,631	137,555	144,433

Cash-flow Statement

Cash flow	Audited outcome	Audited outcome	Approved budget	Approved budget	Medium-term estimate		
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
R thousand							
Cash flow from operating activities	(847)	(48,813)	(27,041)	(24,420)	(20,063)	(2,703)	17,161
Receipts							
Non-tax receipts	303,829	301,237	353,000	372,100	396,100	431,100	472,655
Sales of goods and services other than capital assets	294,416	290,085	345,000	365,000	390,000	425,000	466,250
Other non-tax receipts	9,413	11,152	8,000	7,100	6,100	6,100	6,405
Transfers received	144,099	147,560	138,611	144,634	149,235	154,319	162,035
Financial transactions in assets and liabilities	—	—	—	—	—	—	—
Total receipts	447,928	448,797	491,611	516,734	545,335	585,419	634,690
Payment							
Compensation of employees	377,922	398,781	419,000	435,000	454,488	477,212	501,073
Goods and services	70,853	98,829	99,652	106,154	110,910	110,910	116,456
Interest and rent on land	—	—	—	—	—	—	—
Total payment	448,775	497,610	518,652	541,154	565,398	588,122	617,529
Cash flow from investing activities	(37,325)	(2,095)	(11,077)	(12,050)	(12,590)	(12,040)	(12,642)
Acquisition of property, plant, equipment and intangible assets	(44)	(302)	(5,852)	(7,050)	(7,366)	(7,540)	(7,917)
Investment property	—	—	—	—	—	—	—
Acquisition of software and other intangible assets	(5,835)	(1,793)	(5,225)	(5,000)	(5,224)	(4,500)	(4,725)
Other flows from investing activities	(31,446)	—	—	—	—	—	—
Cash flow from financing activities	—	(54,488)	—	—	—	—	—
Repayment of finance leases	—	(54,488)	—	—	—	—	—
Net increase / (decrease) in cash and cash equivalents	(38,172)	(105,396)	(38,118)	(36,470)	(32,652)	(14,743)	4,519

Capex budget

	Total	2024/25	2025/26	2026/27	2027/28
Category	R'000	R'000	R'000	R'000	R'000
Office equipment & Furniture	20,299	6,460	6,764	7,075	2,036
Total	20,299	6,460	6,764	7,075	2,036

Dividend Policy

NRCS does not declare dividends.

19. ANNEXURE D: MATERIALITY FRAMEWORK

a. Significance level

Definition

Section 54(2) of the Public Finance Management Act, 1999, as amended states that – “Before a public entity concludes any of the following transactions, the Accounting Authority of the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its Executive Authority for the approval of the transaction:

- Establishment or participation in the establishment of a company;
- Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;
- Acquisition or disposal of a significant asset;
- Commencement or cessation of a significant business activity;
- Significant change in the change or extent of its own interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.

A transaction is significant if conducting the transaction is vitally important to fulfil the organization’s mandate and for the organisation to operate effectively.

Significance is larger than materiality as significant transactions may impact the organisation as a whole. The transaction may be material but not significant whereas all significant transactions are material.

b. NRCS assessed level

The organisation will submit relevant particulars of the transactions to the CEO for approval of those transactions to be disclosed to treasury. In addition to the transactions listed above, the following transactions will be regarded as significant and will require full disclosure:

- Acquisition of assets exceeding the budgeted amount
- Reporting of the materiality framework

The materiality and significance framework will be updated annually as part of the strategic planning process and be included in the strategic plan.

c. Framework of acceptable levels of materiality and significance

Treasury Regulations

For purpose of “material [section 50(1), 55(2) and 66(1) (c) of the Act] and significant” [section 54(2) of the Act], the accounting authority must develop and agree on a framework of acceptable levels of materiality and significance with the relevant executive authority in consultation with external auditors”

Material		NRCS Level for 2023/24
Section 50	<p>The accounting authority of a public entity must-</p> <p>(c) On request, disclose to the executive authority responsible for the public entity or the legislature to which the public entity is accountable, all material facts, including those reasonably discoverable, which in any way influence the decision or actions of the executive authority or that legislature.</p>	<p>Material amount: 0.85% of total revenue</p> <p>Quantitative – Any fact discovered which amount exceeds the above materiality figure. Any item or event for which specific disclosure is required by law. Any fact discovered of which its omission or misstatement in the entity’s opinion, could influence the decisions or actions of the executive authority or legislature.</p>
Section 55	<p>The annual report and financial statements must:</p> <p>Fairly present the state of affairs of the public entity, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the financial year concerned.</p> <p>Include particulars of any material losses through criminal conduct and any irregular expenditure that occurred during the financial year.</p>	<p>Quantitative - Any losses through criminal conduct. Any losses through irregular / fruitless / wasteful expenditure</p> <p>Qualitative - Any item or event which specific disclosure is required by law. Any fact discovered of which its omission or misstatement in the entity’s opinion, could influence the decisions or actions of the executive authority or legislature.</p>
Section 66 (1)	<p>Any institute to which this Act apply may not borrow money or issue a guarantee in indemnity or security, or enter into any other transaction that bind or may bind that institution or the Revenue Fund to any future financial commitment, unless such borrowing, guarantee, indemnity, security or other transactions:</p> <p>Is authorised by this Act; and</p>	<p>All non-compliance events / transactions will be disclosed.</p>

Material		NRCS Level for 2023/24
	In the case of public entities, is also authorised by other legislation not in conflict with this Act	
Section 54(2)	Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction-	Not applicable
	Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement	Not applicable
	Acquisition or disposal of a significant shareholding in a company	Any asset that would materially increase or decrease the operational function of the entity, outside the approved strategic plan and budgeted
	Acquisition or disposal of significant asset	
	Commencement or cessation of significant business activity	Not applicable

PART D: TECHNICAL INDICATOR DESCRIPTIONS

20. TECHNICAL INDICATOR DESCRIPTIONS

Strategic Goal 1: To develop, maintain and administer compulsory specifications and technical regulations : Number of VC's/Tech Regulations submitted to the dtic

1. Indicator title	Number of new, amended and withdrawn VC's/Tech Regulations submitted to the dtic
2. Definition	To develop, Compulsory Specifications/ Technical Regulations and submit to the dtic for first or second gazetting. The process is as per the CSP 350 procedure. The VC development, amendment and withdrawal process is the same and thus the CSP 350 process is followed requiring same effort from the NRCS. The VC/TR refers to new, amended or withdrawn VC/TR submitted to the dtic for 1 st or 2 nd Gazette
3. Source/ collection of data	Proof of submission to the dtic.
4. Method of calculation	Non-compliance rate is calculated as a percentage of non-compliant inspections issued with a directive as a percentage of total number of inspections conducted within the reporting period
5. Means of verification	The dtic submission documentation
6. Assumptions	None
7. Disaggregation of Beneficiaries	N/A. Meant for all South Africans
8. Spatial Transformation	N/A
9. Calculation Type	Cumulative
10. Reporting cycle	Annual reporting
11. Desired performance	6 New, withdrawn or Amended Compulsory Specifications each year but affected by need for concurrence and data limitations of impact assessments
12. Indicator responsibility	RRD General Manager

Strategic Goal 1: To develop, maintain and administer compulsory specifications and technical regulations: Legal Metrology interim Requirements Approved

1. Indicator title	Developed interim technical regulations for electric vehicle charging stations
2. Definition	To develop, interim technical regulations for electric vehicle charging stations. This enables all role players to comply to same sort of rules and bring clarity to the industry.
3. Source/ collection of data	Approved Interim Requirements as signed by the NRCS CEO.
4. Method of calculation	Simple count
5. Means of verification	The Approved Interim Requirements for electric vehicle charging stations
6. Assumptions	None
7. Disaggregation of Beneficiaries	N/A. Meant for all South Africans
8. Spatial Transformation	N/A
9. Calculation Type	Cumulative
10. Reporting cycle	Annual Target
11. Desired performance	Approved Interim technical requirements for Electric Vehicles Charging Stations
12. Indicator responsibility	Legal Metrology General Manager

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

% increase in sanctioning rate of illicit and non-compliant products sanctioned and removed from the market enabling compliant role players to access the market within the Automotive, Chemicals Materials and Mechanicals (CMM), Electro-technical and Legal Metrology Sectors

1. Indicator title	% increase in sanctioning rate of illicit and non-compliant products sanctioned and removed from the market enabling compliant role players to access the market within the Automotive, Chemicals Materials and Mechanicals (CMM), Electro-technical and Legal Metrology Sectors
2. Short definition	The % increase in the number of non-compliant product inspections conducted and sanctioned as a percentage of all inspections conducted within the Automotive, Chemicals Materials and Mechanicals (CMM), Electro-technical and Legal Metrology Sectors compared to the same measure in the previous financial year. The increase in 2025/6 financial year shall be as compared to 2024/5 Financial year
3. Source/collection of data	Directives and inspections registers
4. Method of calculation	(% non-compliance rate 2025/26 FY/% Non-compliance rate 2024/25 FY)-1
5. Means of verification	Inspection records, electronic inspection registers and directives registers
6. Assumptions	Determines efficiency in identification and targeting non-compliance to requirements of compulsory specifications. The organisational resources are then channelled towards non-compliant role players
7. Disaggregation of Beneficiaries	N/A
8. Spatial Transformation	N/A
9. Calculation Type	Cumulative
10. Reporting cycle	Cumulative Quarterly Reporting
11. Desired performance	20% increase in sanctioning rate of illicit and non-compliant products sanctioned and removed from the market enabling compliant role players to access the market within the Automotive, Chemicals Materials and Mechanicals (CMM), Electro-technical and Legal Metrology Sectors
12. Indicator responsibility	Automotive, CMM Electrotechnical and Legal Metrology General Managers

Strategic Goal 2: Compliance rate for all imported NRCS regulated food products

1. Indicator title	Compliance rate for all imported NRCS regulated food products
2. Short definition	Ensure that no non-complaint products within the foods and associated industry enter the South African market
3. Source/collection of data	The source of this data is inspection reports or directives register for all imported Foods and associated products
4. Method of calculation	Percentage of non-compliant inspections/ total number of inspections conducted for all imported food and associated products
5. Means of Verification	Directives register, Inspection records and electronic inspection records
6. Assumptions	Increase compliance to compulsory specifications and technical regulations. Minimize the risk to the consumer and proactively detect the non-complying products.
7. Disaggregation of Beneficiaries	N/A.
8. Spatial Transformation	N/A
9. Calculation Type	Cumulative
10. Reporting cycle	Quarterly and annual basis reports are generated
11. Desired performance	100% Compliance rate for all imported NRCS regulated food products
12. Indicator responsibility	Foods and Associated Industries General Manager

Strategic Goal 2: Percentage Compliance rate for all locally produced and exported food and associated products

1. Indicator title	% Compliance rate for all locally produced and exported food and associated products
2. Short definition	Ensure that no non-compliant products within the foods and associated industry are produced and traded locally. Where identified the sanctioning process must be implemented
3. Source/collection of data	The source of this data is inspection reports or directives register for all imported Foods and associated products
4. Method of calculation	Percentage of non-compliant inspections/ total number of inspections conducted for all locally produced and exported food and associated products
5. Means of Verification	Directives register, Inspection records and electronic inspection records
6. Assumptions	Increase compliance to compulsory specifications and technical regulations. Minimize the risk to the consumer and proactively detect the non-complying products.
7. Disaggregation of Beneficiaries	N/A.
8. Spatial Transformation	N/A
9. Calculation Type	Cumulative
10. Reporting cycle	Quarterly and annual basis reports are generated
11. Desired performance	99% Compliance rate for all locally produced and exported food and associated products
12. Indicator responsibility	Foods and Associated Industries General Manager

Strategic Goal 2: Percentage of all approval applications finalised within 90 calendar days

1. Indicator title	Percentage of all approval applications finalised within 90 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, rejected or closed. 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 Quantitative Counting
5. Means of Verification	LOA Application files and electronic registers
6. Assumptions	None
7. Disaggregation of Beneficiaries	N/A
8. Spatial Transformation	N/A
9. Calculation Type	Cumulative
10. Reporting cycle	Quarterly
11. Desired performance	98% of all approval applications within Automotive, Electro-technical, Chemical Materials and Mechanicals Sectors finalised (approved or rejected or closed). within 90 calendar days
12. Indicator responsibility	Automotive, Electro-technical, Chemical Materials and Mechanicals General Managers

Strategic Goal 2: Removal of Red-tape - % of premarket approvals processes optimised

1. Indicator title	Percentage of pre-market approvals processes optimised, integrated and harmonised within Automotive, Electro-technical, CMM and Legal metrology Sectors
2. Short definition	Review all pre-market approval processes and ensure the following is achieved where possible: <ul style="list-style-type: none"> a) integration of processes b) Reduce number of application forms c) Automation of processes
3. Source/collection of data	<ul style="list-style-type: none"> • Business Reports • Business processes • Electronic data management systems
4. Method of calculation	Manual Quantitative Counting
5. Means of verification	Total number of processes reviewed during the financial year
6. Assumptions	That all processes need a review
7. Disaggregation of Beneficiaries	N/A
8. Spatial Transformation	N/A
9. Calculation Type	Cumulative
10. Reporting cycle	Quarterly
11. Desired performance	20% of pre-market approval processes optimised, integrated and harmonised within Automotive, Electro-technical, Chemical Materials and Mechanicals Sectors and Legal Metrology Sectors
12. Indicator responsibility	Automotive, Chemicals Mechanicals and Materials, Electro-technical, Legal Metrology and Foods and Associated Industries General managers

Strategic Goal 2: The value of non-compliant products identified, corrected or removed from the market

1. Indicator title	The value of non-compliant products sanctioned
2. Short definition	Identify and sanction non-compliant products and services and enable complaint business to trade fairly. Market value of products identified as non-complaint that are issued with a directive or an embargo. The value is as per the directive or the advertised price at the point of sale.
3. Source/collection of data	<ul style="list-style-type: none"> • Directives • Embargo notice • Inspection Records
4. Method of calculation	Manual Quantitative Counting
5. Means of verification	Total value of the estimated value as per the directive, embargo notice or inspection record
6. Assumptions	Value is as per the estimated value at the point of an inspection.
7. Disaggregation of Beneficiaries	N/A
8. Spatial Transformation	N/A
9. Calculation Type	Cumulative
10. Reporting cycle	Quarterly
11. Desired performance	R430 Million
12. Indicator responsibility	Automotive, Chemicals Mechanicals and Materials, Electro-technical, Legal Metrology and Foods and Associated Industries General Managers

Strategic Goal 2: The value of canned meat, fish and fishery products facilitated for export from South Africa

1. Indicator title	The value of canned meat, fish and fishery products facilitated for export from South Africa
2. Short definition	The value of export products exported from South Africa and facilitated through the issuance of Health Guarantees which will enable acceptance of the products in the importing country without further stringent controls
3. Source/collection of data	<ul style="list-style-type: none"> • Inspection Records • Health Guarantee files
4. Method of calculation	Quantity of products multiplied by the average market value of the products
5. Means of verification	Inspection records, health Guarantees, electronic registers
6. Assumptions	Market value is the average market value of the products from the industry associations or role players
7. Disaggregation of Beneficiaries	N/A
8. Spatial Transformation	N/A
9. Calculation Type	Cumulative
10. Reporting cycle	Quarterly
11. Desired performance	R9 billion worth of canned meat, fish and fishery products facilitated for export from South Africa
12. Indicator responsibility	Foods and Associated Industries General Manager

Strategic Goal 2: Number of SMMEs involved in local production of regulated products supported

1. Indicator title	Number of new SMMEs participating in the NRCS regulated value chains
2. Short definition	SMMEs granted approvals for production of NRCS regulated products having gone through a technical assistance program to meet the technical requirements of the relevant technical or compulsory specifications. The assistance is from the NRCS is technical in nature and resources will be allocated from NRCS staff to assist the SMMEs.
3. Source/collection of data	Assistance acknowledgement and SMME assistance report
4. Method of calculation	Manual count
5. Means of verification	Manual count of the number of reports
6. Assumptions	None
7. Disaggregation of Beneficiaries	N/A
8. Spatial Transformation	N/A
9. Calculation type	Cumulative
10. Reporting cycle	Quarterly Cumulative
11. Desired performance	10 new SMMEs participating in the NRCS regulated value chains
12. Indicator responsibility	Chief Operations Officer and Operations General Managers

Strategic Goal 2: Percentage of qualifying Black-owned repair bodies and verification laboratories designated as per the Legal Metrology Act

1. Indicator title	Percentage of qualifying Black-owned repair bodies and verification laboratories designated as per the Legal Metrology Act
2. Short definition	Enable Black South Africans to qualify and be designated as repair bodies or verification laboratories.
3. Source/collection of data	Designation Reports and awareness campaigns
4. Method of calculation	Manual count
5. Means of verification	Framework availability and approval
6. Assumptions	None
7. Disaggregation of Beneficiaries	N/A
8. Spatial Transformation	N/A
9. Calculation type	Cumulative
10. Reporting cycle	Quarterly Cumulative
11. Desired performance	Designate 100% of qualifying Black-owned repair bodies and verification laboratories designated as per the Legal Metrology Act
12. Indicator responsibility	Legal Metrology General Manager

Strategic Goal 3: Number of stakeholder and consumer education events or campaigns

13. Indicator title	Number of stakeholder and consumer education events or campaigns
14. 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.
15. Source/collection of data	Attendance registers and proof of attendance by stakeholders
16. Method of calculation	Manual count number of stakeholder consumer awareness campaigns. Quantitative
17. Means of verification	Proof of event or registers
18. Assumptions	The Indicator is used to measure the rate at which NRCS is disseminating information to the general public
19. Disaggregation of Beneficiaries	N/A
20. Spatial Transformation	N/A
21. Calculation type	Cumulative
22. Reporting cycle	Quarterly Cumulative
23. Desired performance	21 Awareness Campaigns
22 Indicator responsibility	Head Communications and Marketing.

Strategic Goal 4: Vacancy rate (Percentage of vacant positions as per the approved NRCS organisational structure)

1. Indicator title	Vacancy rate (Percentage of vacant positions as per the approved NRCS organisational structure)
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. Means of Verification	Employee statistics and Approved Organogram analysis
6. Assumptions	The Indicator is used to measure efficiency in NRCS recruitment and ensure NRCS is a capacitated organization
7. Disaggregation of Beneficiaries	N/A
8. Spatial Transformation	N/A
9. Calculation Type	Cumulative
10. Reporting cycle	Quarterly cumulative
11. Desired performance	10% vacancy rate
12. Indicator responsibility	Head Human Resources

Strategic Goal 4; Number of interns employed by the NRCS

1. Indicator title	Number of interns employed by the NRCS
2. Short definition	NRCS to implement an internship program for graduates to get an opportunity to be trained and gain valuable work experience.
3. Source/collection of data	Human resources records
4. Method of calculation	Verification of number of interns employed by the NRCS
5. Means of Verification	Human Resources employee files
6. Assumptions	The Indicator is used to measure the number of the employees, employed as intern within the NRCS
7. Disaggregation of Beneficiaries	N/A
8. Spatial Transformation	N/A
9. Calculation Type	Cumulative
10. Reporting cycle	Annual Target
11. Desired performance	35 Interns employed by the NRCS
12. Indicator responsibility	Head Human Resources

Strategic Goal 4 Increase effectiveness through optimisation, harmonisation, digitisation, and integration of processes

1. Indicator title	% implementation of the Customer Relationship Management System/s
2. Short definition	NRCS to utilise the Energy Efficiency ICT System for all Electro-technical approval applications. Enabling online application by the industry
3. Source/collection of data	Human resources records
4. Method of calculation	Verification through
5. Means of Verification	NRCS ICT Systems/Server
6. Assumptions	The Indicator is used to measure the percentage of pre-market approvals received through online platform - EE ICT Systems
7. Disaggregation of Beneficiaries	N/A
8. Spatial Transformation	N/A
9. Calculation Type	Cumulative
10. Reporting cycle	Annual Target
11. Desired performance	100% migration of all electro-technical approvals applications to Energy Efficiency ICT System
12. Indicator responsibility	CIO