

PRESENTATION TO THE SELECT COMMITTEE ON ECONOMIC DEVELOPMENT AND TRADE

NRCS 2026/27 FY ANNUAL PERFORMANCE PLAN



**“Protecting health,
safety, and the
environment while
ensuring fair trade.”**

INTRODUCTION

NRCS Mandate:

- The broad mandate of the NRCS is to protect public health, safety and the environment through compulsory specifications and technical regulations.

NRCS & Role of the NRCS:

- The National Regulator for Compulsory Specifications is a Schedule 3A Public Entity within the portfolio of the Department of Trade, Industry and Competition (**the dtic**).
- The NRCS regulates products in the interest of public health, safety, and the environment.
- The NRCS regulates products and services under the NRCS Act and the Legal Metrology Act. The NRCS regulates only products for which a Compulsory Specification/Technical Regulation applies to.

SCOPE OF PRESENTATION

NRCS Mandate

- NRCS Mandate
- Strategic Goals
- Regulated Industries

Strategic Focus Areas

- Illicit Economy/Non-compliances
- Trade
- Collaboration with SARS, NCC, SAPS and other government departments
- Alignment to government priorities

Key Performance Areas

- Compulsory Specifications Development
- Enforcement of Technical Regulations
- Stakeholder Engagement
- Financial Management, Human Resources Management & ICT

Budget

- 2026/27 Budget

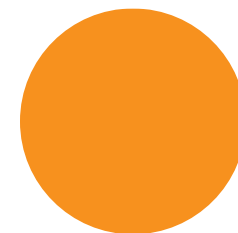
NRCS LEGISLATIVE MANDATE

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

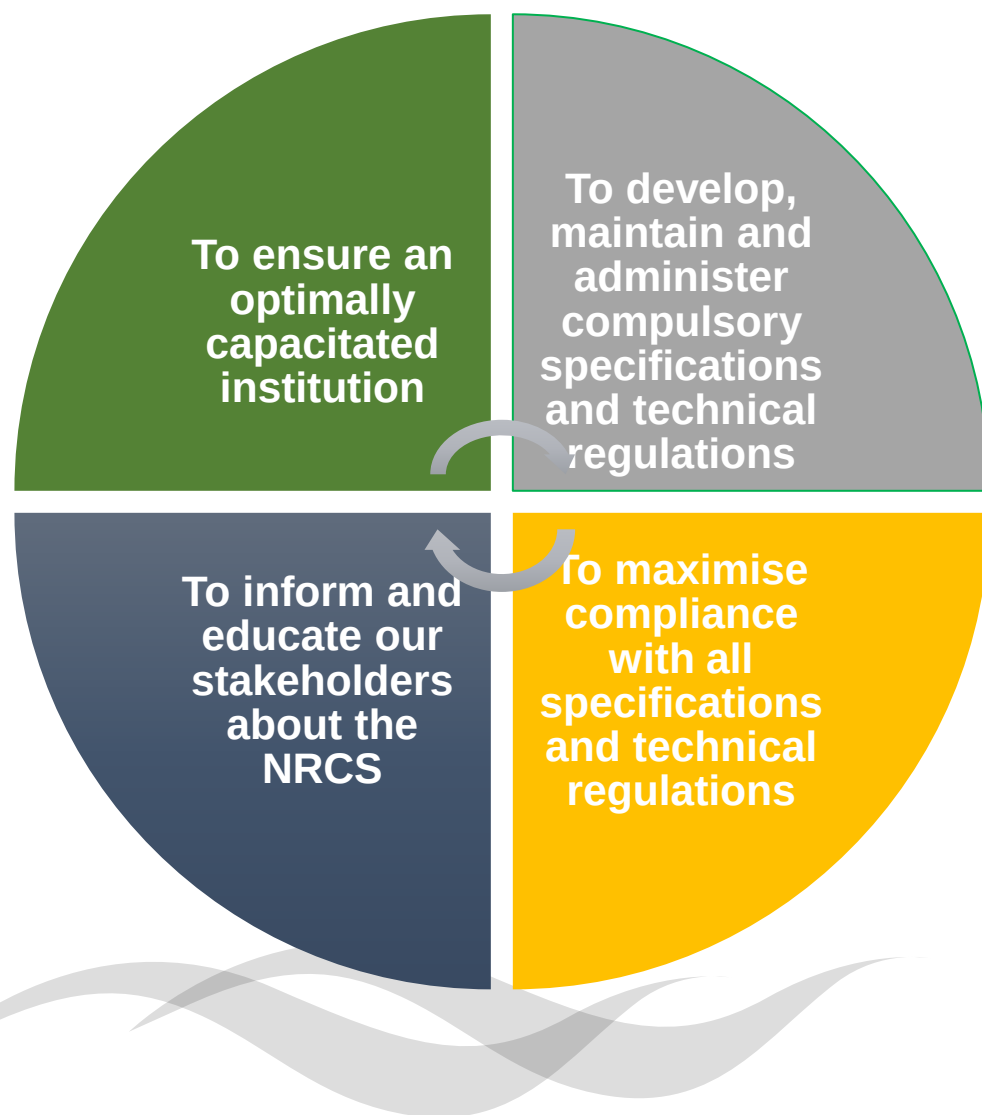
**Legal Metrology Act
(Act No. 9 of 2014)**

Other Legislative Mandate

- National Building Regulations and Buildings Standards Act
- National Road Traffic Act
- Various MOUs with other Government Departments



NRCS STRATEGIC GOALS (SG)



MISSION & VISION



INDUSTRIES REGULATED BY NRCS

Automotive

- Vehicles, Replacements components, Registration of Manufactures, Importers and Builders of motor vehicles

Chemicals, Mechanical and Materials

- Personal protective equipment, shooting ranges and associated industries, chemical disinfectants and microbiological safety cabinets, plastic carrier and flat bags, flame producing devices, construction materials

Electro-technical

- Electrical and Electronic products

INDUSTRIES REGULATED BY NRCS

Food and Associated Industries

- Fish and Fishery products, canned meat and processed meat

Legal Metrology

- Regulation of measurable products and services, measurements in trade, health, safety and environment and any measuring instrument used for prescribed purpose

National Building Regulations

- Ensure uniform interpretation of National Building Regulations and Standards Act

NRCS EXTERNAL OPERATING ENVIRONMENT

POLITICAL & LEGAL

- Outdated NRCS Act limits fines and decisive enforcement action
- Overlapping mandates with bodies such as the NCC breed inefficiency
- Perceived political bias or favoritism is a reputational risk

ECONOMIC

- Inflation and interest rates squeeze compliance budgets
- SADC, AfCFTA and AGOA require harmonised technical regulations
- Slow GDP growth limits fiscal allocations to the NRCS
- Exchange-rate volatility undermines levy revenue stability
- Limited beneficiation restricts regulation of higher-value products

TECHNOLOGICAL

- Growing cyber threats to sensitive regulatory data and systems
- E-commerce growth is outpacing current enforcement capacity
- Artificial Intelligence (AI) automation and predictive analytics offer efficiency gains
- Lagging technology adoption risks credibility as a regulator

SOCIAL & ENVIRONMENTAL

- Poverty and unemployment fuel demand for illicit, unsafe products
- Vulnerable and low-literacy consumers need targeted protection
- Sustainability mandate: Electric vehicles, energy efficiency, waste management
- Urbanisation adds pressure on safe, compliant infrastructure

SITUATIONAL ANALYSIS

ILLICIT ECONOMY

R382bn

Estimated value of illicit / non-compliant products traded annually within the NRCS regulatory scope

10–15%

of the fast-moving consumer goods market is illicit or non-compliant

SA ECONOMIC GROWTH TARGET



3,5% by 2029

Economic growth target. NRCS regulation must help enable it (GAIN strategy)

STRENGTH TO BUILD ON

- Strong partnerships with SARS, SAPS and the NCC bolster enforcement
- Skilled personnel with low staff turnover preserve institutional knowledge
- A compliance culture and peer-review mechanisms support technical certainty
- Risk-based approach and Port of Entry Enforcement Strategy now embedded

CONSTRAINTS TO MANAGE

- Manual, paper-based processes and limited system integration
- ICT security vulnerabilities; no integrated database for records or intelligence
- Outdated NRCS Act restricts monetary fines and decisive sanctioning
- Financial instability
- Capacity constraints and leadership instability

STRATEGIC FOCUS AREAS

Illicit Economy/Non-Compliances

- NRCS aims to dedicate about 40% of its resources over the medium term towards the non-compliant businesses/ industries/ products
- Over the medium term, the NRCS aims to identify and sanction products valued at approximately R10,2 billion

Trade Facilitation

- Facilitate exportation of various regulated products to various markets and support the butterfly (trade) strategy
- Foods and associated industries NRCS aims to facilitate exportation of products worth about R38 billion over the medium term

Stakeholder Engagement

- The NRCS will collaborate with South African Revenue Service (SARS), National Consumer Commission (NCC), South African SAPS, Department of Transport, Department of Agriculture, Department of Forestry Fisheries and Environment and Department of Electricity and Energy
- The NRCS will also engage with various associations and businesses in addressing non-compliances within the e-commerce trade

Alignment with Government Priorities

- Red-tape reduction - reduction in turnaround times
- Decarbonization – Energy efficiency, Electric Vehicles and Lithium batteries
- Diversification – New export markets and products
- Digitalisation – Accessibility of the NRCS through the digital platform
- Job Creation – Direct and indirect jobs
- Transformation – Designation of private laboratories and repair bodies

WORK OF THE NRCS

Market Surveillance Activities

Inspections – Conduct Market surveillance inspections across all regulated industries

Pre-market approval/ Approval certificates/ Letters of Authority/Health Guarantees

Inspect 100% of all declared foods consignments

Non-Compliances/ Sanctions

Remove non-compliant products

Target ecommerce to identify and remove non-compliant industries

Illicit Economy

Collaborate with SARS, NCC and SAPS to target illicit economy

Engage in high impact projects to remove illicit and non-compliant products enabling local industries to trade fairly

Industrialization

SMME development

Create jobs through various programs of the NRCS

KEY PERFORMANCE INDICATORS

19 indicators across four programmes, each with targets for 2026/27, 2027/28 and 2028/29

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PROGRAMME 1

Compulsory specifications

Slide 14

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PROGRAMME 2

Enforcement and trade

Slides 15–16

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PROGRAMMES 3 & 4

**Stakeholder engagement and
administration**

Slide 17

2025 - 2030 STRATEGIC PLAN

IMPACT STATEMENT

Safe and compliant products in South African markets

KEY 5-YEAR TARGETS (2025–2030)



40%

INCREASE

in the sanctioning rate of illicit and non-compliant products removed from the market, enabling compliant role players to access it (Automotive, CMM, Electrotechnical and Legal Metrology)



99,9%

COMPLIANCE RATE

for all imported NRCS-regulated products



100%

COMPLIANCE RATE

for all locally produced and exported food and associated products



R48bn

EXPORTED

worth of products from South Africa



R13,4bn

SANCTIONED

worth of illicit and non-compliant products

KEY PERFORMANCE AREAS - PROGRAMME 1

Indicator / Measure	Target 2026/27	Target 2027/28	Target 2028/29
Outcome: A safer society protected from unsafe products			
% of compulsory specification reviewed within the set timeframes	80% of compulsory specification reviewed within 18 months	80% of compulsory specification reviewed within 18 months	80% of compulsory specification reviewed within 18 months
Number of new compulsory specifications introduced to enhance consumer protection	5 new compulsory specifications introduced to enhance consumer safety	5 new compulsory specifications introduced to enhance consumer safety	7 new compulsory specifications introduced to enhance consumer safety

KEY PERFORMANCE AREAS – PROGRAMME 2

Indicator / Measure	Target 2026/27	Target 2027/28	Target 2028/29
Outcomes Programme 2: A safer society protected from unsafe products, Red tape reduction, Promote market access in strategic global & Broadening economic participation			
% sanctioning rate of illicit products	40% illicit products	45% illicit products	50% illicit products
% Compliance rate for all imported NRCS regulated food products	99% 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
% Compliance rate for all locally produced and exported regulated food products	100 % Compliance rate for all locally produced and exported regulated food products	100 % Compliance rate for all locally produced and exported regulated food products	100 % Compliance rate for all locally produced and exported regulated food products
Number of districts covered under the blitz inspections	15 districts covered under the blitz inspections	17 districts covered under the blitz inspections	20 districts covered under the blitz inspections

KEY PERFORMANCE AREAS – PROGRAMME 2

Indicator / Measure	Target 2026/27	Target 2027/28	Target 2028/29
Rand value of illicit products sanctioned	R3,351 billion worth of illicit products sanctioned	R3,400 billion worth of illicit products sanctioned	R3,450 billion worth of illicit products sanctioned
Percentage of all pre-market approval certificates/rejections issued/finalised within set time frames	98% of all pre-market approval certificates finalised within 80 calendar days	98% of all pre-market approval certificates finalised within 70 calendar days	98% of all pre-market approval certificates finalised within 60 calendar days
Rand value of canned meat, fish and fishery products exported from South Africa	R9,4 billion	R9,6 billion	R9,6 billion
Number of new SMMEs participating in the NRCS regulated value chains	10	15	15
Number of new job opportunities created through designation of private laboratories and repair bodies to conduct work on NRCS' behalf as per Legal Metrology Act	20	25	30
Number of new job opportunities created based on new companies/pre-market approvals	200	250	300

KEY PERFORMANCE AREAS – PROGRAMME 3 & 4

Indicator / Measure	Target 2026/27	Target 2027/28	Target 2028/29
Outcomes: High performing organisation			
Increased Stakeholder satisfaction score	70% stakeholder satisfaction score	75% stakeholder satisfaction score	80% stakeholder satisfaction score
Vacancy rate	10% vacancy rate	8% vacancy rate	7% vacancy rate
Number of interns employed by the NRCS	40	40	45
% increase number of women and people with disability	4% increase number of women and people with disability	5% increase number of women and people with disability	7% increase number of women and people with disability
% of NRCS services accessed through the digital platform	70% of NRCS services accessed through the digital platform	85% of NRCS services accessed through the digital platform	100% of NRCS services accessed through the digital platform
% increase in NRCS Revenue	7% increase in NRCS Revenue	7.5% increase in NRCS Revenue	8% increase in NRCS Revenue
B-BBEE rating	B-BBEE level 3	B-BBEE level 3	B-BBEE level 3

MTEF EXPENDITURE

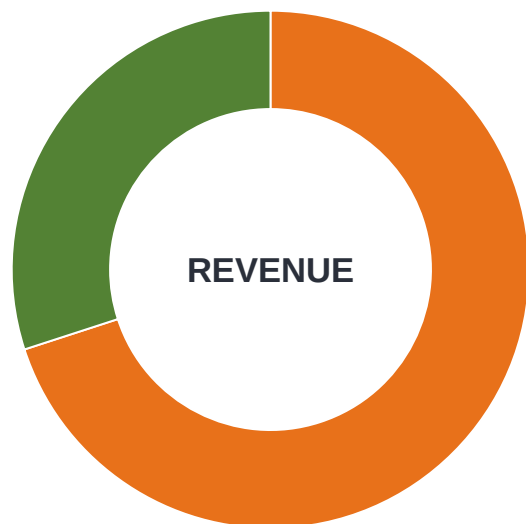
Goals	Audited outcome	Audited outcome	Audited outcome	Approved Budget	Medium-term estimate		
R thousand	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Administration	57,210	69,986	57,120	58,570	61,263	89,327	93,339
Maximise compliance with all specifications and technical regulations	353,112	369,123	331,430	336,587	360,957	378,966	393,773
Develop, maintain and administer compulsory specifications and technical regulations	11,904	12,942	8,303	14,369	15,030	15,248	15,933
Inform and educate stakeholders on the regulator's mandate	12,661	15,745	6,743	12,095	12,651	13,285	13,882
Ensure an optimally capacitated institution	93,663	99,753	96,887	98,920	103,472	75,948	79,358
Total expense	528,550	567,549	500,483	520,541	553,373	572,774	596,285

MTEF BUDGET

Statement of financial performance		Audited outcome	Budget	Medium-term estimate		
R thousand	2025/26	2026/27	2027/28	2028/29	2029/30	
Revenue						
Tax revenue				—	—	—
Non-tax revenue	408,487	399,851	413,126	431,675	444,625	
Sale of goods and services other than capital assets	381,715	379,199	392,861	410,500	422,815	
<i>Other non-tax revenue</i>	26,772	20,652	20,265	21,175	21,810	
Transfers received	149,235	153,522	159,648	164,610	169,567	
Total revenue	557,722	553,373	572,774	596,285	614,192	
Expenses						
Compensation of employees	414,677	463,625	492,273	514,372	529,792	
Goods and services	116,072	89,748	80,501	81,913	84,400	
Total expenses	530,749	553,373	572,774	596,285	614,192	
Surplus/(Deficit)	26,973	-	-	-	-	

IMPACT OF BUDGET CUTS

NRCS REVENUE MIX



- **70% self-generated**
Levies, services and other income. Levies arrive bi-annually, so sufficient working capital is essential to the entity's survival.
- **30% government transfers**
Received from the dtic.



PRESSURE

Stagnant tariffs and reduced government transfers have strained the NRCS financial position.



RESPONSE

A turnaround plan and cost-containment measures are being implemented. The position has improved, more funds now go to the goods and services operations need, and the MTEF budget reflects both measures – enabling medium-term sustainability.



RISK OF ANY BUDGET CUT

These efforts would be derailed: the NRCS could not meet its financial obligations or fund the activities needed for APP commitments, service delivery and its legislative mandate.



Thank You!