

Presentation to the Portfolio Committee on Trade and Industry on NRCS' Annual Report for 2020\21 Financial Year and Quarter 1 and 2 Reports 2021/22 Financial Year

**Edward Mamadise
Chief Executive Officer**

NRCS Delegation

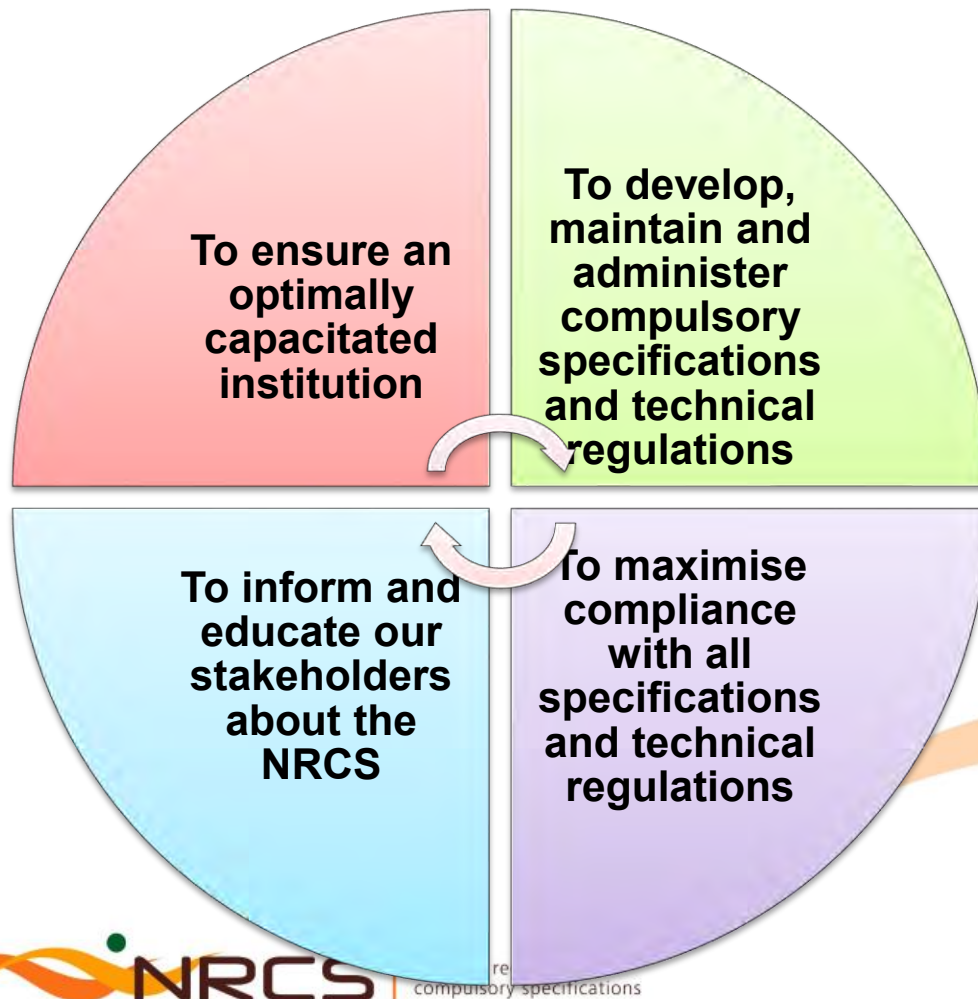
- ☐ Mr. Edward Mamadise
 - ☐ Chief Executive Officer
- ☐ Ms. Rebecca Ramcharran
 - ☐ Chief Financial Officer
- ☐ Mr Duncan Mutengwe
 - ☐ Acting COO
- ☐ Mr Oupa Kgasago
 - ☐ Chief Information Officer
- ☐ Mr. Edward Matemba
 - ☐ Manager: Strategy and Risk

Scope of Presentation

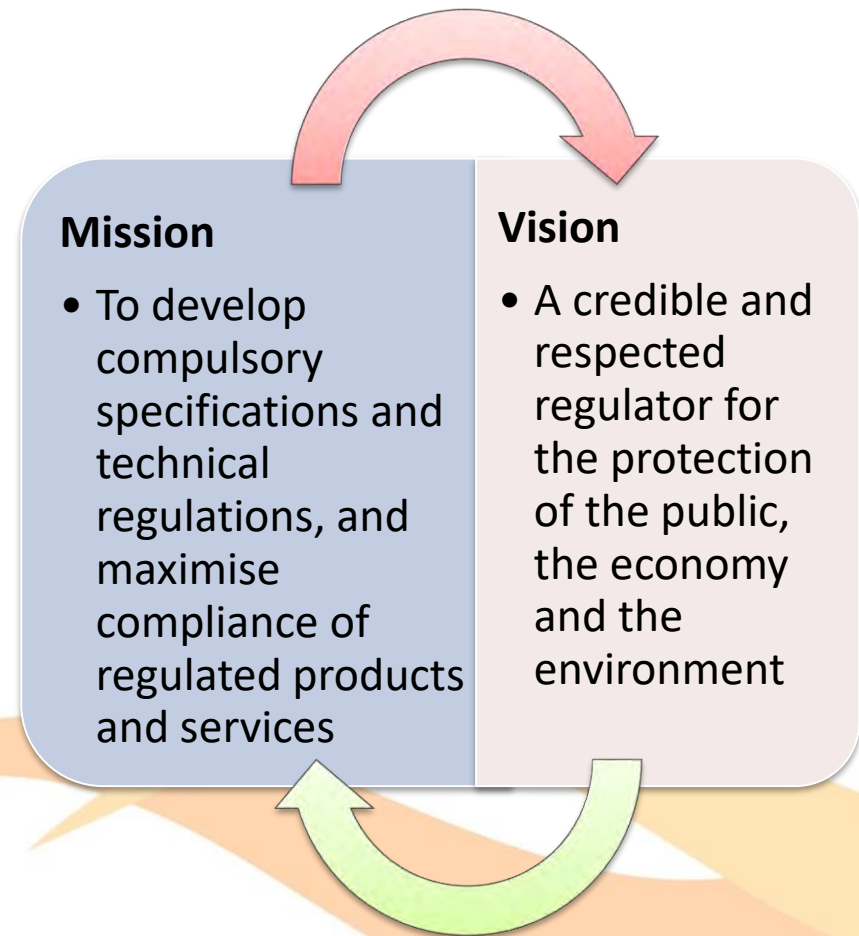
- ❑ Strategic Overview of the NRCS
 - ❑ Strategic Goals, Mission, Vision
 - ❑ Legislative mandate
 - ❑ Regulated industries
- ❑ COVID-19
- ❑ 2020/21 Annual Report
 - ❑ Audit report – AGSA
- ❑ Quarter 1 & 2 Performance
 - ❑ Non-Financial Performance and highlights
 - ❑ Financial Performance
- ❑ Legacy Issues

NRCS Strategy, Mission and Vision

NRCS Strategic Goals



Mission & Vision



Legislative Mandate

Mandate of the NRCS is derived from the following Acts.

**National Regulator for Compulsory Specifications Act
(Act No. 5 of 2008 as amended)**

**Legal Metrology Act
(Act No. 9 of 2014)**

The National Road Traffic Act, Act No. 93 of 1996 as amended

**National Building Regulations and Building Standards Act
(Act No. 103 of 1977)**

**The Foodstuffs, Cosmetics and Disinfectants Act
(Act 54 of 1972)**

Structure and Human Capital

- ❑ The NRCS is currently structured around the regulated Industry Clusters
 - ❑ Automotive
 - ❑ CMM
 - ❑ Electro-technical
 - ❑ Legal Metrology
 - ❑ Foods and Associated Industries

Industries regulated by NRCS

Industry Sector	Product regulated / Service rendered
Automotive	Vehicles, Replacements components, Manufactures Importers and Builders
Chemicals, Materials and Mechanicals	Cement, chemicals, detergents, Personal protective equipment, safety shoes, building materials, treated timber, plastic bags, solar water heaters, plumbing equipment
Electro-technical	Electrical appliances and products, Electronic appliances and products
Food and Associated	Fishery products, canned meat and processed meat additional mandate - new VC effective from 8 October 2019
Legal Metrology	Calibration of measuring instruments, weights, measures and gaming equipment
Building Regulations	Ensure uniform interpretation of National Building Regulations and Standards Act, administer review Board

COVID-19



COVID-19 Impact

❑ COVID-19 has had a negative impact on the regulated businesses, NRCS operations and finances:

❑ Loss of productive capacity especially market surveillance activities

❑ 2020/21 FY – 47% impact on operations

❑ 2021/22 Year to date 11% on operations

❑ Negative impact on revenue from March 2020 to date

COVID-19 Interventions

☐ Product Approvals

- ☐ Streamlined processes for approvals especially essential products (PPE & disinfectants) to assist business to bring products quicker to the market. Most approved within 21 days
- ☐ All container releases to be effected within 10 days
- ☐ The NRCS granting concessions for the importation of raw materials or components that are used for local manufacturing. The approval process of these products to be handled in under 10 days

☐ Business Assistance

- ☐ Allowing industry whose SA manufacturing premises were destroyed, to source already approved products from other foreign manufacturing premises.

2020/21 Financial Year Annual Report

2020/21 Highlights

- ❑ Resolved LOA backlog
- ❑ Reduced the number of LOA applications on hand from 5387 cross the NRCS to 1843 which is less than the number of applications received per each month
- ❑ Applications now being finalized within 120 except where the client and the industry fail to resolve findings or NRCS concerns and the NRCS gives an extension over and above the usual 30 days to resolve the queries.
- ❑ NRCS reviewed some of the LOA business processes to bring in efficiency. NRCS aiming at improving on turnaround times to enable business to bring products quicker to the market
- ❑ Assisting Fish and Fishery Products exporters especially bivalve molluscs exporters to China by registering firms on the new electronic system of the importing country

2020/21 Highlights

- ❑ Harmonization of technical regulations – The NRCS is participating in various forums at SADC, Continental and international forums with regards to harmonization of technical regulations.
 - ❑ SADC MEL, SADC TRLC, SADC SPS, SADC TBTSC
 - ❑ Africa Region Standard Organisation
 - ❑ AFRIMETS
 - ❑ OIML
 - ❑ WP29 – Automotive
 - ❑ International Consumer Product Health and Safety Organisation
- ❑ The NRCS also have agreements with a number of countries enabling mutual recognition of approval certificates and food health guarantees.
 - ❑ Botswana, Mauritius, Mozambique, Namibia and Zambia
 - ❑ Thailand

2020/21 Highlights

- Legal Metrology designated 104 verification and 93 repair bodies during the year. To ensure that personnel working for these bodies were competent, verification officers and persons responsible for repairs (repairers) had to pass all required theoretical and practical examinations.
- The NRCS considers BBBEE status in designating verification and repair bodies and is encouraging candidates from previously disadvantaged groups to participate and write exams to qualify as verification officers
- 136 persons wrote 300 theoretical verification officer examination papers, of which 157 (52.3%) examination papers were passed.

	Male	Female
African	60 (44.1%)	4 (2.9%)
Coloured	4 (2.9%)	0 (0.0%)
Indian	10 (7.4%)	7 (5.1%)
White	49 (36%)	2 (1.5%)
Total	123	13

Strategic Goal 1: Compulsory Specifications

- ❑ 5 Compulsory Specifications/ Technical Regulations submitted to the **dtic** for 1st Gazetting, negative variance of 29%
- ❑ 1 Compulsory Specifications/ Technical Regulations submitted to the **dtic** for 2nd Gazetting - negative variance of 80%

- ❑ VC 9085 Cement (amendment)
- ❑ VC 9110 Safety of general service lamps (new)
- ❑ VC 9109 Energy efficiency and functional performance of general service lamps (new)
- ❑ VC 8020 Frozen lobster and frozen lobster products derived therefrom (amendment)

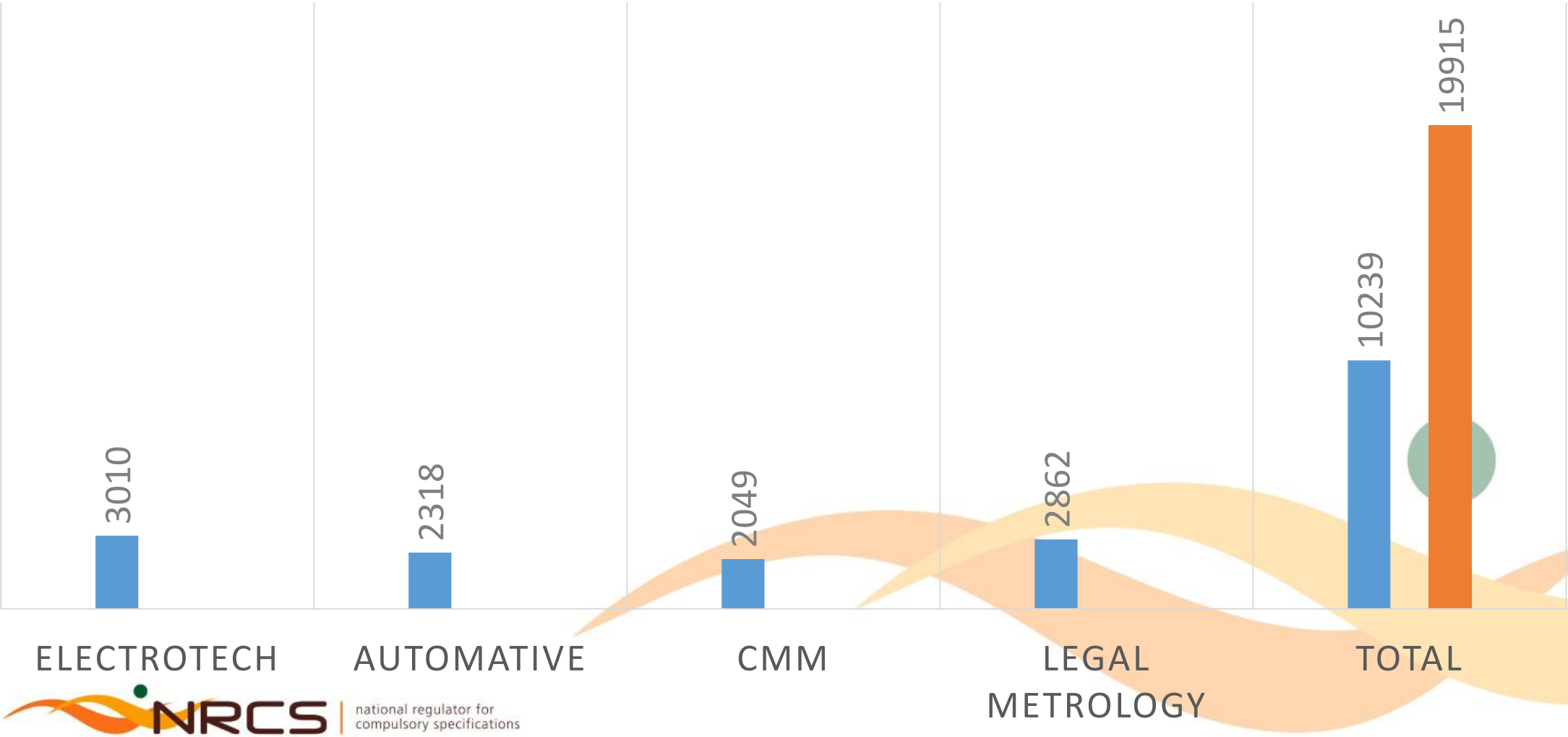
Strategic Goal 2: 2020/21 Inspections

- ❑ The NRCS conducted 35 833 inspections across all regulated industries compared to 51 386 during the previous year. The decrease in number of inspections was due to COVID-19 health impact and restrictions on business and movement. The focus is now on high-risk areas in order to remove non-compliant products from the market and achieve high impact with minimal resources.
 - ❑ Of the 35 833 inspections, 25 594 were conducted for frozen fish, fishery and canned meat processing plants, fishery vessels, export consignments, and local and imported fisheries and processed meat consignments.
 - ❑ 10 239 Inspections were conducted in the automotive, chemical, mechanical, electro-technical and metrology industry sectors.
 - ❑ During these market surveillance activities, the NRCS found non-complaint products valued at R273,3 million. during the financial year. The NRCS is in the process of destroying some the remaining products.
- ❑ The NRCS issued health guarantees for 7 796 product consignments destined for various markets including the European Union and the Far East.

Strategic Goal 2: Inspections Stats 2020/21 FY

INSPECTIONS AUTOMOTIVE, ELECTROTECHNICAL, CMM AND LEGAL METROLOGY

Actual Performance Target



Strategic Goal 2: Foods and Associated Industries Inspections

- ❑ The NRCS implemented the compulsory specification on processed meats that was introduced after the listeriosis outbreak.
- ❑ Inspected 100% of all declared consignments and productions of canned fishery and meat products. Total Inspections – 23 833
 - ❑ There was a decrease in number of declared consignments due to COVID-19
- ❑ 1761 Inspections conducted on locally produced fishery products (live, chilled and frozen), processed meat products, fishery and meat processing facilities.
 - ❑ 40% negative variance due to COVID-19 impact on the business trading environment

Strategic Goal 2: Pre-market Approvals

- ❑ Gaming Approvals - 100% of all approval applications processed within 30 calendar days
 - ❑ 2% overachievement – Target 98% finalized within 30 calendar days
- ❑ Automotive, Electro-technical, Measuring Instruments Type Approvals, Chemical Materials and Mechanicals Approvals - 92% of all approval applications processed within 120 calendar days.
 - ❑ 3% negative variance due to COVID-19 Impact on resource availability/ productive time
 - ❑ No backlog in terms of approval applications
 - ❑ Medium and low risk applications on average finalized within 30 days

Strategic Goal 3: Stakeholder Engagement

- ❑ 10 stakeholder and consumer education events or campaigns conducted
 - ❑ 44% negative variance which was mainly due to COVID-19 Restrictions
- ❑ 68% Stakeholder Engagement Strategy implementation.
 - ❑ 20% negative variance which was mainly due to COVID-19 restrictions
 - ❑ NRCS aiming to:
 - ❑ Increase consumer awareness of Regulator's programs especially in rural areas and small towns
 - ❑ Accessibility by industry
 - ❑ Increase coverage in terms of market surveillance activities
 - ❑ Assist business to comply with regulations
 - ❑ Assist and encourage SMMES to comply with regulations and participate in compulsory specification development process

Strategic Goal 3: Stakeholder Engagement

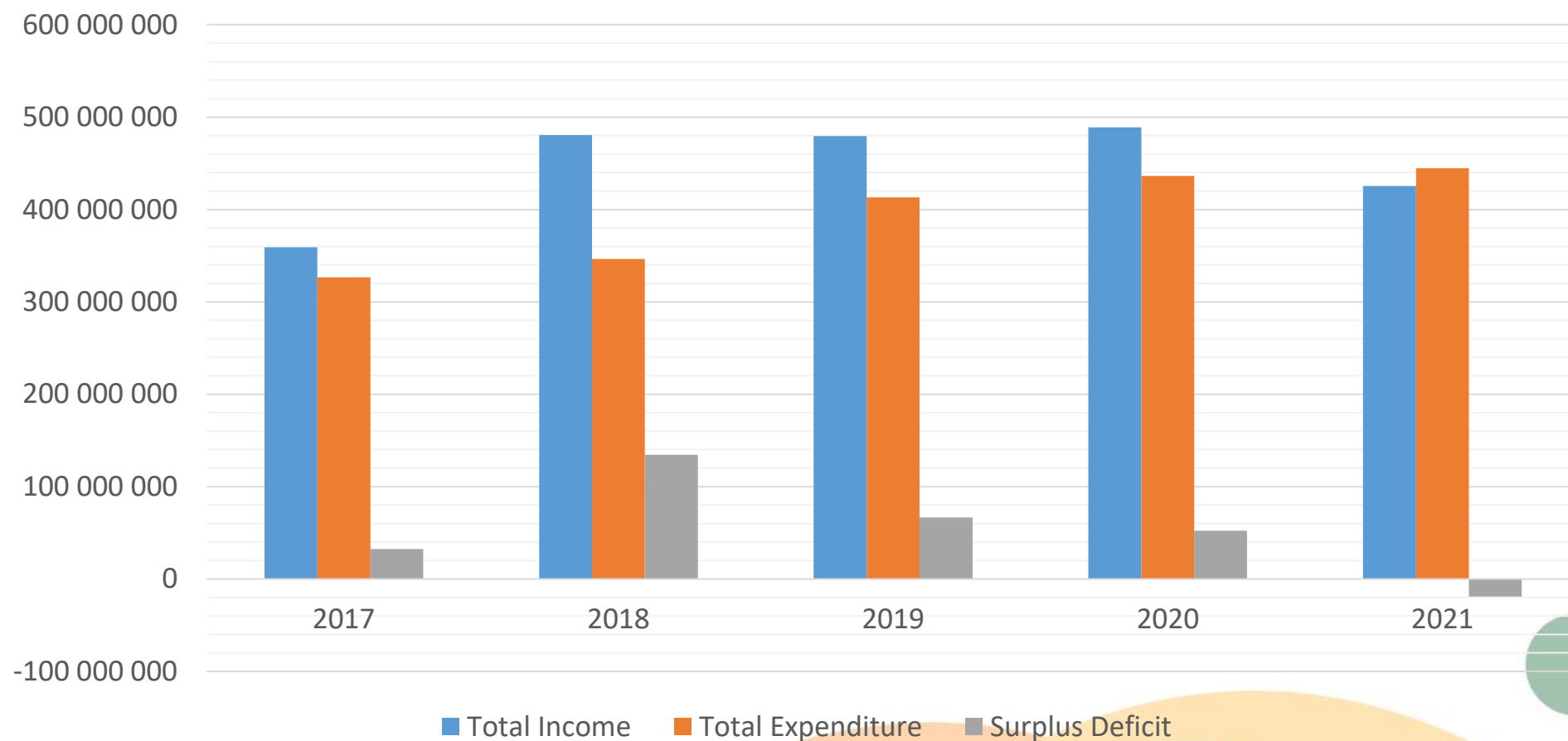
- ❑ The TV advert were aired on commercial TV stations as well as community TV stations:
 - ❑ Commercial TV channels: SABC 1, SABC 2, SABC 3, and eTV
 - ❑ Community TV channels: Cape Town TV, Soweto TV, Tshwane TV, Bay TV, and 1KZN TV.
- ❑ NRCS is also accessible and utilizing the Facebook, Twitter, Instagram, YouTube and Google Account to create easy access and market the organization
- ❑ Media statements were issued among others on
 - ❑ The regulation of geysers
 - ❑ The new VC on chemical disinfectants
 - ❑ Sales permit approval process
 - ❑ Stoppage of non-compliant cement from Singapore

Strategic Goal 4: Human Resources and ICT

- ❑ The organization has a 5% vacancy rate against a target of 6%
 - ❑ 17% overachievement
- ❑ 30% implementation of Enterprise Resource Planning System. (Human Resources and Finance Modules)
- ❑ Assisting Youth – The NRCS has an internship programs with 20 candidates.

Statement of Financial Performance as at 31 March 2021

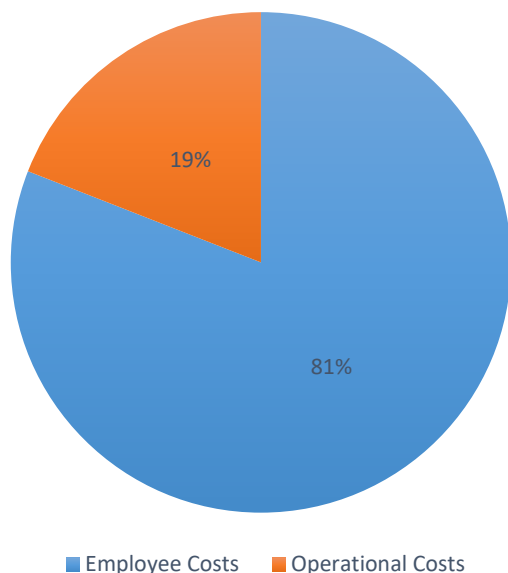
Income Statement Summary



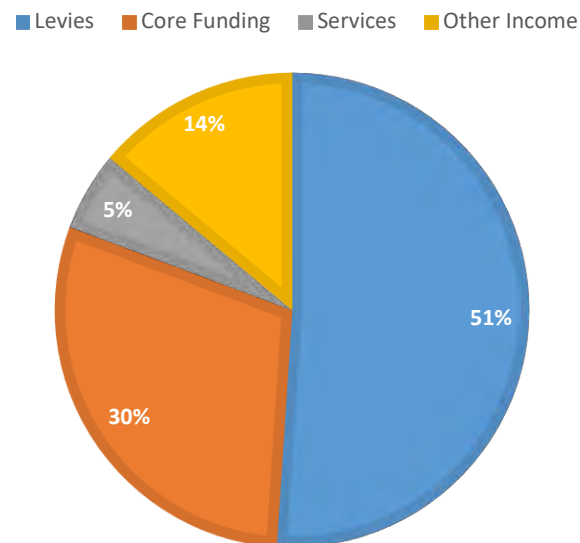
	2017	2018	2019	2020	2021
Total Income	359,150,539	480,688,210	479,571,576	488,836,932	425,457,174
Total Expenditure	326,620,334	346,405,618	413,122,400	436,476,079	444,564,342
Surplus Deficit	32,530,205	134,282,592	66,449,176	52,360,853	-19,107,168

Statement of Financial Performance Breakdown as at 31 March 2021

2021 EXPENDITURE



2021 REVENUE



	2017	2018	2019	2020	2021
Levies	198,283,726	264,334,268	252,951,351	251,290,607	217,196,329
Core Funding	86,418,000	128,754,000	146,104,000	139,501,000	126,126,000
Services	50,790,456	65,114,734	26,548,481	28,873,168	23,036,512
Other Income	23,658,357	22,494,208	53,967,744	69,172,157	59,098,333
Total Income	359,150,539	480,697,210	479,571,576	488,836,932	425,457,174
Employee Costs	258,177,098	280,262,027	303,113,620	334,045,127	359,814,823
Operational Costs	68,443,235	66,143,591	110,008,780	102,430,952	84,749,519
Total Expenditure	326,620,333	346,405,618	413,122,400	436,476,079	444,564,342
Surplus/Deficit	32,530,206	134,291,592	66,449,176	52,360,853	-19,107,168

Irregular expenditure and Fraud

Irregular Expenditure

- ❑ Irregular expenditure amounted to R9 368 765
 - ❑ R2,7 million is for expired leases/contracts
 - ❑ Progress
 - ❑ 2 Contracts amounting to R2,3 million have been renewed
 - ❑ 2 Contracts valued at R400 000 are in progress and being finalised
 - ❑ R4,1 million is for testing contract (regulated products)
 - ❑ Tender finalized and in the process of finalizing an SLA
- ❑ R2,3 million is for non-compliance to SCM policy wherein tender was not advertised for 21 days.
 - ❑ In the process of seeking approvals and condonation.

Irregular Expenditure

☐ Fraud:

- ☐ There was fraud amounting to R4,5 million wherein an employee facilitated fictitious refunds.
- ☐ The employee is on suspension
- ☐ Case reported to SAPS
- ☐ Disciplinary process ongoing

Auditor General Report and Progress on addressing Audit Qualification

Basis for Revenue Audit Qualification

The public entity did not recognise revenue from non-exchange transactions: levies from compulsory specifications that accrued to it in the correct financial period in accordance with GRAP 23, Revenue from Non-exchange Transactions. The amount disclosed as revenue from non-exchange transactions: levies from compulsory specifications included revenue amounts that do not relate to the current period. Consequently, the revenue from non-exchange transactions: levies from compulsory specifications was overstated by R6 614 256. As a result, the corresponding figure for revenue from non-exchange transactions: levies from compulsory specifications and receivables from non-exchange transactions: levies has been understated. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.

Basis for Revenue Audit Qualification

- ❑ The NRCS financial year runs from 1 April to 31 March of each year
- ❑ The levy period runs from Jan to December each year (with two levy periods in-between, Period A and Period B)
- ❑ The NRCS historical qualification relates to the accruing, estimation and accounting of revenue for the 3 months (Jan to March) of the financial year.
- ❑ The NRCS is expected to estimate this revenue based on customer history and record it in the relevant periods.
- ❑ The qualification for the current year related to recording of revenue in the incorrect financial years based on the customer declaration form.

Progress on Revenue Qualification

- ❑ The NRCS team has re-estimation levies for the 20/21 financial year. Internal Audit is in the process of auditing these estimations
- ❑ AGSA is also on board to start an interim audit mid February in an effort to resolve any findings before the final AFS are due for submission
- ❑ The levy declaration forms that were sent out in July were also amended to change the declaration per quarter and instead leave it open for the entire 6 month period. This will assist with the estimation process
- ❑ An ERP system has been developed to allow customers to capture declarations online and therefore reducing human error. The system is planned to go live end of January and will assist going forward.
- ❑ Estimation Process for 21/22 is planned to start mid January to ensure this will be ready for AGSA by end of February. Jan-March declarations will be treated as an adjustment entry.

Quarter 1 & 2 Report Presentation

2021/22 Year to Date Highlights (Quarter 1 and Quarter 2)

- ❑ Resolved the LOA backlog
- ❑ Year to date the NRCS found non-complaint products valued at R182 million. During the second quarter, NRCS, found non-compliant products estimated at R126 million. Products include hydraulic brake and clutch fluid, towing devices and child restraint system, brake pads, tyres, and incandescent lamps, switches, chargers, sewing machines, ICLs, usb speakers, plastic urns, power banks, LED panels, adaptors, and adult toys.
- ❑ NRCS managed to retain its status as Competent Authority for exportation of fish and fishery products to the European Union after an Audit in the 1st Quarter
- ❑ The Enterprise Resource System was 55% complete as at the end of Quarter 2.

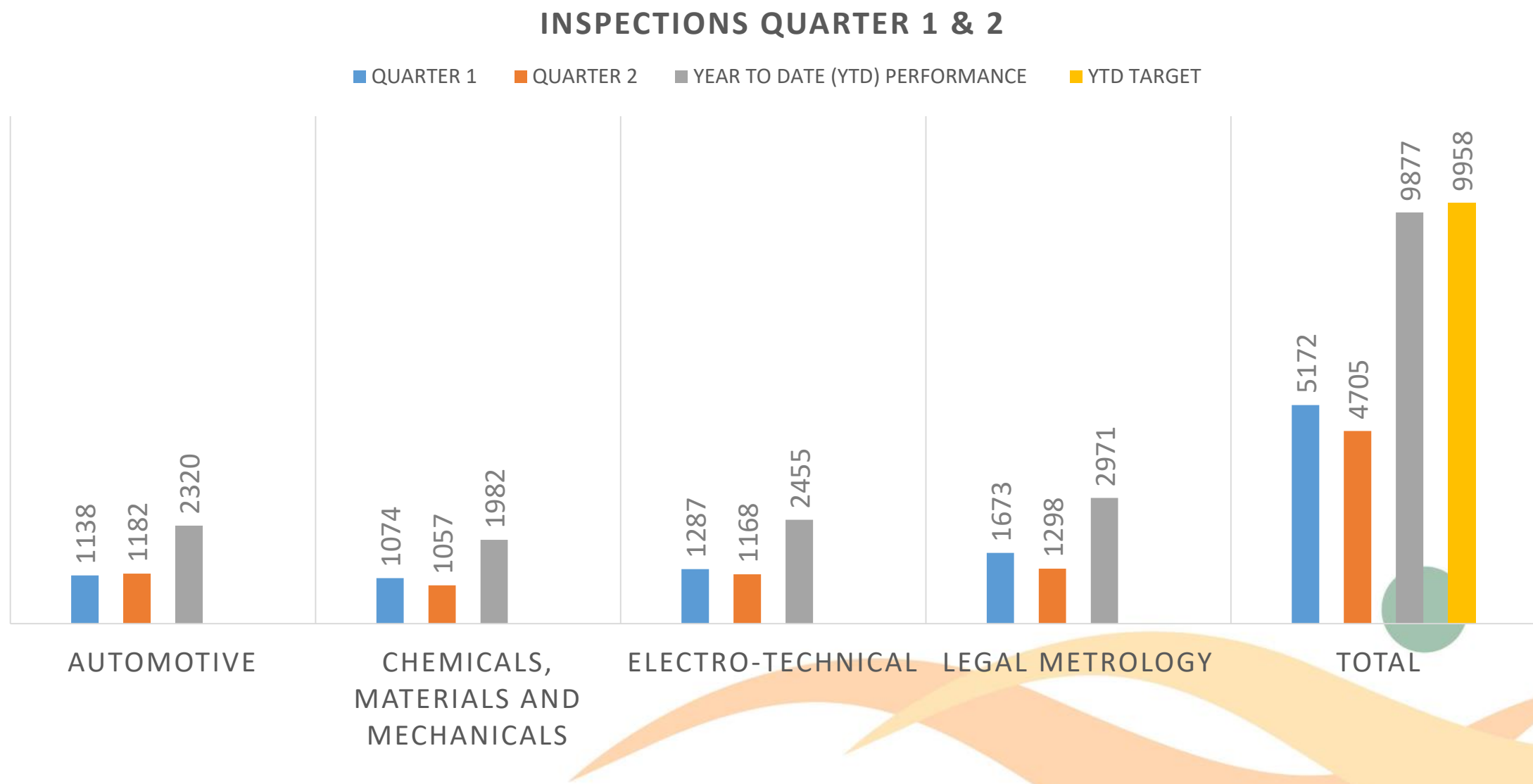
Strategic Goal (SG) 1: Compulsory Specifications

- ❑ Quarter 1: 2 Compulsory Specifications- 200% overachievement
- ❑ Quarter 2: 6 Compulsory Specifications/ Technical Regulations submitted to the dtic, year to date over achieved by 200%
 - ❑ VC8017 Compulsory Specification for frozen fish, frozen marine molluscs and frozen products derived therefrom.
 - ❑ VC8031 Compulsory Specification for langoustines and crabs and products derived therefrom.
 - ❑ Amendment of a Compulsory Specification for preservative treated timber VC 9092- submitted to the **dtic** 10 June 2021
 - ❑ VC 8033 Child restraints for use in motor vehicles (amendment) – July 2021
 - ❑ Amendment of a Compulsory for frozen lobsters (VC8020) submitted for final gazette to **dtic**- 09 July 2021
 - ❑ VC 9008-Energy labelling and efficiency of appliances amendment submitted on 8 September 2021.

Strategic Goal 2: Q 1 & Q2 Inspections

- ❑ Year to date the NRCS conducted 22 904 inspections across all regulated industries compared. The focus is mainly on high-risk areas in order to remove non-compliant products from the market and achieve high impact with minimal resources.
 - ❑ Of the 22 904 inspections, 13 027 were conducted for frozen fish, fishery and canned meat processing plants, fishery vessels, export consignments, and local and imported fisheries and processed meat consignments.
 - ❑ 9 877 Inspections were conducted in the automotive, chemical, mechanical, electro-technical and metrology industry sectors.
- ❑ The NRCS issued health guarantees for 3 967 product consignments destined for various markets including the European Union and the Far East.
- ❑ A further 3 704 compliance certificates and factory/vessel approval certificates were issued during this period.

SG 2: Inspections Stats Year to Date (Q1 & 2 Inspections)



SG 2: Foods and Associated Industries Inspections

- ❑ The NRCS has fully implemented the compulsory specification on processed meats that was introduced after the listeriosis outbreak.
- ❑ Year to date Inspected 100% of all declared consignments and productions of canned fishery and meat products. Total Inspections – 11 482:
 - ❑ Quarter 1 – 100%
 - ❑ Quarter 2 – 100%
- ❑ Year to date 1545 Inspections conducted on locally produced fishery products (live, chilled and frozen), processed meat products, fishery and meat processing facilities against a target of .
 - ❑ Quarter 2: 40% Year to date overachievement
 - ❑ Quarter 1: 906 inspection : 72% Year to date overachievement

SG2: Pre-market Approvals Year to Date(Q1 & Q2)

- ❑ Gaming Approvals Q1 and Q2 - 100% of all approval applications processed within 30 calendar days
 - ❑ 2% overachievement – Target 98% finalized within 30 calendar days
 - ❑ 70% of the applications processed within 21 days
- ❑ Automotive, Electro-technical, Measuring Instruments Type Approvals, Chemical Materials and Mechanicals Approvals - 95% of all approval applications processed within 120 calendar days.
 - ❑ 100% Achievement – target is 95% finalized within 120 days
 - ❑ Year to date 63% of the applications finalized within 45 days
 - ❑ No backlog in terms of approval applications

SG3: Stakeholder Engagement Year to date (Q1 & Q2)

- ❑ Year to date - 11 stakeholder and consumer education events or campaigns conducted
 - ❑ 38% overachievement
- ❑ 92% Stakeholder Engagement Strategy implementation.
 - ❑ NRCS aiming to:
 - ❑ Increase consumer awareness of Regulator's programs
 - ❑ Accessibility by industry
 - ❑ Increase coverage in terms of market surveillance activities
 - ❑ Assist business to comply with regulations
 - ❑ Assist and encourage SMMES to comply with regulations and participate in compulsory specification development process

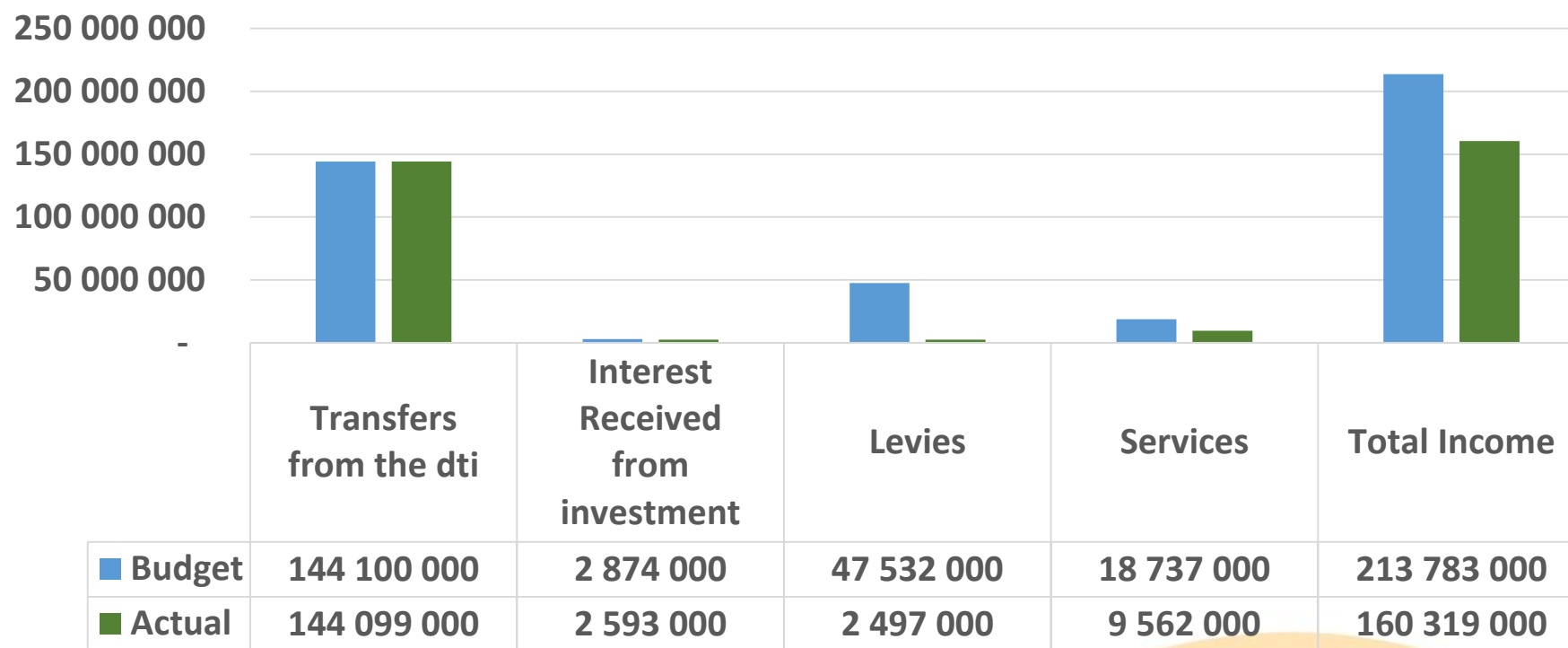
SG4: Human Resources Year to date performance (Q1 & Q2)

- ❑ The organization has a 8% vacancy rate against a target of 5%
- ❑ Assisting Youth – The NRCS has an internship programs with 20 candidates. This is aimed for youth aged between 18 and 35 years. EE Mandate (11 African Females and 9 African Males). Stipend increased from R7000 to R8000 with effect from 01 January 2022.
- ❑ 32 vacant positions were advertised in November and December to fill critical identified business needs
- ❑ Organizational review – The job evaluation committee is currently reviewing the job profiles as aligned to the new structure. Relevant Committees are being put in place to commence with placement/migration as soon as the job profiles have been evaluated and graded.

Financial Performance Quarter 1 Report

Quarter 1 Revenue Financial Performance as at 30 June 2021

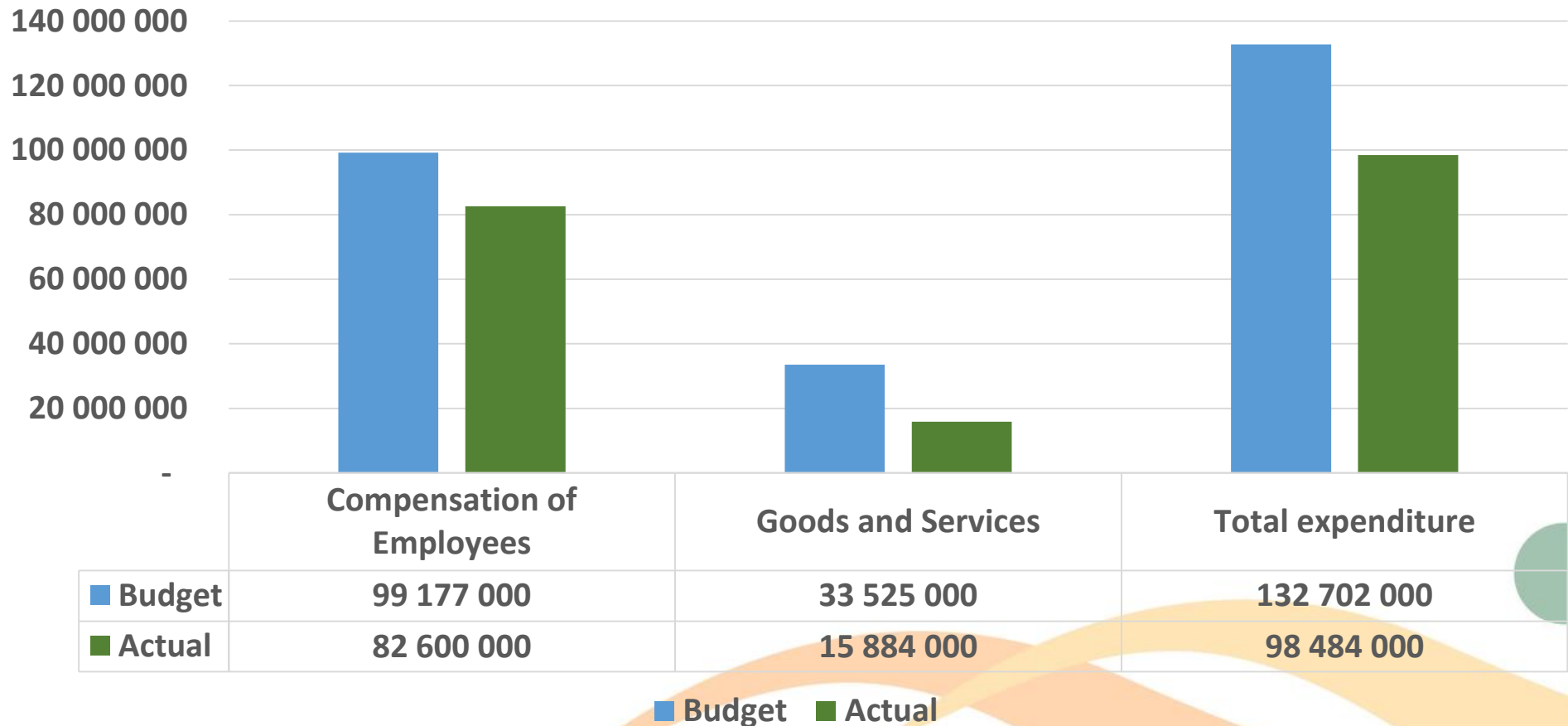
Q1 Actual Revenue versus Budgeted Revenue



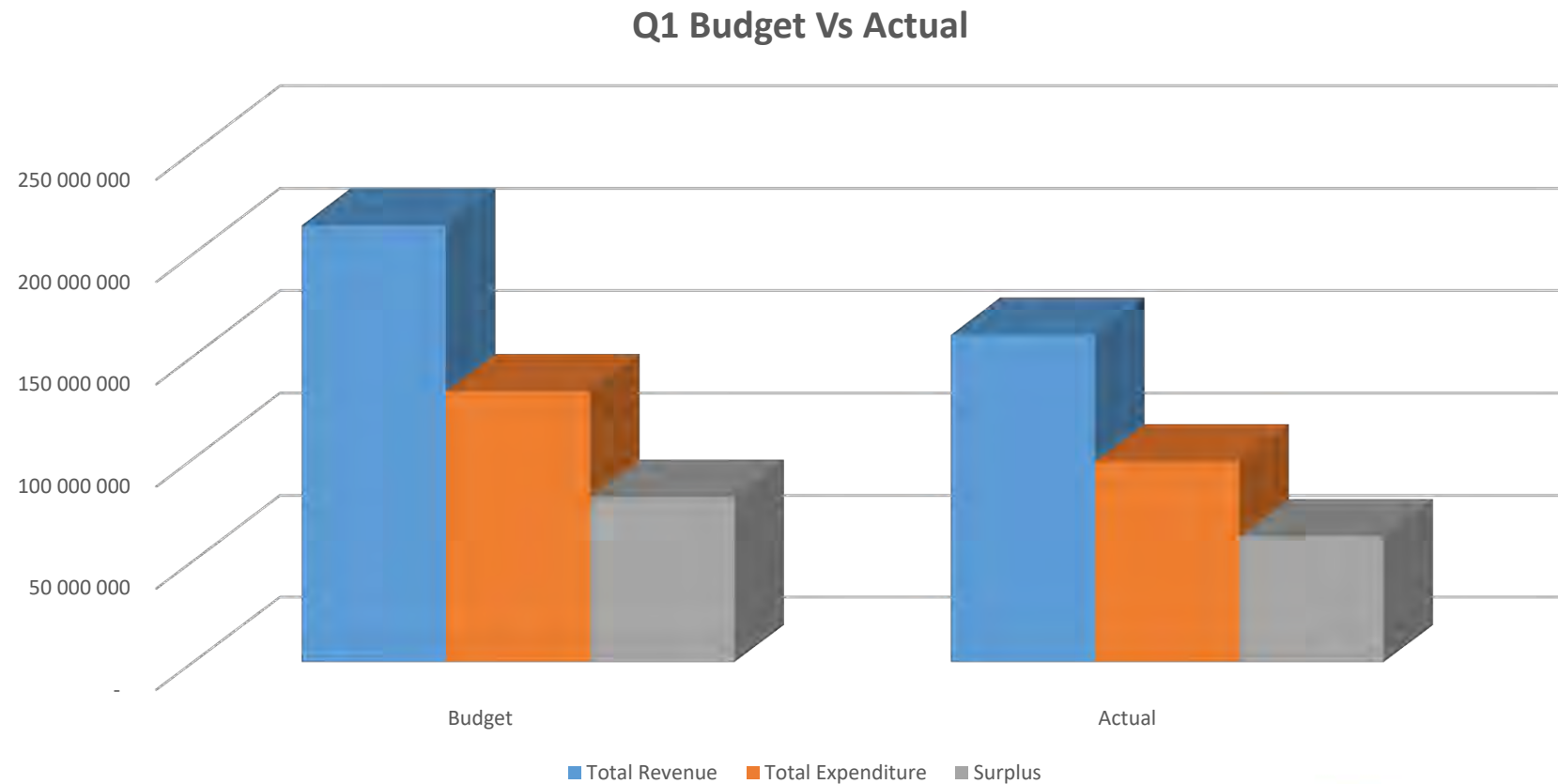
■ Budget ■ Actual

Quarter 1 Expenditure Financial Performance as at 30 June 2021

Q1 Actual expenditure versus budgeted expenditure



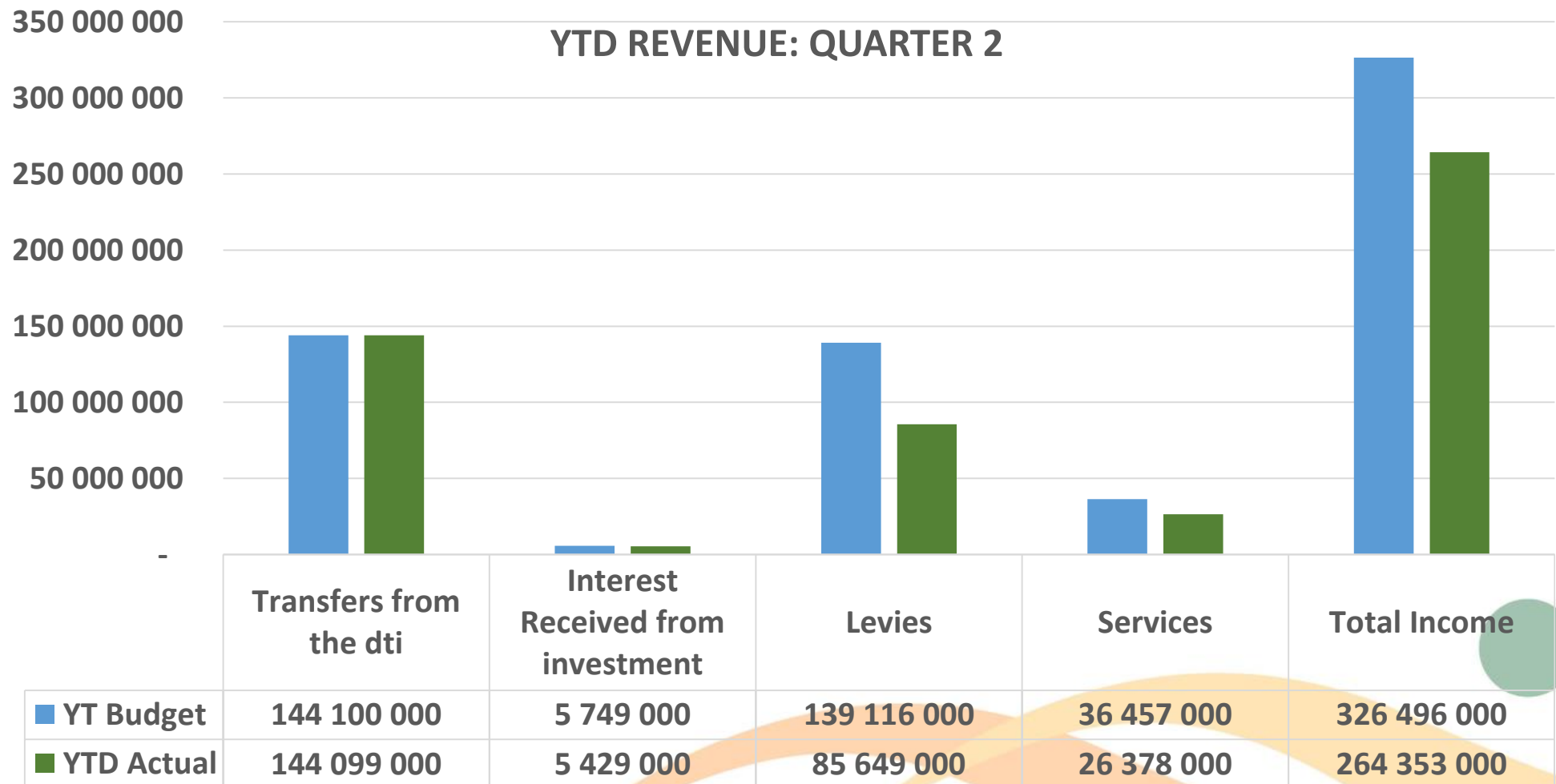
Quarter 1 Budget verse Actual Profit as at 30 June 2021



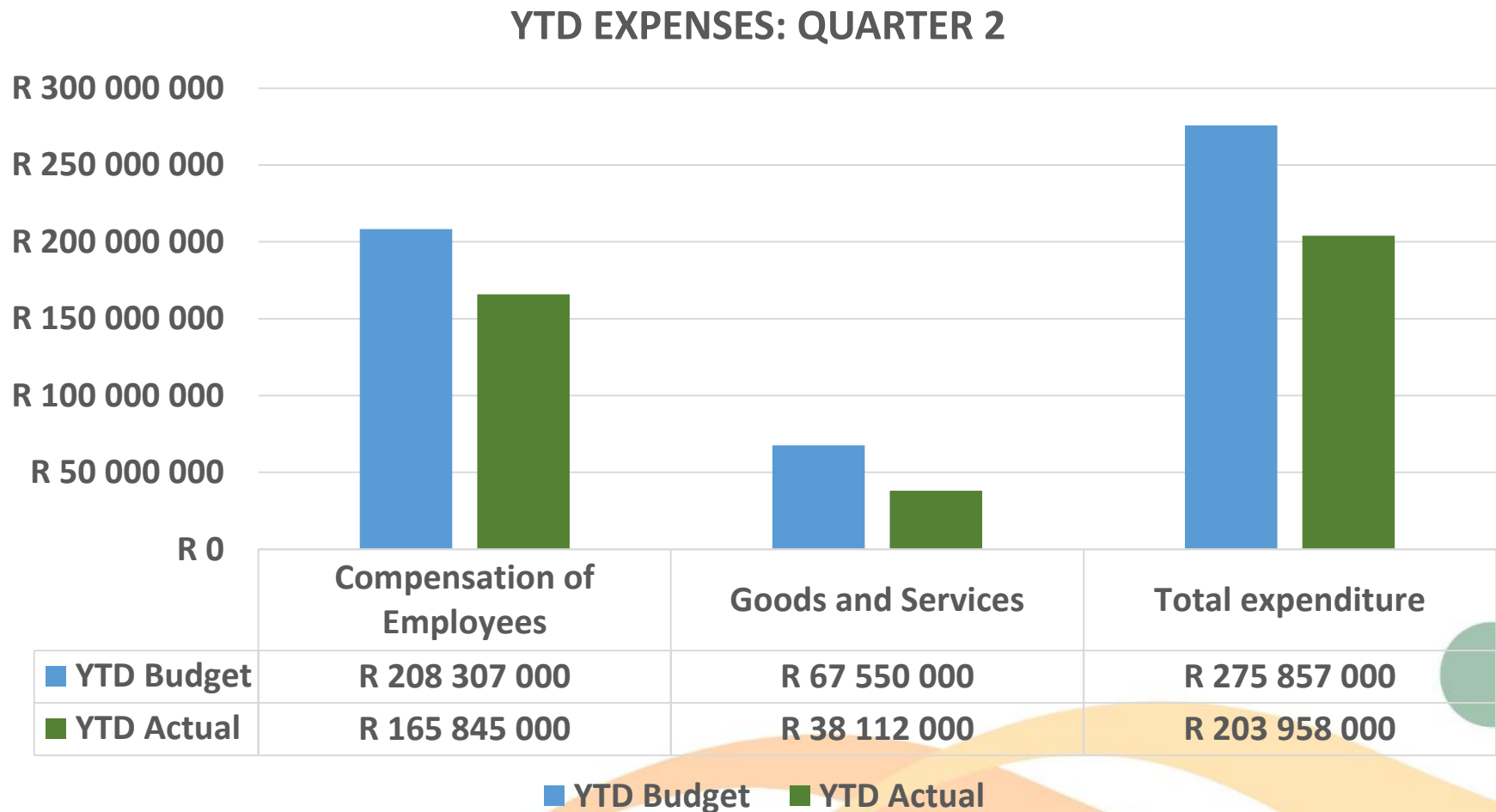
	Budget	Actual
Total Revenue	213,783,000	160,319,000
Total Expenditure	132,702,000	98,484,000
Surplus	81,081,000	61,835,000

Financial Performance Quarter 2 (YTD)

Quarter 2 Revenue Financial Performance (YTD) 30 September 2021

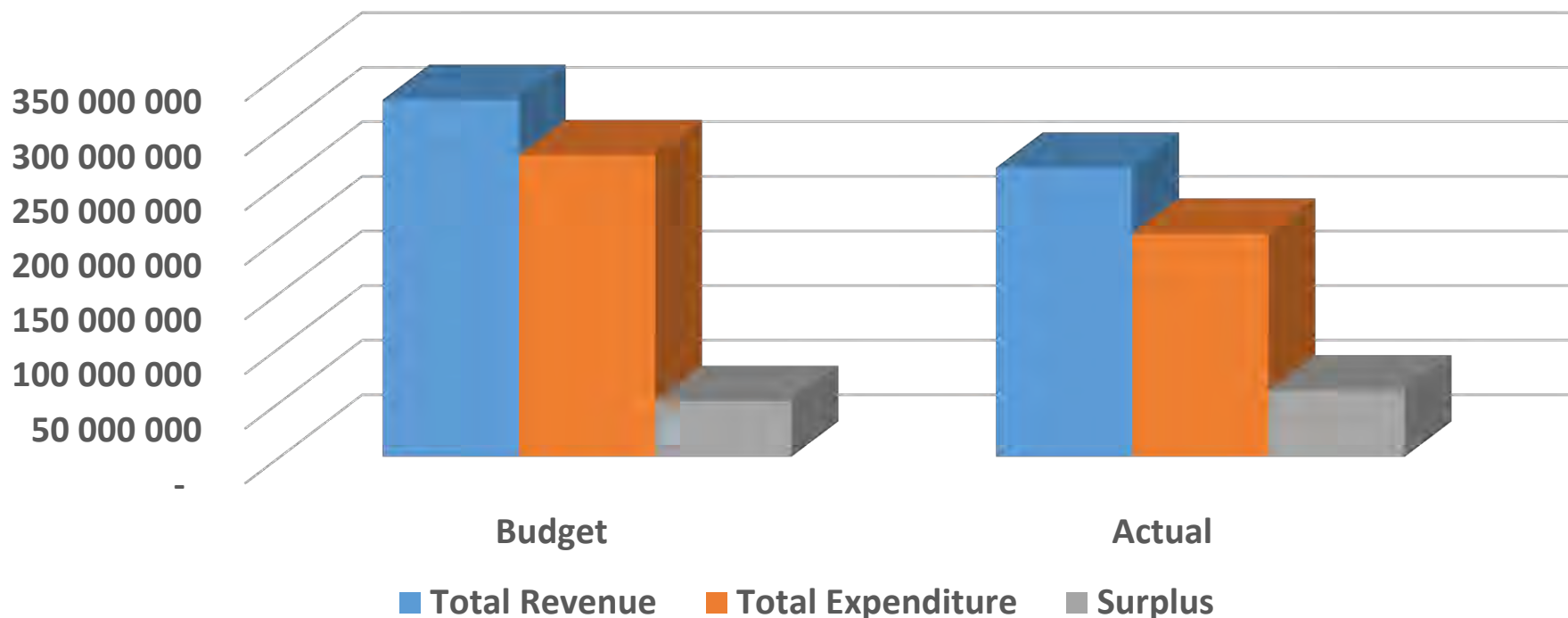


Quarter 2 Expenditure Financial Performance (YTD) 30 September 2021



Quarter 2 Profit and loss (YTD) 30 September 2021

Q2 YTD Profit and Loss



Quarter 2 YTD Profit and Loss		
	Budget	Actual
Total Revenue	326,496,000	264,353,000
Total Expenditure	275,857,000	203,958,000
Surplus	50,639,000	60,395,000

Information Communication Technology

Modernization Benefits

- ❑ The NRCS business processes are mostly manual processes and inefficient
- ❑ Existing ICT systems are either fragmented and old to drive the organisational strategy
- ❑ Modernisation is therefore meant:
 - ❑ To improve the efficiency of NRCS services to its customers
 - ❑ Transform NRCS from a paper based to digital processing environment
 - ❑ Integration of support and core functions which will assist with company registration process and levy payments (increased revenue)
 - ❑ To add mobility to the inspector's / field workers through web-based and mobile technologies
 - ❑ To Improve information accessibility for employees, clients and other stakeholders
 - ❑ Increased collaboration with NRCS stakeholders or partners in information sharing
 - ❑ Improved data integrity, security and accessibility

Modernisation Progress

Resource Company

Acquire Resources:

- ICT Architect, Developer, Business Analyst & Project Manager.
- Tender was advertised again in Feb '20 and 52 bids responses were received.
- 22 Service providers were appointed as a Panel of ICT Resources companies for 3 year period.
- NRCS has already started using these resources on a the ERP Project and Regulatory Systems initiatives on a rotational basis.

Enterprise Resource Planning (ERP)

Business Process Automation:

- Finance, Human Resources & Payroll, Supply Chain, Facilities & Warehousing
- Bid Advertisement in November.'19
- A consortium of two Service Providers was appointed in Oct '20 to implement SAG 300 and other solutions.
- The HCM Payroll and Leave modules went live in Jun 21
- Finance, Supply Chain and Facilities went live in Nov 21
- Other HCM modules (Performance Management and the Revenue module are due to go live in Feb 22

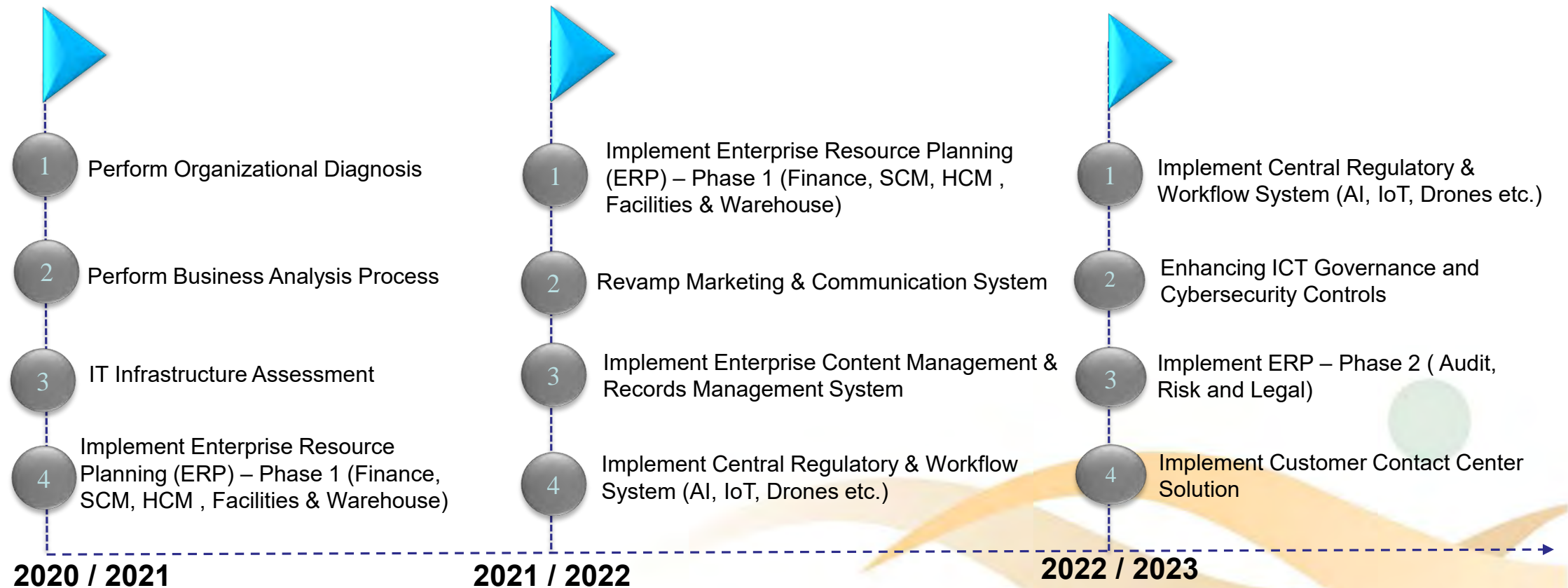
Regulatory System

Regulatory Business Processes Mapping:

- Incorporation of Risk Based Approach rules March. '20
- One Resources was appointed in Aug 21 to document User Requirements.
- The documentation of users' requirements and all core processes for all Business Units was completed by Dec 21
- Bid Specification document expected to be finalized in Jan 22
- The tender is targeted to go out by the Feb 22

Modernization Roadmap

Program Management, Change Management & Training



Challenges

- ❑ Inadequate capacity within the NRCS to implement the Modernisation Project – hence the need to source a resource company to augment internal resources
- ❑ Inefficient functional processes and inadequate capacity to support and drive Modernisation's key initiatives
- ❑ Lack of Off the Shelf System that meets the NRCS operating model requirements on the market – hence the need for custom development

Safer Vehicles 2025 Project

Project Objectives

- ❑ To upgrade South African Vehicle regulations in order to improve safety on the roads.
- ❑ To align the current vehicle technology with the level of regulations
- ❑ To promote market parity with regards to vehicle safety

Safer Vehicles Project

Project informed by	Stakeholder Engagement	Areas to be upgraded
<ul style="list-style-type: none"> • United Nations decade of action for road safety – to which South Africa has committed through the department of transport • The Public Protector's findings on the investigation into illegally converted Quantum panel vans into taxis • Vehicle regulatory gaps in South Africa • New Car Assessment Program for Africa • Industry's readiness to upgrade vehicle regulations based on the maturity of technology based safety improvements • RRND processes regarding review of compulsory specifications • Status of the United Nations Forum on the harmonisation of vehicle regulations agreements (Working Party No. 29) (WP.29) 	<ul style="list-style-type: none"> • Concept document shared with stakeholders • the dtic, • Department of Transport (DOT), • Department of Environment, Forest and Fishery (DEFF), • Automotive Industry, • Automobile Association South Africa (AA SA) • Stakeholders are in support of the project • Stakeholder consultation meetings in progress • Technical working group finalising VC 8022 – Compulsory specification for light passenger vehicles) 	<ul style="list-style-type: none"> • Braking regulations (Antilock braking, Advanced electronic braking, Electronic stability) • Collision (Airbags and vehicle behavior in front, rear and side impact) • Emission (Fuel efficiency, low carbon and other toxic emissions, alternative fuels) • Electric powered vehicles (incorporation of advanced technology) • Lighting • Other technologies to be considered according to VC review program • Fire risks and prevention

Legacy Issues

Legacy Issues - Processed Meats

- ❑ The Compulsory Specification for Processed Meats has been implemented.
- ❑ The industry in various provinces has been consulted in terms of the implementation plan
- ❑ Implementation Plan Progress :
 - ❑ A total of about 120 factories have been registered and approved by the NRCS.
 - ❑ Market Surveillance – On going monitoring as per the risk classification of both processing plants and the market (retailers and distributors) has been implemented and for 2021/22 FY, a total of 97 factory inspections were conducted and a total of 1587 microbiological tests conducted.

Electro-technical LOAs Legacy Issued resolved

- ❑ Backlog resolved
- ❑ LOAs on hand within Electro-technical reduced from 4 586 at the beginning of the 2020/21 financial year to 1 387 at the end of the second quarter 2021/22 financial year.
- ❑ Out of the 6 448 approved applications year to date, 6 126 (95%) were approved below 120 days, in line with the target of 95%.
- ❑ Interventions that were implemented
 - ❑ Implemented the Risk Based Approach – which resulted in low risk products being processed much quicker
 - ❑ Implemented the 30 days cancellation policy for applicants who fail to address findings within 30 days from date finding raised.

Legacy Issues - Ford Kuga

- ❑ The NRCS applied the current regulation, determining and concluding that the Ford Kuga fires were not related to the vehicle systems or parts that are covered by the compulsory specification.
- ❑ The results have provided input towards the NRCS's Safer vehicles 2025 project-A project to update the automotive compulsory specifications.
- ❑ Whilst a vehicle may contain over 30 000 parts or components, from a regulatory perspective, it is not possible to regulate all components.
- ❑ The proposed compulsory specification will address vehicle fire risks based on the available international regulations
- ❑ The proposed compulsory specification also aims to introduce compulsory conformity of production requirements in order to ensure ongoing compliance of safety critical components used during the production process

Illegal Conversion of panel Vans Progress Report

❑ Panel Vans

- ❑ The Public Protector report into illegal conversions of quantum panel vans into minibus taxis highlighted gaps in terms of activities relating to modification and registration of minibuses and midibuses adapted for transporting the public for reward.
- ❑ The NRCS identified a project to inspect all registered motor vehicle bodybuilders involved in converting goods carrying vehicles into passenger carrying vehicles in order to gather information and where non-compliances are identified, enforce sanctions as per the relevant legislation.

Illegal Conversion of Panel Vans Progress Report

❑ Progress report

- ❑ NRCS has revised its MOU with SABS which supports the recommendations of the PP.
- ❑ Created a platform for discussion on matters relating to vehicle safety through a revised SLA between the DOT and NRCS which became effective on 1 August 2021
- ❑ NRCS participating in the project under the leadership of Taxi Recapitalisation South Africa (TRSA) regarding the determination of Taxi Age limit requirements and providing input with regards to safety requirements.
- ❑ Contacted TFM, a company that was involved with the retro fitment in order to match our records on the legally rectified illegally converted taxis

Illegal Conversion of panel Vans Progress Report

- ❑ NRCS assembled a project team to inspect these body builders
- ❑ All Registered bodybuilders of motor vehicles have been categorised into small, medium and large companies. These companies deal with all types of vehicle conversions.
- ❑ 100 companies identified and inspected during 2020/21 FY.
- ❑ The implementation of the project stands at 93%.
- ❑ Preliminary outcomes of phase one of the project were:
 - ❑ There were no active companies identified that were found to be illegally converting minibuses vehicles
 - ❑ The findings identified relate mainly to testing of wheelchair anchorages for wheelchairs, towing devices and emergency exists.
- ❑ Phase two is targeted at end of February 2022.

Thank You

Abbreviations and Acronyms

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