

# PRESENTATION TO THE DEPARTMENT OF PUBLIC WORKS & INFRASTRUCTURE PARLIAMENTARY PORTFOLIO COMMITTEE



**Annual Report 2020-2021**

**3 November 2021**

# Annual Report Presentation Overview

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- External Audit Report.
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# Annual Report Minister's Overview

The 4th Agrément South Africa (ASA) Annual Report for the 2020/21 financial year provides an insight into its outlook, non-financial performance, financial performance and human resources information.

Despite unfavourable economic conditions due to the COVID-19 pandemic, ASA managed to contribute almost 25% of its current expenditure budget towards Solidarity Funds.

ASA continues to grow the organisation, improve its operational efficiencies, and support the objectives of the Department of Public Works and Infrastructure. The Board exercised its oversight role to ensure the organisation achieved its mandate.

ASA's core mandate is the technical assessment and issuing of approval certificates for non-standardised construction related products and systems for which there are no South African national standards.

## ASA Mandate

In terms of the Act the objects of ASA are to:

- Provide assurance to specifiers and users of the fitness-for-purpose of non-standardised construction related products or systems;
- Support and promote the process of integrated socio-economic development in the Republic as it relates to the construction industry;
- Support and promote the introduction and use of certified non-standardised construction related products or systems in the local or international market;
- Support policy-makers in minimising the risk associated with the use of a non-standardised construction related product or system; and
- Be an impartial and internationally acknowledged South African center for the assessment and confirmation of fitness-for-purpose of non standardised construction related products or systems.

## Agrément South Africa Act's requirements

- Make rules, determine processes, procedures, and forms as it relates to issuing, amendment, suspension, reinstatement, withdrawal, or renewal of an ASA Certificate;
- Issue a certificate on prescribed form, if it is satisfied that a non-standardized Construction related product or system is fit-for-purpose, subject to the payment of the required fees;
- Monitor such certificates and manage the renewal of all certificates; and
- Establish and maintain a public register of the applications rejected and certificates issued, amended, suspended, reinstated, withdrawn and renewed.

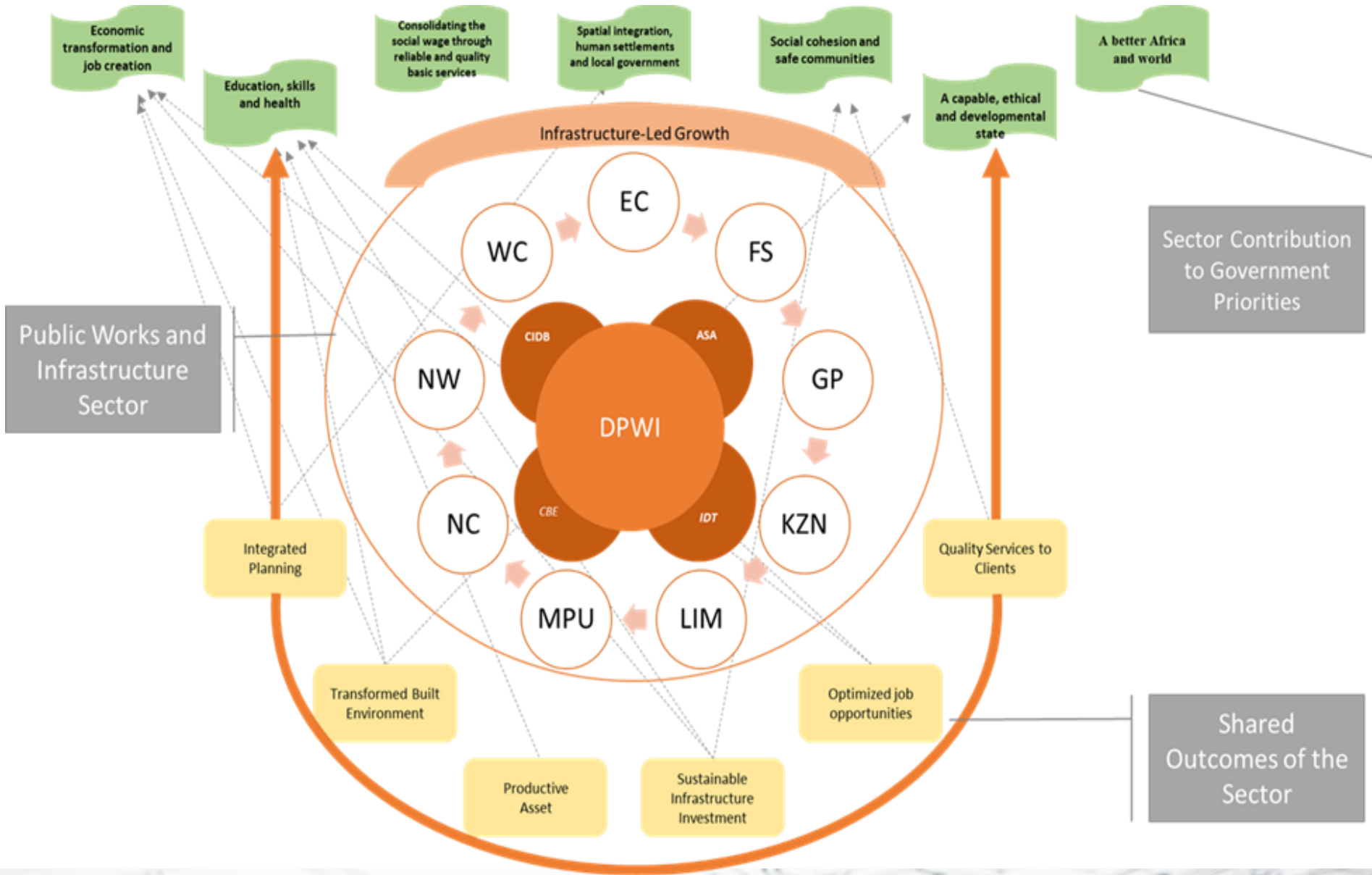
## Alignment to National Development Plan (NDP), NGP and MTSF

President Cyril Ramaphosa announced seven priorities that will fast track South Africa's path to prosperity. The President stated the seven priorities as:

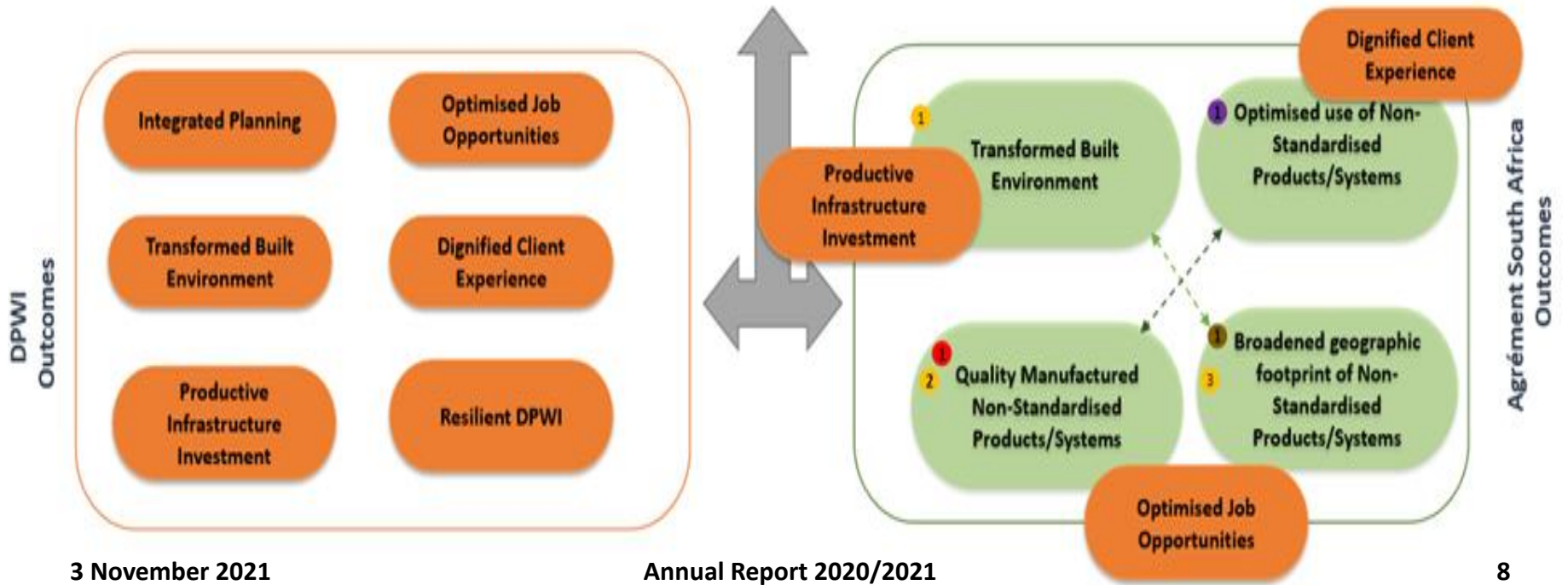
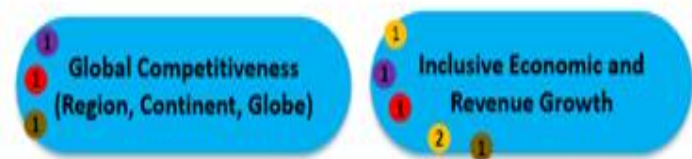
- Economic transformation and job creation;
- Education, skills and health;
- Consolidating the social wage through reliable and quality basic services;
- Spatial integration, human settlements and local government;
- Social cohesion and safe communities;
- A capable, ethical and developmental state; and
- A better Africa and World.

Agrément South Africa (ASA) fully supports these priorities and believes the fit-for-purpose certificates awarded by the organisation will contribute towards economic development and thereby indirectly supporting the seven priorities.

# Alignment to National Development Plan (NDP), NGP and MTSF

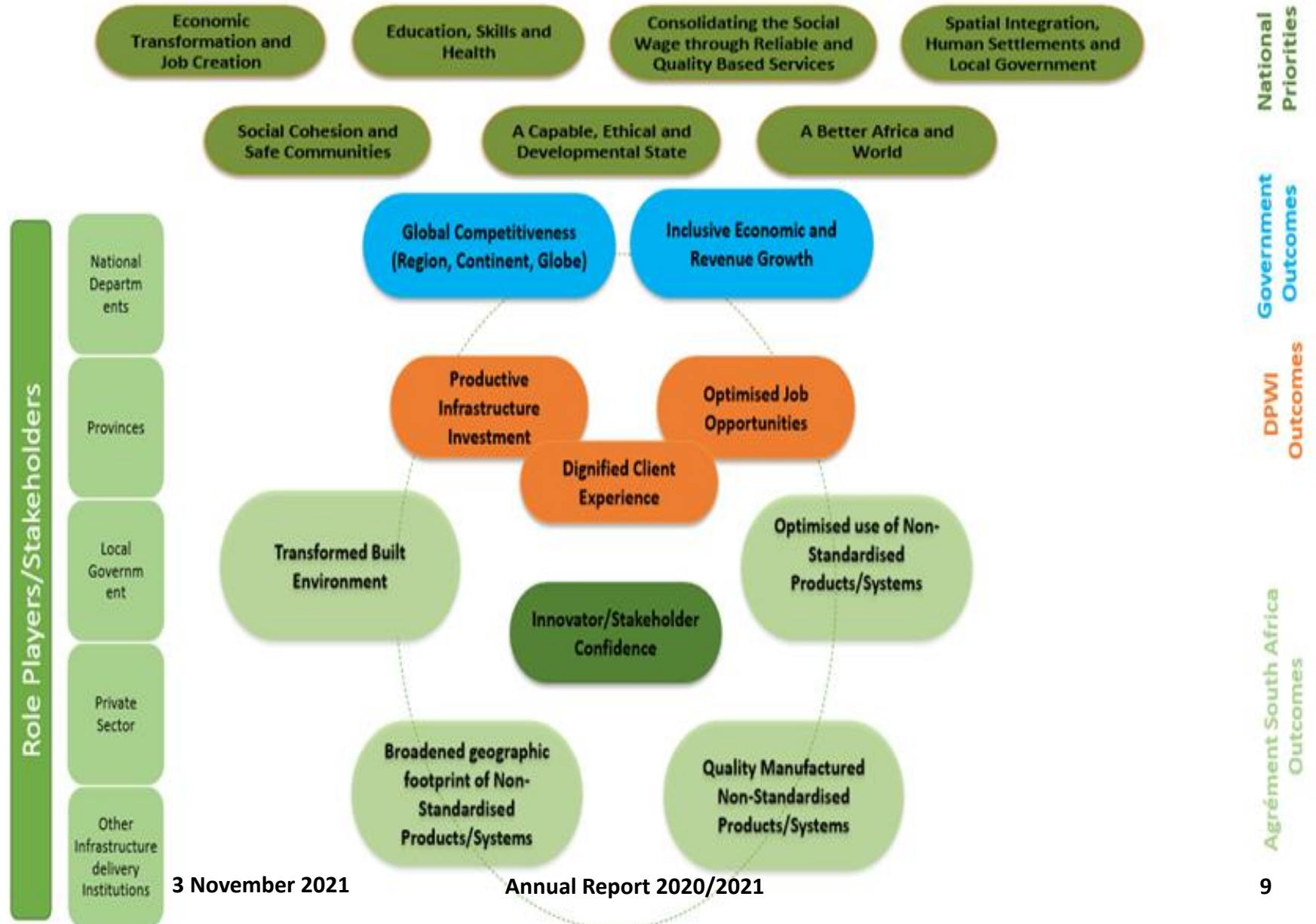


# Agrément South Africa Alignment to NDPWI's Outcomes and 7 Priorities

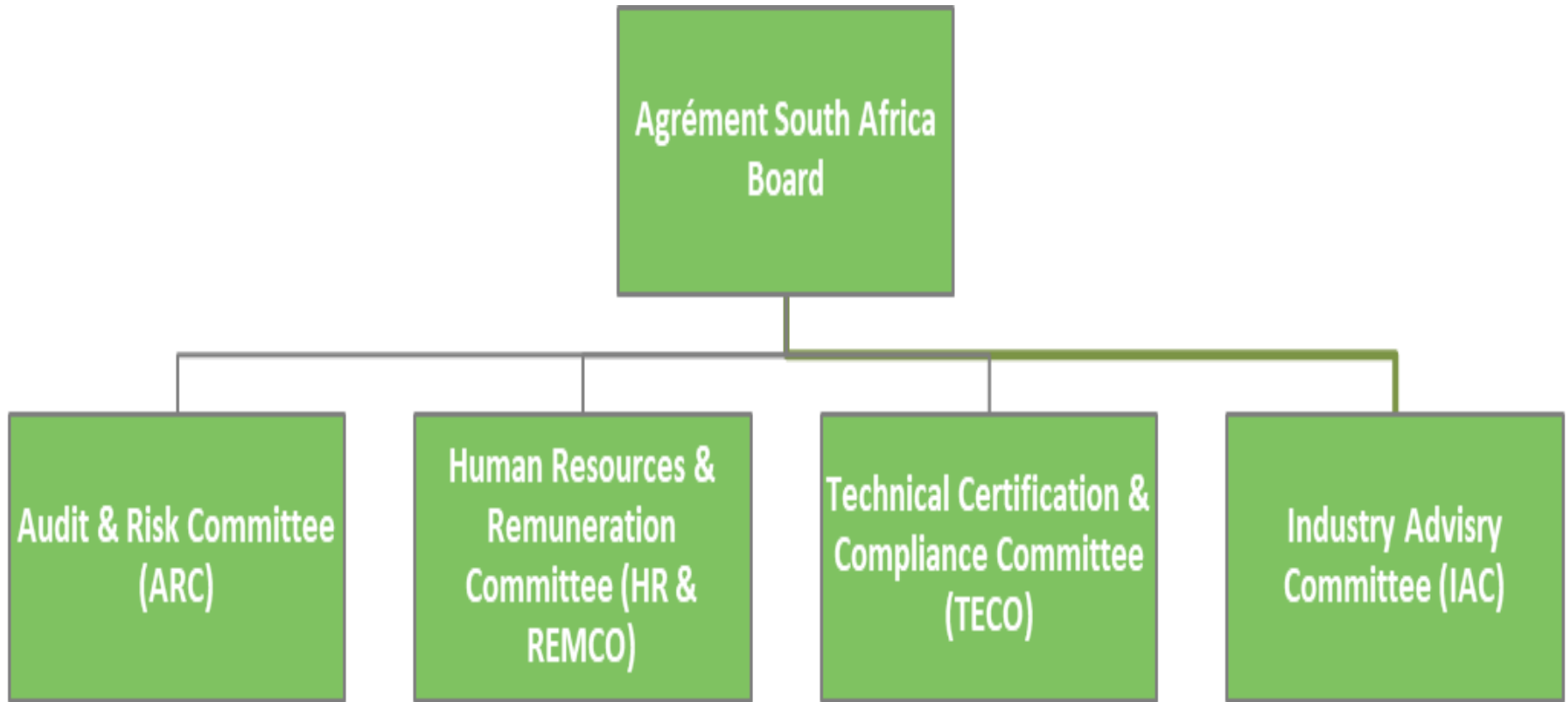




# Agrément South Africa Strategy Map



# ASA's Board



# ASA's Vision, Mission and Values

## Vision

- To be a centre of excellence for non-standardised construction products and systems.

## Mission

- To enhance ASA's position as the internationally acknowledged South African centre of excellence for technical assessment, certification, quality assurance and research and development activities to ensure fitness-for-purpose of non-standardised construction related products and systems.

## Values

- 10 ASA's values are aligned with the values espoused in the Constitution. The core values that underpin the culture of ASA are:
- 10 **People** – striving to attain full potential in support of science.
- 10 **Reputation** – enhancing relevance, integrity, quality and delivery.
- 10 **Ingenuity** – realising the full intellect of our people in creating solutions.
- 10 **Diversity** – embracing an environment that respects the individual and multi-cultural heritage.
- 10 **Enthusiasm** – working together to achieve impact through passion, drive and agility.

# Independent Auditor's Audit opinion

The audit of the annual financial statements and non-financial performance information was completed on 30 July 2021

ASA achieved unqualified audit opinion with emphasis of the matters on financial statements, supply chain management and non-financial performance information on technical services.

# Performance information

Strategic outcome-oriented goals:

- ▶ To promote South African Government's objective of economic development, good governance and raising living standards and prosperity of all population.
- ▶ To promote introduction of innovative non-standardised construction related products and system for which there are no South African National Standards.

## During the period under review, Agrément South Africa indirectly contributed towards the followings:

- ▶ Supporting government objectives of socio-economic development;
- ▶ Good governance and raising standards of living and prosperity in South Africa;
- ▶ Encouraging and facilitating the use of innovative and non-standardised construction related products and systems; and
- ▶ Providing for certification schemes.

# Planned Annual Targets versus Actual Achievements

During the period under review, Agrément South Africa achieved as follows:

- ▶ **Purpose of the sub-programme:** Programme comprises the core service delivery functions of ASA. It includes three sub-programmes:
- **Products / Systems Certification:** The purpose of the programme is to promote the introduction and use of innovative and non-standardised construction related products and systems through technical assessment of fitness-for-purpose and subsequent certification.
- **Quality Audits:** The purpose of the programme is to ensure that good-quality materials and satisfactory standards of design, manufacture and where appropriate, erection, installation or application of all ASA's certificate holders and licensees' systems or products are consistently maintained within defined ASA parameters.
- **Research and Development:** The purpose of the programme is to encourage and support business activities of ASA, in partnership with other sector stakeholders, in relation to non-standardised construction related products and systems.



**Strategic Outcome-oriented Goal 1: Optimised use of Non-Standardised construction related products and systems.**  
**Strategic Objective 2: To implement Eco Label Scheme to enable ASA to extend the range of services offered.**

		<b>Output Indicators</b>	<b>Planned annual targets 2020/2021</b>	<b>Actual achievement 2020/2021</b>	<b>Deviation from planned target to Actual Achievement</b>	<b>Reasons for all deviations</b>
<b>Optimised use of Non-Standardised construction related Products and Systems.</b>	Implementation of Eco Label Scheme.	Number of Eco Label Scheme specification approved by the Board.	2 Eco Label Scheme specifications approved by the Board.	2 Eco Label Scheme specification approved by the Board.	No deviation to planned target.	Not applicable

Outcome	Outputs	Output Indicators	Planned annual targets 2020/2021	Actual achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for all deviations
<p><b>Optimised use of Non-Standardised construction related Products and Systems.</b></p>	<p>Agrément certification projects managed and finalised within timeframes.</p>	<p>Percentage of Agrément certification projects managed and finalised within timeframes.</p>	<p>82% of projects approved as per the project timeframes.</p>	<p>Q1: 0% (0/0) approved within timeframes.</p> <p>Q2: 33 % (1 out of 3) approved within timeframes.</p> <p>Q3: 20% (1 out of 5).approved within timeframes</p> <p>Q4: 50% (2 out 4) approved within timeframes.</p>	<p>Target not achieved.</p>	<p>Q1: The declaration of state of national disaster and national lockdown prohibited construction activities thus no Agrément certification projects could be undertaken.</p> <p>3 of the 3 certificates due in Q2 were submitted to TECO of August and September 2020 (Eco WallChem paint was approved, Water Wheelbarrow and Duratech were not approved).</p> <p>Three other projects were approved in Q2 (Envirolite BS and The Adaptable Toilet System that were due in Q1, and Hydraform BS that was due in Q3).</p> <p>4 of the 5 certificates due in Q3 were submitted to TECO of 04 December 2020 an approve, however only 1 of the 4 was approved within project timeframes. 1 overdue certificate and 3 administrative amendments were also approved.</p> <p>A request was made, on 13 October 2020, for a TECO meeting of 13 November 2020, but TECO members were unavailable. All in One White Paint would have met target date, had TECO of 13 November 2020 materialised.</p> <p>3 of the 4 certificates due in Q4 were submitted to TECO of 19 March 2021 and 2 were approved. 1 certificate due in Q1 of 2021/2022 was also approved. 1 overdue certificate was also approved. 1 re-instatement was approved.</p>

Outcome	Outputs	Output Indicators	Planned annual targets 2020/2021	Actual achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for all deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
<b>Quality Assurance.</b>	Quality Assurance on all certificates in use.	Percentage of quality and compliance inspections conducted for certificates in use.	Quality and compliance audits conducted for 50% of certificates in use.	92% achieved. 196 out of 213 inspections were conducted.	Target achieved.	Over-achievement on adjusted (reduced target) due to the introduction of innovative inspection methods (virtual) and efficiency.	The declaration of state of national disaster and national lockdown prohibited movement and construction activities thus annual inspection target was revised downwards.

Outcome	Outputs	Output Indicators	Planned annual targets 2020/2021	Actual achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for all deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
<b>Broadened geographic footprint of Non-Standardised construction related products and systems.</b>	Public Buildings Green Building Certification Framework and Rating tool developed.	Approved Public Buildings Green Building Certification framework and rating tool.	Public Buildings Green Building Certification framework and Rating tool developed and approved by the Board.	Not achieved.	Feasibility Study Request for Quotation was advertised on 05 February 2021. Not enough responses were received due to e-Tender server being down. To be re-advertised when DPWI has provided input & e-Tender is back online.	<p>Mandate from the DPWI was not clear, in terms of what ASA's role in the project would be, as Green Building Certification framework and tools exist. In November 2020, DPWI sent a letter that ASA must rather conduct a feasibility study for the development and management of a DPWI Rating Tool to rate the use of innovative ABT in Green Building and infrastructure projects.</p> <p>ASA advertised and made a call for submission of proposals, for the study, on 05 February 2021 and not enough responses were received (note: e-tender server was down).</p> <p>DPWI further requested ASA to not re-advertise until comments on the TOR were provided. Comments are still awaited.</p>	Target changed. DPWI requested feasibility study to be done and thus target changed during the year under review.

**Purpose:** To provide overall financial and supply chain management, strategic leadership, operational efficiency and service excellence and providing organisational support services to operate and function as an organisation with a track record of quality, effective delivery and professional service.

Outcome	Outputs	Output Indicators	Planned annual targets 2020/2021	Actual achievement 2020/2021	Reasons for all deviations
<b>Resilient, ethical and capable entity.</b>	To ensure effective implementation of corporate governance across the board.	Clean external audit report without compliance issues.	Clean audit report without compliance issues. 100 % of audit findings are addressed.	26/26 (100%) external audit recommendations have been implemented.	Not applicable.
	To monitor compliance with the prescripts of supply chain to ensure approved invoices are paid within 30 days.	Approved expenditure spent against approved budget must be paid within 30 days.	92% of approved expenditure spent of the approved budget must be paid within 30 days.	98.0% (R34.0m of annual budget of 34.7m) of revised approved expenditure spent.	Not applicable.
				A cumulative number of 7 invoices in Q1 to Q4 amounting to R 59 837 paid after 30 days.	Internal operational delays in submission and approval of invoices.
	To monitor compliance with the prescript of supply chain to ensure zero irregular expenditure in implementing the budget.	Zero percent of irregular expenditure incurred of the approved budget.	92% of approved budget spent with zero irregular expenditure.	98% of approved expenditure spent of the approved budget with R113,120 irregular expenditure incurred.	Non-compliance with supply chain management policy.
	To monitor compliance with the prescript of supply chain to ensure zero percent of fruitless and wasteful incurred of the approved budget.	Zero percent of fruitless and wasteful incurred of the approved budget.	92% of approved budget spent with zero fruitless and wasteful expenditure.	98% of approved expenditure spent of the approved budget with fruitless and wasteful expenditure amounting to R7 102.75.	Possible penalties or additional tax amounting to R7 102.75 may have been incurred from SARS.

**Purpose:** To provide overall strategic leadership, operational efficiency and service excellence and providing organisational support services to operate and function as an organisation with a track record of quality, effective delivery and professional service.

Outcome	Outputs	Output Indicators	Planned annual targets 2020/2021	Actual achievement 2020/2021	Reasons for all deviations
A capable, ethical and developmental entity.	Empowered human capital.	Percentage of training implemented in line with the approved training plans and budget.	100% implementation of planned training in line with the approved training plans and budget.	Q1: 100% Q2: 100% Q3: 80% Q4: 50% (5 of the 10 training plans were processed) implementation of planned training in line with the approved training plan, and budget.	Budgetary constraints resulted in certain training interventions being postponed to later dates.

# Financial performance for the period ended 31 March 2021

- ▶ The financial performance reflects movement from 2020 to 2021 financial year in terms of percentage and actual amount.

# Financial Performance

## STATEMENT OF FINANCIAL PERFORMANCE

Rand	Per Cent	Movement	Variance	2021	2020
Rendering of services	-46.9%	↓	-1,140,730	1,293,790	2,434,520
Recoveries from bad debts	-66.4%	↓	-78,960	39,900	118,860
Recoveries from bursaries	100.0%	↑	34,863	34,863	0
Interest received	-46.6%	↓	-1,011,711	1,158,992	2,170,703
<b>Sub-total</b>	-46.5%		-2,196,538	2,527,545	4,724,083
Government Grants	-9.3%	↓	-2,982,639	29,027,000	32,009,639
<b>Total revenue</b>	-14.1%	↓	<b>-5,179,177</b>	<b>31,554,545</b>	<b>36,733,722</b>
Personnel related costs	15.8%	↑	3,003,060	22,062,552	19,059,492
Depreciation and Amortisation	30.1%	↑	627,477	2,711,497	2,084,020
Lease rental on operating lease	5.1%	↑	123,602	2,541,084	2,417,482
Debt Impairment	175.2%	↑	161,740	254,080	92,340
COVID-19 expenses	100.0%	↑	314,120	314,120	0
Operating expenses	-46.0%	↑	-5,321,880	6,252,007	11,573,887
Total expenditure	-3.1%	↑	-1,091,881	34,135,340	35,227,221
<b>(Deficit) / Surplus for the period</b>	-271.3%	↓	<b>-4,087,296</b>	<b>-2,580,795</b>	<b>1,506,501</b>



# Financial Performance

## STATEMENT OF FINANCIAL POSITION

	Per cent	Movement	Variance	2021	2020
<b>Current Assets</b>					
Receivable from exchange	-100.0%	↑	-34,663	0	34,663
Receivable from non-exchange	-35.3%	↑	-1,518	2,783	4,301
Cash and cash equivalents	-3.0%	↓	-729,550	23,576,825	24,306,375
	-3.1%	↓	-765,731	23,579,608	24,345,339
<b>Non-current Assets</b>					
Property, plant and equipment	-45.7%	↓	-2,277,702	2,706,199	4,983,901
Intangible Assets	-44.1%	↓	-79,992	101,558	181,550
Receivable from exchange	25.5%	↑	66,350	326,292	259,942
	-42.2%	↓	-2,291,344	3,134,049	5,425,393
<b>Current Liabilities</b>					
Green building rating tool	0.0%	↔	0	496,580	496,580
Payables from exchange	6.2%	↑	368,820	6,354,084	5,985,264
Provisions	-93.0%	↑	-801,823	60,721	862,544
<b>Total Liabilities</b>		↑	-433,003	6,911,385	7,344,388
<b>Net Assets</b>	-11.7%	↓	-2,624,072	19,802,272	22,426,344
<b>Reserves</b>					
Revaluations reserves	0.0%	↔	0	1,450,804	1,450,804
Other Non-distributable reserves	-1.4%	↓	-43,277	2,976,037	3,019,314
Accumulated surplus	-14.4%	↓	-2,580,795	15,375,431	17,956,226
<b>Total Net Assets</b>	-11.7%	↓	-2,624,072	<u>19,802,272</u>	<u>22,426,344</u>

# Conclusion

- Agrément South Africa continues to contribute towards the National imperatives and global Sustainability by undertaking technical assessments of innovative construction products.
- Agrément South Africa provides technical assessment of system performance.
- Facilitates the safe introduction of innovative construction products.
- Facilitates the global acceptance of innovative products or systems.
- Provides independent and authoritative technical assurance of fitness for purpose.

**Thank you**