

NRCS RESPONSE TO PORTFOLIO COMMITTEE ON TRADE AND INDUSTRY

20 September 2017

Head Office

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1. STATUS OF ELECTRO-TECHNICAL LOA BACKLOG BY END 1ST QUARTER 2017/18

As at the end of 2016/17, Electro-technical Business Unit carried over 2955 application to the 1st quarter of 2017/18. During 1st quarter of 2017/18, 3545 applications were received making total workload to be 6500. During the 1st Quarter, 1942 applications were approved and 1076 were rejected or cancelled resulting to 3482 carried over to the 2nd quarter. Out of the approved applications, 1 269 of the 1942, were approved within 120 calendar days. From the carried over applications 229 out of 3482 applications were above 120 calendar days.

The NRCS appointed 6 candidate inspectors who are undergoing an accelerated training program. On completion of specific modules, candidate inspectors will be able to evaluate applications. The Risk Based Approach (RBA) is now on full manual implementation using “check lists” to evaluate applications. Furthermore, RBA has been intensified to include Low Risk and Medium Risk Application.

2. AUTOMOTIVE

2.1 RESPONSE ON FORD KUGA

The recent media reports have highlighted that despite the efforts by Ford Motor Company of Southern Africa to recall and replace the coolant system parts which were identified as the source of the fire problem, cases of fires continue to be reported. FMCSA has already implemented a stage 2 recall, where vehicles are to be upgraded so that any detection of high temperature on the engine compartment would be reported on the dashboard in order to alert the driver. It has now been alleged that the fires on the Ford Kuga could also be attributed to the vehicle electronics system as opposed to the findings of the investigation by FMCSA where it was concluded that the fires were caused by a failed engine cooling system.

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Response to the allegations on Ford Kuga

Upon media alerts on the burning of Ford Kuga vehicles, the NRCS joined forces with the NCC in various platforms where the matter was discussed. The NRCS provided expertise on the regulatory requirements so that if there were any violation of the requirements of the compulsory specification sanctions could be implemented. Through these engagements, the NRCS understood that:

- The vehicle models in question were approved by the NRCS in March 2013, and a total of 4556 motor vehicles were imported and offered for sale in the Republic of South Africa,
- In 2014, an approval was issued for the 1.5l ford Kuga model and subsequently, the 1.6l Eco boost model was no longer available for South African market,
- FMCSA investigation revealed that all vehicles examined after the engine fires were found to have cracked engine cylinder heads and it was believed that the oil could have escaped through the cracks and fell on to the engine exhaust system where the vehicle would catch a light. The coolant reservoir and carrier pipes were found to be unable to resist high temperature causing cracks after being in use for some time. Such cracked pipes and coolant reservoirs resulted in the leaking of coolant from the system and therefore not providing sufficient coolant to the engine.
- **FMCSA was to recall affected vehicles for the following procedures:**
 - a. Checking the concentration of coolant,
 - b. Checking cooling system for leaks and damage,
 - c. Conduct static and dynamic cooling system pressure test,
 - d. Changing the coolant carrier pipes and re-routing the returning pipe from the turbo charger and connect it to the outlet pipe from the reservoir leading to the radiator, and

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- e. A stage 2 recall would be implemented as a means of ensuring that there are no further failures of the system and improvement of the cooling system.

The NRCS, based on the above rational, concluded that the relevant compulsory specification does not specify requirements which relate to the cause of the fires. It was however requested that FMCSA should keep NRCS updated with regards to any development on the matter.

After implementation of the recall, only one case was reported in August 2017. It is suspected that the cause of the fire on this case does not differ from previously reported incidences, however the NRCS is still waiting for an official confirmation from FMCSA. The official confirmation will also provide details on the progress made on stage 2 recall which began in the last week of July 2017.

2.2 STATUS OF REGULATIONS ON VEHICLE SYSTEM TECHNOLOGY

Vehicle safety and environmental protection are amongst others, the driving factors in the improvement of technology within the automotive industry. The recent vehicle systems technology seeks to take control of the vehicle as it has been established that most road accidents are caused by the inability of the driver to control the vehicle during emergency situations. The convention is about road operational requirements which covers amongst others, Vehicle safety, Driver requirements, Registration plates, Driver's license.

The United Nations European Commission for Europe World Forum for Harmonization of Vehicle Regulations (UNECE WP 29) provides for administration of international Vehicle regulations which can be adopted by any of the contracting parties under the designated agreements. One of the biggest topics on this forum lies in the field of autonomous vehicles where a regulatory framework to support the introduction of these emerging technologies

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must be established. Although the technology is already available, there are no vehicle regulations or rules which support this technology.

Currently, autonomous driven vehicles are being manufactured and developed taking in to consideration the UNECE Regulations that address safety. One regulation that is required to be amended is the vehicle steering requirements due to the fact that such vehicles are not dependent on the steering wheel for directional control. Article 8 of the Vienna convention on Road traffic rules deals with the fact that the driver must be in control of the vehicle, it is thus this agreement has to be also Amended. Noting the developments, UNECE WP29 is very eager on the subject of autonomous driving vehicles, the project to amend article 8 of the Vienna convention is under way.

The challenge faced by regulators around the world is that technology is ahead of the Technical Regulations. In other words, manufacturers of vehicles conduct an extensive research on the improvement of safety, most of which do not negatively impact on current Technical Regulations. However, these improvements make it necessary to develop new Technical Regulations or amend existing ones. Technologies such as Antilock Braking system (ABS), Electronic stability programme (ESP), and Pedestrian safety all preceded the relevant Technical Regulations as they were developed to improve safety on the roads. Some of these technologies are yet to be specified in the Compulsory Specifications in South Africa.

Vehicle systems technologies are being introduced mostly for the purposes of vehicle safety improvements. When regulations are introduced, they need to be based on scientific research and actual performance data so that the test methods in the regulation can address safety critical items of the system and that the system must function safely. Most of vehicle technical regulations are not design prescriptive in that they do not specify how the system should be designed, however they specify how the system should perform.

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Except for Electromagnetic interference checks which ensures compliance with the Electronics Communications Act, the Compulsory specifications do not specify any requirements for vehicle electronics or vehicle computer box.

3. LEGAL METROLOGY (LM) STATUS REGARDING E-TOLL/E-ORTP

3.1 Requirements (Regulations)

3.1.1 Legal Metrology Interim Requirements

The Legal Metrology interim requirements for electronic open road tolling points were approved by the NRCS, CEO (Acting) in terms of section 22 (2) (c) of the Legal Metrology Act, 2014 by signing the LM Policy which give effect to the interim requirements.

3.1.2 LM Policy

The Legal Metrology Policy is the “policy vehicle” that is used to give effect to the LM interim requirements.

The Legal Metrology Policy, “LM-P-034-08-16 - Legal Metrology document, in terms of section 22 (2) (c) of the LM Act, that specifies the evaluation requirements for the classification of vehicles at open road, electronic tolling points” has been signed by the NRCS, CEO (Acting) and is effective since 01 August 2016.

3.1.3 South African National Standards

Upon finalisation of the Type Approval process is complete the LM interim requirements will be submitted to SABS Standards division to start with the development of a South African National Standard (SANS) document.

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There are no LM requirements in the world for this type of systems. The type evaluation process will be used to practically test the interim requirements and rectify any malalignment within the requirements.

3.2 Type Approval Process

The suppliers of the equipment/systems submitted a type approval application for the type evaluation of the electronic open road tolling points and the project was registered with NRCS, Legal Metrology-Type Approval on 30 August 2017.

The turn-around time for the Type Approval process is 120 days.

3.3 Verification Process

The supplier will also be responsible for the verification of the systems and they have applied to SANAS to become a Verification Body in terms of SANS10378 for the verification of these systems.

The supplier is in the process of developing their own management system and ensuring that their respective verification officers are qualified as part of compliance to SANS10378.

The verification body will be designated by NRCS, Legal Metrology to perform verifications in terms of the Legal Metrology Act, 2014 once accreditation is in place.

Verifications on each tolling point shall take place at intervals not exceeding 12 months.

4. NRCS-SABS COOPERATION AREAS AND MOU

The NRCS CEO (Asogan Moodley) and his management team had a workshop on 1st September 2015 with the SABS Board, SABS CEO (Boni Mehlomakhulu) and Executive Management to discuss a number of issues, ranging from testing, standards development, facilities management, etc. This meeting was in response to a letter from **the dti**, urging the two institutions to work together to resolve the challenges. The outcome of the meeting was a formation of four (4) task teams that took forward all the proposals that were discussed but could not be finalized due to the fact that further details needed to be unpacked and clarified. The task teams were as follows:

- Standards;
- Testing;
- Mark Scheme; and
- MOU

Testing Challenges

- Long turnaround times in receiving results.
- Unavailability of test laboratories in the country to test some of the regulated products such as air-conditioners.
- Technical specification on energy efficiency of white goods promulgated May 2016 however, SABS laboratory not ready to test.
- SABS policy on “full test to standard requirements vs partial test” which was implemented in 2015 had a negative impact on the ability to sample and test products.

The Testing Task Team was mandated to look into the following aspects of the business;

- SABS Testing capabilities;
- Clarification of exact tests performed where SABS can-not test to full specification;
- Testing turn-around times and quality of reports
- Full test vs partial testing;

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- Reliance and Risk associated with acceptance of the Mark Scheme as proof of compliance by the NRCS.

The Testing Task Team has managed to conclude the following work items;

- SABS Testing capability received from SABS.
- Testing turn-around times differ depending to specific products to be tested. Turn-around times to be indicated on each quotation provided.
- After a long deliberation on this matter, parties agreed to amend the Service Level Agreement (SLA) to allow NRCS to submit products to SABS for testing as per the NRCS requirements. SLA signed off end February 2017.

5. AUDIT FINDINGS

5.1 Supply Chain Management

- Incomplete Award Register

Implemented an Award Register for the 2017/2018 financial year and updated on a monthly basis.

- Bidders not published on the Website

NRCS has implemented publishing the names of all bidders that submitted bids within 10 days after the closure of the bid and verified against the manual register

- 3 written quotations not obtained

If requests were submitted to 3 and more service providers, only the Accounting Authority or CFO to approve the appointment if less than 3 quotes were received.

5.2 Human Resources

- The organization will undertake an organizational review project
- All critical positions to be filled
- All Human Resources policy will be amended during the 2017/18 Financial Year

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- Four policies have already been amended and approved during the financial year

5.3 Financial and Performance Reporting

- All Policies to be reviewed and implemented during the financial year
- NRCS Performance Information Policy to be reviewed and amended by 31 January 2018
- NRCS Performance Information Policy to be developed and approved by 31 January 2018
- Internal Audit Department now conducting quarterly verification of Quarterly Reports

5.4 Internal Controls

- Payment within 30 days – Working on implementing effective controls to meet the 30 days payment target
- Debtors Control – Working on a debt control Strategy to minimize debtors accounts
- Daily and Monthly Controls – Implementing controls as per the NRCS finance policies
- Working on Implementation of consequence management within the NRCS

5.5 Qualified Audit Outcome

The action plan has been developed and submitted to the AGSA for consideration and a meeting has been scheduled between AGSA and NRCS management on 5 October 2017.

Perhaps just to clarify the comments on the legislative amendments to align the levy period to the financial year in order to address the cut-off period, the Chairperson indicated that the amendments were completed in 2015 and that the CEO(A) may not have been fully appraised. The ACEO is fully aware of the amendments of the Regulations that took place in September 2014 in terms of which the levy periods were prescribed as follows:

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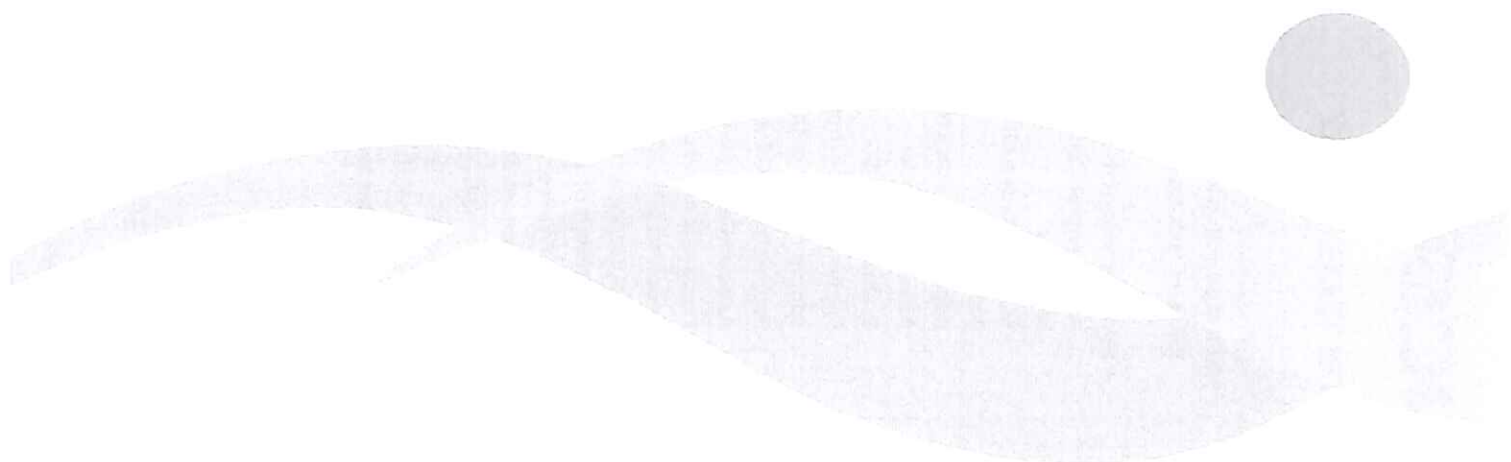
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Period 1: 1 January -30 June of each year, with levy declarations due by 1 January to 31 March of each year.

Period 2: 1 July -31 December of each year, with levy declarations due by 1 July to 30 September of each year.

As the Committee may be aware this has not resolved the cut-off period issue raised by the AGSA and the qualification still stands despite above amendments. The financial year starts from 1 April and ends 31 March of each year, which is not aligned to the levy periods outlined above resulting in prior year levies being accounted for in an incorrect financial year.



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6. INFORMATION TECHNOLOGY

	Task Mode	Task Name	Duration	Start	Finish	% Complete	Resource Names	Add New Column
1		NRCS Modernization Project	568 days	Wed 17-01-18	Fri 19-03-22	22%		
2		RFI feedback analyzed by task team	107 days	Wed 17-01-18	Thu 17-06-15	100%	Task Team	
3		Appointment of Resource Company	80 days	Mon 17-10-02	Fri 18-01-19	0%		
4		BSC to appoint Modernization resource company	5 days	Mon 17-10-02	Fri 17-10-06	0%	BSC	
5		BAC to approve Modernization resource company	5 days	Mon 17-10-09	Fri 17-10-13	0%	BAC	
6		Report to the task team	5 days	Mon 17-10-16	Fri 17-10-20	0%	AIT SM	
7		Advertise tender	30 days	Mon 17-10-23	Fri 17-12-01	0%	SCM	
8		Evaluations - BEC	5 days	Mon 17-12-04	Fri 17-12-08	0%	BEC	
9		Presentation of short listed companies	5 days	Mon 17-12-11	Fri 17-12-15	0%	BEC	
10		Submit report to BAC	5 days	Mon 17-12-18	Fri 17-12-22	0%	BEC	
11		Submit to ACEO for final decision	5 days	Mon 17-12-25	Fri 17-12-29	0%	SCM	
12		Appoint Resource Company	5 days	Mon 18-01-01	Fri 18-01-05	0%	SCM	
13		Prepare SLA and contract	5 days	Mon 18-01-08	Fri 18-01-12	0%	IT /SCM	
14		Report to the task team	5 days	Mon 18-01-15	Fri 18-01-19	0%	AIT SM	
15		Process Mapping by Resource Company	4 wks	Mon 18-01-22	Fri 18-02-16	0%	SP	
16		Appointment of SP for the System	285 days	Mon 18-02-19	Fri 19-03-22	0%		
17		BSC to finalise spec to appoint SP (System)	5 days	Mon 18-02-19	Fri 18-02-23	0%	BSC	
18		BAC to approve tender	5 days	Mon 18-02-26	Fri 18-03-02	0%	BAC	
19		Tender advertisement	30 days	Mon 18-03-05	Fri 18-04-13	0%	SCM	
20		Evaluations - BEC	5 days	Mon 18-04-16	Fri 18-04-20	0%	BEC	
21		Presentation of short listed companies	5 days	Mon 18-04-23	Fri 18-04-27	0%	BEC	
22		Report to the task team	5 days	Mon 18-04-30	Fri 18-05-04	0%	AIT SM	

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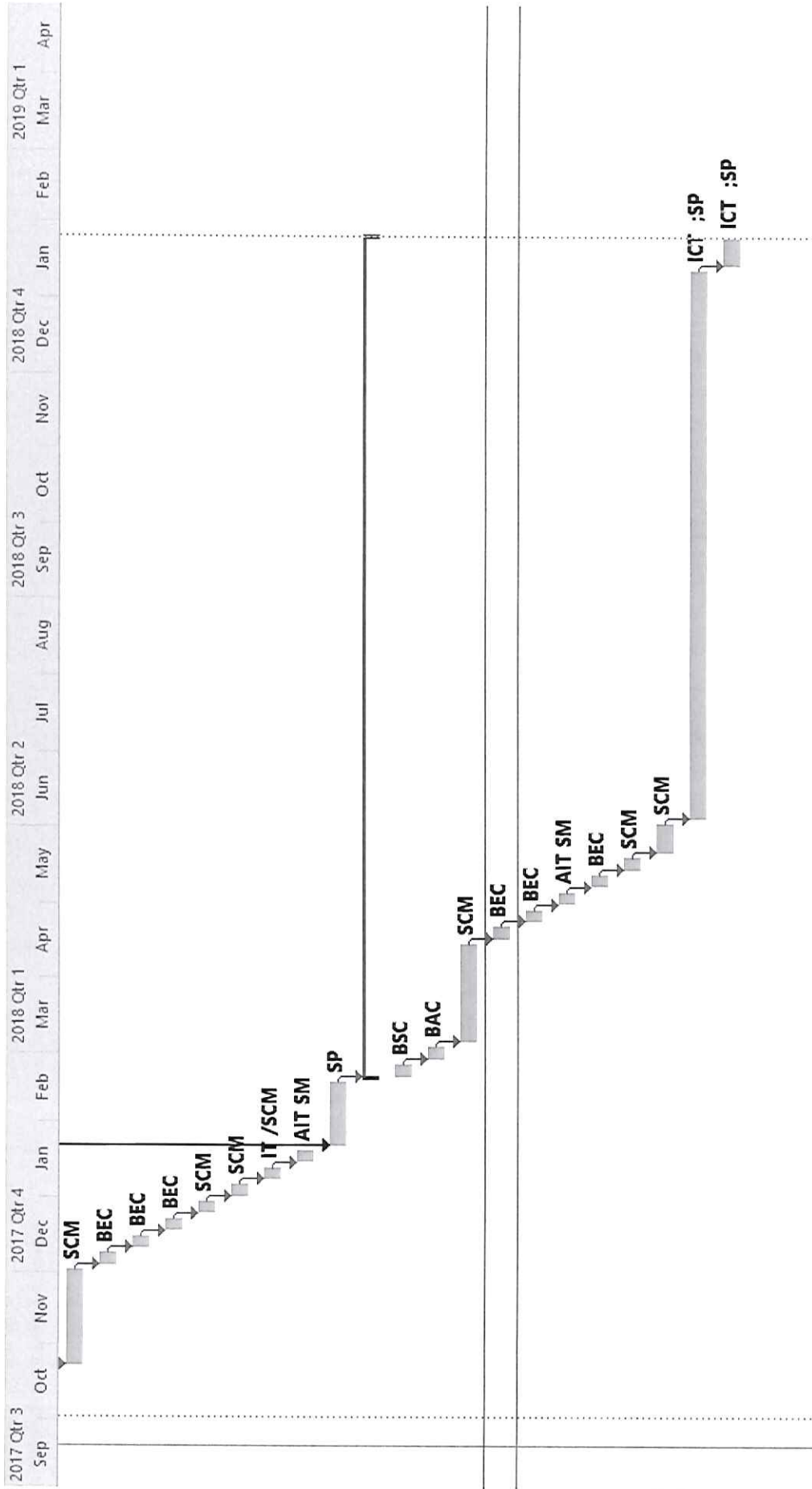
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national regulator for
compulsory specifications



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PROJECT OVERVIEW

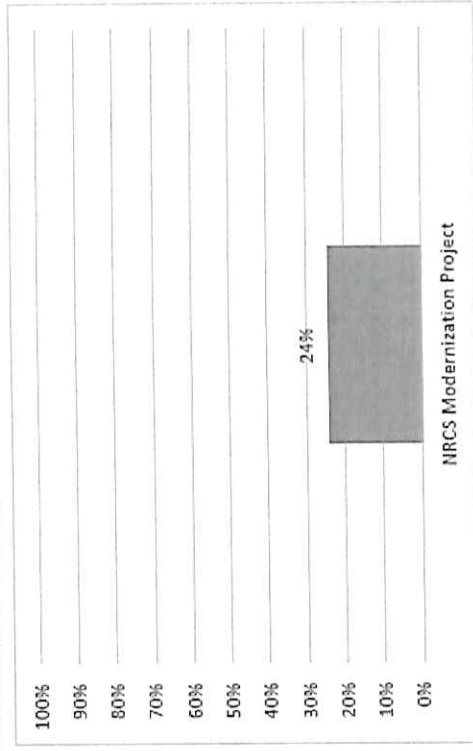
WED 17-01-18- FRI 19-01-25



MILESTONES DUE
Milestones that are coming soon.

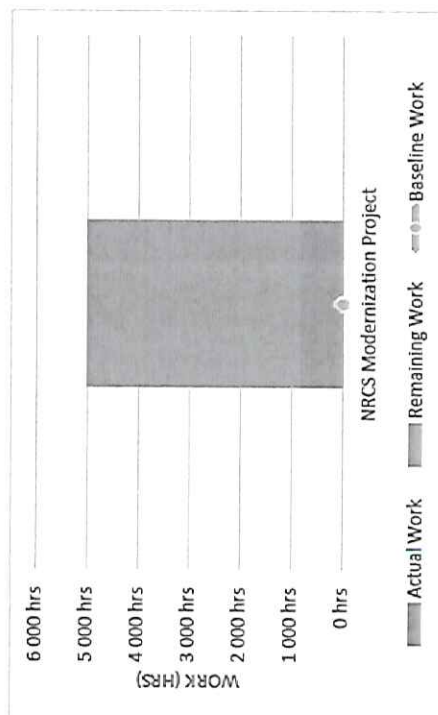
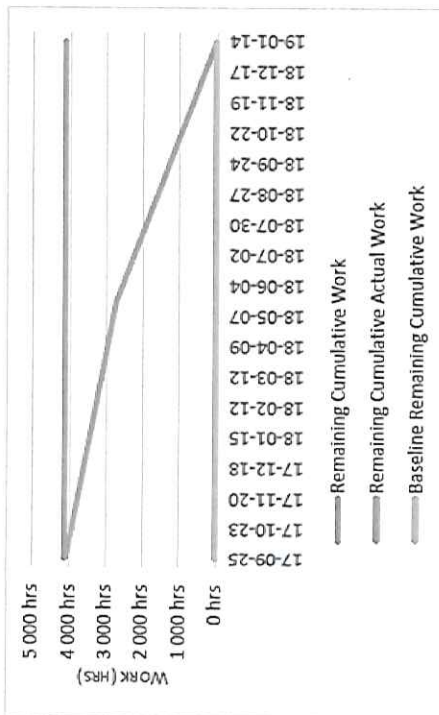
Name	Finish
------	--------

% COMPLETE
Status for all top-level tasks. To see the status for subtasks, click on the chart and update the outline level in the Field List.



LATE TASKS
Tasks that are past due.

Name	Start	Finish	Duration	% Complete	Resource Names
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% Work Complete

17%

Remaining Work

4 120 hrs

Actual Work

856 hrs

WORK OVERVIEW

Wed 17-01- - Fri 19-01-25

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