

# NRCS ANNUAL PERFORMANCE PLAN FOR

2022/23– 2024/25

1 APRIL 2022

# 1. LIST OF ABBREVIATIONS

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AFRIMETS	Intra-Africa Metrology System
COTII	Council of Trade and Industry Institutions
<b>the dtic</b>	Department of Trade, Industry and Competition
EU	European Union
KPA	Key Performance Area
KPI	Key Performance Indicator
LOA	Letter of Authority
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
SADCMELE	SADC Cooperation in Legal Metrology
TR	Technical Regulation
VC	Compulsory Specification
WTO TBT	World Trade Organisation Agreement on Technical Barriers to Trade

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### 3. FOREWORD BY THE MINISTER

The Annual Performance Plan (APP) identifies the outputs, output indicators and targets that an entity aims to achieve in the new financial year. The Executive Authority is responsible for providing direction on the development and implementation of policies and strategic priorities of entities in line with their respective mandates, and to ensure the APP is aligned to government's priorities.

The environment in which the APPs of the Department of Trade, Industry and Competition (**the dtic**) and our entities have been formulated remains challenging, given the impact of the COVID-19 pandemic, the July 2021 unrest and more recently the Russia/Ukraine war. At the same time, determined efforts by the Administration has seen signs of economic recovery and greater investor confidence in economic prospects. In this light, Government's priority focus continues to be the recovery of growth, investment and employment, guided by the Economic Recovery and Reconstruction Plan adopted in 2020, and the tasks outlined by President Ramaphosa in the 2022 State of the Nation Address.

This APP is expected to take forward the strategic shift initiated in 2021/2022 toward strengthened implementation and impact of **dtic's** work, through greater integration of efforts within the department and our entities, guided by shared, crosscutting outcomes and joint performance indicators. In this regard, the work of **the dtic** and the entities will be evaluated in relation to three over-arching Outcomes (which incorporate the previous "Joint-KPIs") namely **Industrialisation; Transformation;** and **Capable State** (Implementation/ Effective Delivery). In this way these Outcomes more deliberately and directly inform respective outputs and KPIs of the department and entities.

In turn, the scope of the outputs collectively still encompass the identified **dtic's** priorities, which include among others, the work of sector masterplans, initiatives to boost levels of investment and localisation in the economy, expanding trade within the continent, enabling better local economic development, supporting the growth of new industries (in the green

economy and through beneficiation) and building a capable state, in particular addressing red tape as prioritised by the President in the 2022 State of the Nation Address.

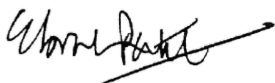
Every entity in the **dtic** has been requested to align their APPs to the three outputs, it being recognised that a particular entity's core business links more clearly and strongly to one or the other of the overarching Outcomes, than to others.

This APP represents the outcome of the work done by the National Regulator for Compulsory Specifications. Following the tabling of the APP by the **dtic** itself, each entity of the Department will be expected to consider such additional refinement and additions to be made and following completion of the review, such an addendum to this APP may be submitted in due course after the tabling.

This APP is therefore not about many new objectives but rather on a new way of implementation, with the focus on integration, to enhance the development impact of the work.

I accordingly table the APP for 2022/23 in accordance with the request by the Speaker.

I wish to thank the management for the work done and wish them well in executing the APP and aligning their work to government's overall programmes and priorities.



**Ebrahim Patel**

**Minister of Trade, Industry and Competition**

## 4. OVERVIEW BY THE CEO

The NRCS was established in terms of the NRCS Act 5 of 2008 (The Act), as amended and the Legal Metrology Act, 2014 (Act No. 9 of 2014) (LMA), which together define the mandate of the NRCS. COVID-19 pandemic has had a negative impact on NRCS operations and the respective regulated industries. This has led to the recent global economic downturn, notwithstanding the changing trade context in the wake of the fourth industrial revolution and the internet of things. Furthermore, the NRCS depends on the outputs of market surveillance conducted using market intelligence and prevailing trade trends. This calls for enhancements in the regulatory framework, market intelligence and more sophisticated techniques to analyse risks related to the regulated product, company and country of origin. NRCS has responded to this particular challenge and introduced the Ports of Entry Enforcement Strategy and the Risk-Based Approach to NRCS work. These initiatives have assisted the organisation to optimally utilise its resources by deploying inspectors at ports of entry and at the point of manufacture (source) in order to intercept non-compliant products before they enter trade in the South African market. The entity is working in partnership with SARS, BCOCC and Border Police (SAPS) in these surveillance and enforcement activities.

The NRCS has noted the dtic expectations that the Technical Infrastructure institutions need to re-orientate themselves to play a strategic industrial policy role. This is a challenge that the NRCS is rising to, with a focus on developing an appropriate IT platform, a deep intelligence capability and strengthening research and development. The NRCS' external environment is characterised by rapid technological growth. Such a rapidly changing environment requires the NRCS to be pro-active and adopt technology in its business operations.

Internally, the NRCS is working towards developing a dynamic digital environment by investing in an updated IT platform. The updated IT platform will have a significant transformational impact on the NRCS and its traditional approach to business. In addition, interaction between the NRCS and its stakeholders will improve with the introduction of online communication. Technology will provide an opportunity to enable remote or desktop market surveillance in order to ensure that non-compliant products are locked-out of the local marketplace, prior to entering trade. It will also provide an opportunity for more efficient intelligence gathering, data

mining and risk profiling to ensure that regulatory enforcement activity is well focused and resources are utilised optimally. 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 specifications are developed, market surveillance is conducted and enforcement activities are implemented by the NRCS

It is imperative that the strategic approach and operations of the organisation are responsive to and aligned with the above legislative instruments. In response thereto, the organisation has themed its strategy in order to “***preclude presence of non-compliant goods to prevent harm, in any form, to consumers whilst promoting and maintaining fair trade and protecting our environment.***” In order to drive the organisational focus toward this key achievement, and thereby ensuring consumer and environmental safety is sustained, the organisation will drive, in the short and medium-term, toward the realisation of specific priorities. These priorities are driven by specific outcome-oriented goals and objectives which will be measured throughout the performance period of this strategic plan.

#### **The NRCS will dedicate resources towards:**

- The harmonisation of technical regulations to promote trade and give effect to trade within the African Continent and other regional trading blocks.
- Economic Reconstruction and Recovery Plan.
- The Africa Continental Free Trade Agreement.
- Safer Vehicles 2025 – the NRCS is dedicating resources to ensure that vehicles on South African Roads are safe and the set minimum requirements lead to safe motor vehicles.
- 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 LMA, to protect consumers against inaccurate measures, support local industrial competitiveness and enhance protection of the environment, public health and safety, as well as fair trade.

This Annual Performance Plan takes into account the current challenges being experienced due to the COVID-19 pandemic and the dynamic environment which the NRCS operates in. It further take into consideration the expected establishment of the Border Management Agency and challenges as well as the economic and development needs of the South African society. In fulfilling this task, the NRCS, will maximise the usage of resources, minimising the risk of exposure to COVID-19 to both employees and stakeholders.

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

- Review of regulations and the internal control environment to assist in resolving the revenue qualification
- Vigorously implement sanctions for non-compliance
- Fully implement the amended Legal Metrology Act and build capacity to achieve this mandate
- Ease of doing business: Modernise IT systems and efficiently regulate the market
- Manufactured and imported goods are inspected 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;
- Memoranda of Understanding (MoUs) and technical agreements with regional and other international governmental and treaty organisations are concluded where necessary;
- Regular awareness interventions are embarked upon;
- Build partnerships with industry and other regulatory bodies;
- Enhance participation of small businesses in NRCS Stakeholder consultation forums;
- Participation in international, continental and regional forums.

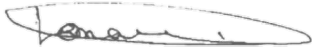
The NRCS's Strategic Plan and Annual Performance Plan intend to achieve the following:

- 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;
- Easy of accessibility of the NRCS through modernisation of the NRCS IT systems.

The NRCS annual performance plan was thus crafted to ensure optimum utilisation of resources to assist **the dtic** to reach the medium term strategic goals and objectives. The entity also recognises that any strategy is only as good as the people that implement it. To this end, the organisation will focus on engaging with staff around the strategy and implement a performance management system to ensure effective achievement of targets and outputs set in the plan. In addition, the organisation will be investing in its human resources through the implementation of continuous development programmes that are tailor made and in accordance with required competencies for the various positions.



**E Mamadise**

**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 2022/23 – 2024/25.

**Edward Matemba**

**Manager Strategy and Risk**

**Date: 1 April 2022**

**Signature:**  \_\_\_\_\_

**R. Ramcharran**

**Chief Financial Officer**

**Date: 1 April 2022**

**Signature:**  \_\_\_\_\_

**D. Mutengwe**

**Acting Chief Operations Officer**

**Date: 1 April 2022**

**Signature:**  \_\_\_\_\_

**E. Mamadise**

**Chief Executive Officer**

**Date: 1 April 2022**

**Signature:**  \_\_\_\_\_

## PART A: STRATEGIC OVERVIEW

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### 6. 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;
- The Legal Metrology Act, 2014 (Act No. 9 of 2014); and
- The National Building Regulations and Building Standards Act, 1977 (Act No. 103 of 1977) (NBR&BS Act).

### 7. POLICY MANDATES

In addition to the legislative mandate, the NRCS strategy is aligned to that of its primary stakeholder, **the dtic**. The most significant areas of alignment are contained in the following **strategic objectives of the dtic**:

- Facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation

- Build mutually beneficial regional and global relations to advance South Africa's trade, industrial policy and economic development objectives.
- Create a fair regulatory environment that enables investment, trade and enterprise development, in an equitable and socially responsible manner

### **Re-imagined Industrial Policy**

The NRCS has a significant role to play in realising the goal of South Africa being a developmental state. 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.

The NRCS will balance its regulatory responsibilities and the needs of the economy in terms of operationalising the Re-imagines Industrial Policy and application of the master plans in the areas where the entity has a role to play. 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 specifications are developed, market surveillance is conducted and enforcement activities are implemented by the NRCS.

### **Regional and International Participation**

The NRCS in contributing to the government goal of implementing the Africa Free Agreement and building a better Africa and the world will represent South Africa:

- a) As a Competent Authority at CODEX Alimentarius
- b) United Nations World Forum for Harmonization of Vehicle Regulations (WP 29) – harmonisation of motor vehicle regulations.
- c) SADC Technical Infrastructure committees especially with regards to harmonization of technical regulations and will continue to serve as secretariat for SADC MEL (Co-

operation in Legal Metrology) and SADC Technical Barrier to Trade Cooperating Structure.

- d) African Organisation for Standardisation (ARSO) – Harmonisation of technical regulations and conformity assessment.
- e) Inter Africa Metrology System (AFRIMETS) – Harmonisation of Legal Metrology Regulations giving effect to African Free Trade agreement.

Furthermore, in promoting trade, the NRCS will continue to enter in to agreements with our trading partners. Currently the NRCS has agreements with Botswana, Namibia, Mauritius, Zambia and Mozambique.

## 8. INSTITUTIONAL STRATEGIES

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 that is anchored on 7 pillars which inform its strategies over the five year planning period namely:

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

## **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.

Regulatory response will therefore be developed to address risks in a focused manner. The focus of NRCS will be on according priority 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.

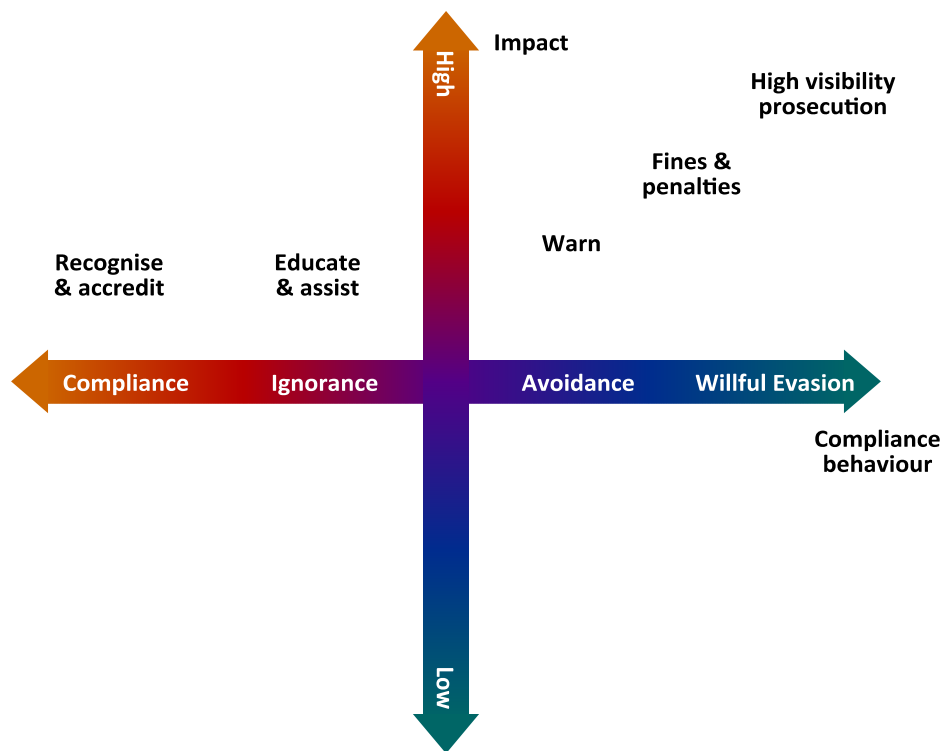
The following important principles will inform NRCS' work:

- Safety critical products must be identified and regulated;

- Compliance, preferably voluntary/ self-compliance, to compulsory specifications and technical regulations;
- 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. Two 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.

The following diagram illustrates how the regulatory response may be focused on the level and type of risks as well as compliance behaviour exhibited.

## Compliance Behaviour and NRCS Intervention



### Regulating at 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.

## 9. RELEVANT COURT RULINGS

There was one on National Regulator for Compulsory Specification Act. The Judgement recognises that by, remedying the product, it can lead to the product falling outside of the compulsory specification.

## 10. 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.

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## PART B: STRATEGIC OVERVIEW

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## 11. THE NRCS SITUATIONAL ANALYSIS

The NRCS' role as a regulator is to ensure that businesses produce, import or sell products or services that are not harmful to consumers or the environment or that do not fall short of the declared measure. The NRCS is also tasked to provide a regulatory function for the building industry to ensure building safety, health, structural stability, and the uniform interpretation of the NBR&BS Act and its regulations.

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

These trends have informed the development of strategic goals and objectives to steer the organisation on its path to deliver on its mandate.

### a. INTERNAL STRATEGIC DRIVERS

Internally, the 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 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

Executing the NRCS mandate in a financially sound and sustainable manner and in Political & Technological aspects

Political	Technological
<ul style="list-style-type: none"> <li><input type="checkbox"/> Service delivery challenges - depending on approach of winning party and their commitment to service.</li> <li><input type="checkbox"/> Change in political direction – New policies and goals set that can impact on NRCS mandate.</li> <li><input type="checkbox"/> Change in <b>the dtic</b> Minister – New Minister may set new agenda which may change NRCS resourcing.</li> <li><input type="checkbox"/> Conflictual collective bargaining environment.</li> <li><input type="checkbox"/> Post-election changes in the political administration.</li> <li><input type="checkbox"/> The perception of political bias is a risk.</li> <li><input type="checkbox"/> Increased activism regarding public service delivery.</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Information security challenges.</li> <li><input type="checkbox"/> Open source platforms and optimizing operations and access to technology.</li> <li><input type="checkbox"/> Increase in on-line trading and the related challenges e.g., E-commerce</li> <li><input type="checkbox"/> Rise of flexible working and tele-commuting.</li> <li><input type="checkbox"/> Real potential of a paperless environment.</li> <li><input type="checkbox"/> Low cost access to technology &amp; communications devices such as Smartphone's.</li> <li><input type="checkbox"/> More technology players, lower cost of communications &amp; technology.</li> <li><input type="checkbox"/> Ease of access to information requirements.</li> <li><input type="checkbox"/> The rise of 'big data', predictive analytics and intelligent forecasting and reporting tools.</li> <li><input type="checkbox"/> Availability of "off the shelf" software to impact ICT process, e.g. recording, tracking and reporting.</li> <li><input type="checkbox"/> Increasing sophistication of threats on IT security and HR processes.</li> <li><input type="checkbox"/> Increasing cost effective technology for effective records management.</li> <li><input type="checkbox"/> Keeping up with advancement in technology.</li> <li><input type="checkbox"/> Enable remote surveillance in order to ensure that non-compliant products are locked-out of the local marketplace, prior to entering trade.</li> <li><input type="checkbox"/> Efficient intelligence gathering, data mining and risk profiling to ensure that regulatory enforcement activity is well focused and resources are utilised optimally.</li> </ul>

### Economic & Legal/Ethics aspects

Economic	Legal/Ethics
<ul style="list-style-type: none"> <li><input type="checkbox"/> Tough economic times have resulted in an increase in corruption.</li> <li><input type="checkbox"/> Cost cutting through consolidation of public entities.</li> <li><input type="checkbox"/> Weakening of rand, rising inflation levels and possible interest rate increases.</li> <li><input type="checkbox"/> BBBEE</li> <li><input type="checkbox"/> The ongoing worldwide economic recession.</li> <li><input type="checkbox"/> Downward adjustment of economic growth rate.</li> <li><input type="checkbox"/> Increase in on-line transactions.</li> <li><input type="checkbox"/> Financial constraints on the fiscus.</li> <li><input type="checkbox"/> Companies implement cost control measures which has the potential to result in the production of sub- standard and non-compliant products.</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> More laws, increasing moral prescription rather than reliance on ethics or moral guidance.</li> <li><input type="checkbox"/> Changes in founding laws are on the horizon.</li> <li><input type="checkbox"/> Implementation of various laws and the impact on NRCS –e.g., Border Management Act and Consumer Protection Act.</li> <li><input type="checkbox"/> Legislation which overlaps/ duplication of mandates.</li> </ul>

## Social & Environmental aspects

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

## SWOT ANALYSIS

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>● 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.</li> <li>●</li> <li>● 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.</li> </ul>	<ul style="list-style-type: none"> <li>● Lack of technological capabilities for operations and market surveillance</li> <li>● Operational inefficiencies related to organisational decision making capabilities leading to poor turnaround times and lack of communication and trust among members within the organisation.</li> <li>● Reducing number of efficiency improvement opportunities as technology enhancements are successfully implemented.</li> <li>● ICT security threats and safeguarding of information.</li> <li>● High compliance costs ratio to income as well as resource requirements.</li> </ul>
Opportunities	Threats
<p>As part of the Technical Infrastructure institutions the NRCS is better positioned to exploit the following opportunities:</p>	<ul style="list-style-type: none"> <li>● The establishment of the Border Management Agency and other players/competitors encroaching on the NRCS activities. The</li> </ul>

<ul style="list-style-type: none"> <li>● To ensure that technical infrastructure support is available to encourage value-adding growth, labour-intensive manufacturing and advanced beneficiation.</li> <li>● To take a leading role in promoting technical infrastructure to better equip emerging industries in the SADC region to be competitive in domestic and international markets.</li> <li>● 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.</li> </ul>	<p>NRCS enforcement functions at the Ports of Entries will in the medium term be affected by the establishment of the Border Management Agency</p> <ul style="list-style-type: none"> <li>● Reduced fiscal allocation by the National Government</li> <li>● Generally weakening economy</li> <li>● The impact of COVID-19 Pandemic on trade activities and the national slow growth rate</li> <li>● Unfunded mandates</li> </ul>
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## 12. NRCS CORE PROCESS AND PRODUCTS

In executing its mandate, the NRCS understands and follows a distinct core business process as outlined below:



**Figure 1: NRCS Core processes**

### Research

The NRCS conducts market research as well as environmental scans and 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 and the environment are protected, as well as to ensure fair trade.

NRCS will be proactive in identifying shortcomings of the current regulatory framework as well as within the current compulsory specifications and technical regulations. The development of new compulsory specifications and the amendment of existing ones will be in accordance with the industry and consumer needs. Setting Compulsory Specifications and Technical Regulations The development, amendment or withdrawal of compulsory specifications and technical regulations involve the conducting of risk and impact assessments in the drafting process. Wherever possible, national and international standards are used as the frame of reference in the development of these compulsory specifications and technical regulations. In the absence of suitable standards, either nationally or internationally, 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 that establish the minimum technical requirements for the built environment.

### **Setting Compulsory Specifications and Technical Regulations**

The development, amendment or withdrawal of compulsory specifications and technical regulations involve the conducting of risk and impact assessments in the drafting process. Wherever possible, national and international standards are used as the frame of reference in the development of these compulsory specifications and technical regulations. In the absence of suitable standards, either nationally or internationally, 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 that establish the minimum technical requirements for the built environment.

## **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.

## **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.

## **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 or 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 and are generally safe for human consumption and the environment.

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. Regulatory response will therefore be developed to address risks in a focused manner. The focus of NRCS will be on according priority 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' work:

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

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PART C: MEASURING OUR PERFORMANCE

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## 13. 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**

The NRCS will increase the scope of regulatory coverage by identifying and developing new compulsory specifications that provide the optimal balance between the needs of the consumers and the 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 revision and amendment of existing ones and withdrawal of the compulsory specifications/technical regulations in consultation with relevant stakeholders.

It is the desire of the organisation, through pursuance of this goal, that any product that can potentially harm the consumer and/or the environment and negatively impact on fair trade must be identified and regulated. This principle demands that a central governmental database of all products that can potentially cause harm to the consumer and/or the environment must exist and that plans and processes must be developed for the regulation of all such products.

Effective and efficient regulatory system that is responsive to the environment in which we operate in order to protect the public.

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

Outcome	Output	Output Indicator / Measure	Audited Performance 2018/19	Audited Performance 2019/20	Audited Performance 2020/21	Estimated Performance 2021/22	Target 2022/23	Target 2023/24	Target 2024/25
<b>Build a Regulatory System Responsive to Market needs</b>	Develop a set of Compulsory Specifications (VC)/Technical Regulations (TR) that are responsive to market needs	Number of VC's/Tech Regulations (new, amended or withdrawn) submitted to the dtic (1 <sup>st</sup> and 2 <sup>nd</sup> Gazette)	8 Compulsory Specifications/ Technical Regulations submitted for first gazetting	10 Compulsory Specifications/ Technical Regulations submitted for first gazetting	6 Compulsory Specifications/ Technical Regulations submitted to the dtic	8 Compulsory Specifications/ Technical Regulations submitted to the dtic	8 Compulsory Specifications/ Technical Regulations submitted to the dtic	10 Compulsory Specifications/ Technical Regulations submitted to the dtic	12 Compulsory Specifications/ Technical Regulations submitted to the dtic

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 or withdrawn VC's/Tech Regulations submitted to the dtic	Quarterly Cumulative	8 Compulsory Specifications/ Technical Regulations	1 Compulsory Specifications/ Technical Regulations	3 Compulsory Specifications/ Technical Regulations	5 Compulsory Specifications/ Technical Regulations	8 Compulsory Specifications/ Technical Regulations

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

The NRCS will seek to improve compliance with compulsory specifications and technical regulations through pre-market approvals, market surveillance and the imposition of sanctions where non-compliance has been identified, utilising the risk-based approach, border enforcement strategy, self-regulation, inspection at source and benchmarking of business models. A number of 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, awareness briefings and communication, and desktop/remote inspections. An inspection will have the desired impact at the source of the product. 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. It is expected that the LOA requirement will not apply to labelling prescripts as all products traded must comply with Legal Metrology prescripts.

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

Outcome	Output	Output Indicator / Measure	Audited Performance 2018/19	Audited Performance 2019/20	Audited Performance 2020/21	Estimated Performance 2021/22	Target 2022/23	Target 2023/24	Target 2024/25
<b>Increased compliance to compulsory specifications and technical regulations</b>	Increase market surveillance activities and enforce compliance through regulations based on sound market intelligence	Number of Inspections conducted for Automotive, Chemicals Materials and Mechanicals (CMM), Electro-technical, Legal Metrology and locally produced fishery products (live, chilled and frozen), processed meat products, fishery and meat processing factories and vessels as well as fishery and meat retail inspections, in accordance with the technical regulation or compulsory specification	20 828	21 552	10 560	19 986	19 115	20 485	21 552
		Percentage of Inspections conducted on locally produced, imported and exported canned fishery and meat product consignments in accordance with the compulsory specification and procedures	100% of inspections conducted on all declared canned fishery and meat products produced.	100% of inspections conducted on all declared canned fishery and meat products produced.	100% of inspections conducted on all declared canned fishery and meat products produced.	100% of inspections conducted on all declared canned fishery and meat products produced.	100% of inspections conducted on all declared canned fishery and meat products produced.	100% of inspections conducted on all declared canned fishery and meat products produced.	100% of inspections conducted on all declared canned fishery and meat products produced.

Outcome	Output	Output Indicator / Measure	Audited Performance 2018/19	Audited Performance 2019/20	Audited Performance 2020/21	Estimated Performance 2021/22	Target 2022/23	Target 2023/24	Target 2024/25
		Number of inspections conducted on locally produced fishery products (live, chilled and frozen), processed meat products, fishery and meat processing factories and vessels as well as fishery and meat retail inspections, in accordance with the compulsory specification and procedures	2088 inspections	2150 inspections	1942 inspections	2241 inspections	2366 inspections	2401 inspections	2443 inspections
		Percentage of gaming approval applications finalised (approved or rejected or closed) within the set timeframes	96% of all applications processed within 30 calendar days	99,89% of all applications processed within 30 calendar days	99% of all applications processed within 30 calendar days	98% of all applications processed within 30 calendar days	98% of all applications processed within 30 calendar days	98% of all applications processed within 30 calendar days	98% of all applications processed within 30 calendar days
		Percentage of approval applications finalised (approved or rejected or closed) within the set timeframes	79% of all approval applications processed within 120 calendar days	91,8% of all approval applications finalised within 120 calendar days	92% of all approval applications processed within 120 calendar days	95% of all approval applications processed within 120 calendar days	95% of all approval applications processed within 120 calendar days	95% of all approval applications processed within 120 calendar days	95% of all approval applications processed within 120 calendar days



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
2.1	Number of Inspections conducted within Automotive, Chemicals Materials and Mechanicals (CMM), Electro-technical and legal Metrology business units	Quarterly Cumulative	19 115	4 411	9 457	14 914	19 115
2.2	Percentage of Inspections conducted on locally produced, imported and exported canned fishery and meat product consignments in accordance with the compulsory specification and procedures	Quarterly Cumulative	100% of inspections conducted on all declared canned fishery and meat products produced.	100% of inspections conducted on all declared produced canned fishery and meat products	100% of inspections conducted on all declared produced canned fishery and meat products	100% of inspections conducted on all declared produced canned fishery and meat products	100% of inspections conducted on all declared produced canned fishery and meat products
2.3	Number of inspections conducted on locally produced fishery products (live, chilled and frozen), processed meat products, fishery and meat processing factories and vessels as well as fishery and meat retail inspections, in accordance with the compulsory specification and procedures	Quarterly Cumulative	2 366 inspections	608 inspections	1 114 inspections	1786 inspections	2 366 inspections
2.4	Percentage of gaming approval applications processed within the set timeframes	Quarterly Cumulative	98% of all applications processed within 30 calendar days	98% of all applications processed within 30 calendar days	98% of all applications processed within 30 calendar days	98% of all applications processed within 30 calendar days	98% of all applications processed within 30 calendar days
2.5	Percentage of approval applications processed within the set timeframes	Quarterly Cumulative	95% of all approval applications processed within 120 calendar days	95% of all approval applications processed within 120 calendar days	95% of all approval applications processed within 120 calendar days	95% of all approval applications processed within 120 calendar days	95% of all approval applications processed within 120 calendar days

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

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

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

Outcome	Output	Output Indicator / Measure	Audited Performance 2019/20	Audited Performance 2019/20	Audited Performance 2020/21	Estimated Performance 2021/22	Target 2022/23	Target 2023/24	Target 2024/25
<b>Informed Stakeholders on NRCS functions</b>	Stakeholder and Public awareness platforms and events	Number of stakeholder and consumer education events or campaigns	19 Consumer education events or campaigns	10 Consumer education events or campaigns	10 Consumer education events or campaigns	18 stakeholder and consumer education events or campaigns	18 stakeholder and consumer education events or campaigns	18 stakeholder and consumer education events or campaigns	20 stakeholder and consumer education events or campaigns
		Approved Stakeholder Engagement Strategy and % Implementation of the Stakeholder Engagement Strategy	88% implementation of the Stakeholder Engagement Strategy	60% implementation of the Stakeholder Engagement Strategy	68% implementation of the Stakeholder Engagement Strategy	88% implementation of the Stakeholder Engagement Strategy	95% implementation of the Stakeholder Engagement Strategy	95% implementation of the Stakeholder Engagement Strategy	100% 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	Number of stakeholder consumer education events or campaigns	Quarterly Cumulative	18 Consumer education events or campaigns	3 NRCS consumer education events or campaigns	8 NRCS consumer education events or campaigns	13 NRCS consumer education events or campaigns	18 NRCS consumer education events or campaigns
3.2	Approved Stakeholder Engagement Strategy and % Implementation of the Stakeholder Engagement Strategy	Quarterly	95% implementation of the Stakeholder Engagement Strategy				95% 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
- An ICT Platform that fully supports the business
- Review the 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

Outcome	Output	Output Indicator / Measure	Audited Performance 2018/19	Audited Performance 2019/20	Audited Performance 2020/21	Estimated Performance 2021/22	Target 2022/23	Target 2023/24	Target 2024/25
Increase effectiveness of human resources (NRCS employees)	A capacitated organisation with relevant systems to support business	Percentage (%) of vacancies. Vacancy rate of approved and funded posts	6%	5%	5%	8%	5%	5%	5%
	Build IT platform and systems that supports and improve business	Percentage (%) implementation of Modernization related projects	100% implementation of ICT Master System Plan	50% implementation of Modernization related projects	Implementation of Enterprise Resource Planning System –Human Resources Modules	100% implementation of Enterprise Resource Planning System	30% implementation of the NRCS Operations System	100% implementation of the NRCS Operations System	100% implementation of the NRCS ICT Strategy
		Percentage (%) implementation of the NRCS ICT Strategy					95% implementation of the NRCS ICT Strategy	98% implementation of the NRCS ICT Strategy	

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
4.1	Percentage (%) of vacancies. Vacancy rate of approved and funded posts	Quarterly	5%	5%	5%	5%	5%
4.2	Percentage (%) implementation of Modernization related projects	Annual	30% implementation of the NRCS Operations System	-	-	-	30% implementation of the NRCS Operations System
4.3	Percentage (%) implementation of the NRCS ICT Strategy	Annual	95% Implementation of the NRCS ICT Strategy		-	-	95% Implementation of the NRCS ICT Strategy

## 14. NEW OR AMENDED COMPULSORY SPECIFICATIONS MOTIVATION

Title of the Compulsory Specification	Motivation for the Compulsory Specification or Amendment of the Compulsory Specification
<p>1. The compulsory specification for Crude fish oil intended for human consumption (VC 9111)</p>	<p>The South African fish oil industry need 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 supplement production 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. VC9108, Compulsory Specification for Dried abalone submitted February 2020 for first gazette (for public comments) and update as of August 2021 is that it is being processed</p>	<p>A report on an assessment of South African dried abalone (<i>Haliotis midae</i>) consumption and trade in Hong Kong published in February 2018 recommended amongst other interventions, the NRCS role to facilitate suitable export health guarantees (Traffic, 2018). The fisheries department also communicated this request for NRCS to develop a Compulsory specification. NRCS is currently regulating certain fishery products and is also recognised as a Competent</p>

Title of the Compulsory Specification	Motivation for the Compulsory Specification or Amendment of the Compulsory Specification
	<p>Authority to issue export certification or health guarantees to importing countries. This will also aid in trust of traceability matters.</p>
<p>3. VC8021, Amendment of a compulsory Specification chilled smoked finfish and smoke-flavoured finfish</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> <p>The Ministers of Health and <b>the dtic</b> has 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 recent Listeriosis outbreak in South Africa during 2018 which was finally traced to processed meats i.e. Polony (<a href="http://www.nicd.ac.za">www.nicd.ac.za</a>). This regulation is therefore also meant to minimise the risk of listeriosis.</p>
<p>4. VC8017, Amendments of the Compulsory Specification for frozen fish, marine molluscs, and products derived therefrom (VC 8017)</p>	<p>NRCS encountered a challenge in the control of imported prawns which were contaminated with pathogenic bacteria. The imported fishery products are receiving more non-compliant directives as opposed to locally produced products about 78% non-compliance being on</p>



Title of the Compulsory Specification	Motivation for the Compulsory Specification or Amendment of the Compulsory Specification
<p>5. VC8031, Amendments of the Compulsory Specification for frozen shrimps (prawns), langoustines and crabs and products derived therefrom (VC 8031)</p> <p>6. Final gazette of VC8020 (frozen lobster) is also aligned with these VCs</p>	<p>imported. Having considered need for control measures, some clauses have been updated to also among other things include mandatory requirement for import health guarantee (export certification from the exporting country’s competent authority) and other minor improvements. A health guarantee offers protection to the importer to reduce the risk of importing from a non-registered or non-compliant facility. This is because the local importer will be the one bearing the cost of storage awaiting decision for either destruction or sending consignments back to country of origin if the consignments are found to be not fit for human consumption.</p>
<p>7. Chilled finfish, marine molluscs and crustaceans, and products derived therefrom</p>	<p>The need to include chilled fishery products in existing regulatory requirements in the NRCS’ Compulsory Specifications arises from the health guarantee service which the NRCS already provides for the export of chilled fish for a number the years. This VC will also facilitate the compliance of chilled fish from aquaculture to satisfy export destination requirements and local monitoring thereof.</p>
<p>8. VC 8022, Compulsory Specification for Motor vehicles of category M1;</p>	<p>NRCS Safer Vehicles 2025 project motivations to amend these Compulsory Specifications include the</p> <p>Following:</p>
<p>9. VC 8024, Amendment of the Compulsory Specification for Motor vehicles of category N;</p>	<ul style="list-style-type: none"> <li>• A request from industry for the upgrading of the safety requirements in the VCs (including the referenced standards)</li> </ul>

Title of the Compulsory Specification	Motivation for the Compulsory Specification or Amendment of the Compulsory Specification
10. VC 8023, Amendment of the Compulsory Specification for Motor vehicles of category M2/3;	<ul style="list-style-type: none"> <li>• A recommendation from WP29 to support the recommendations from the United Nations road safety campaign (including making some vehicle safety features mandatory). The United Nations resolution calls on governments to ensure that all new motor vehicles meet applicable minimum regulations for occupant and other road users' protection, with seat belts, air bags and active safety systems fitted as standard".</li> <li>• A request from government to support the Decade of Action – Road Safety as declared by the South African Department of Transport</li> <li>• A request from industry to consider the findings and recommendations from the Safer-Cars-For-Africa campaign, released by Global New Car Assessment Programme (NCAP) and Automobile Association South Africa (AASA)</li> <li>• Findings from the Public Protector report on the illegal conversions of panel vans into passenger carrying vehicles.</li> <li>• A need to amend the requirements to include some of the latest product and technological developments (i.e. advanced driver assistance systems</li> <li>• ADAS, anti-lock braking systems –ABS, electronic stability control – ESC and alternative propulsion requirements – Electric vehicles, gas fuelled vehicles</li> </ul>
11. VC 8025, Amendment of the Compulsory Specification for Motor vehicles of category N 2/3;	
12. VC 8026, Amendment of the Compulsory Specification for Motor vehicles of category O ½;	
13. Amendment of the Compulsory specification for child restraints for use in motor vehicles	
14. Amendment of the compulsory specification for 15. mechanical coupling components of combinations of vehicles, VC 8065	
16. VC 9008, Amendment of a Compulsory specification for energy	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 cost for consumers and

Title of the Compulsory Specification	Motivation for the Compulsory Specification or Amendment of the Compulsory Specification
efficiency and labelling of electrical and electronic apparatus	reducing the negative impact of greenhouse gases on the environment. It is rolled out in pre-determined phases.
17. VC 9109, compulsory specification for energy efficiency and functional requirements for general service lamps and	The DMRE with support from the NRCS and SANEDI, proposed to introduce technology neutral technical regulation that will set minimum energy and performance standards (MEPS) for directional and non-directional, general service lamps for general illumination purposes. The objective of introducing MEPS is to improve the efficiency of lighting in the residential market (households). It forms part of the broader energy efficiency and electricity savings strategy by DMRE.
18. VC 9110, compulsory specification for safety requirements of general service lamps.	
19. VC 8006 - Amendment to the compulsory specification for flexible cords for electrical appliances	To introduce SANS 1574-2 as an alternative standard to test against and demonstrate compliance.
20. VC 9085, Amendment of the compulsory specification for cement	Final gazette – amended transitional clauses and other administrative clauses for ease of application.
21. VC 9106, Polymer film for damp-proofing and waterproofing in buildings	Polymer film is used for waterproofing and is used for water insulation and act 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, have a direct impact on the quality and safety of buildings. The use of inferior construction materials and short

Title of the Compulsory Specification	Motivation for the Compulsory Specification or Amendment of the Compulsory Specification
	measure in the thickness of the film can negatively affect its expected performance when incorporated in buildings i.e. fail to prevent moisture penetration in buildings and thus pose health, safety and environmental risks to occupants of those buildings.
22. VC 9092, Amendment of the Preservative treatment of timber.	Amendments to improve effectiveness and efficiency of VC 9092 as well as aligning the referenced standards accordingly to ease application of this compulsory specification.
23. VC 8087, the Compulsory Specification for plastic carrier bags and flat bags.	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 recyclate materials at the end of their life cycle.
24. VC 8072, Respiratory protective devices (RPDs)	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 clause 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
25. VC 8079, The control of gaming devices and related apparatus	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.
26. Legal metrology technical regulation for Kingpin measuring instruments 27. Tyre tread measuring instrument	The Road Traffic Management Corporation submitted a list of measuring instruments to be regulated in terms of Legal Metrology regulations.

## 15.ALIGNMENT TO THE JOINT DTIC INDICATORS/OUTCOMES

### JOINT INDICATOR 1

<b>Outcome:</b>	Increased industrialisation		<b>Performance period</b>	2022/2023
<b>Output /s:</b>	Report documenting the integrated support to drive industrialisation through master plans in national priority sectors; increased and diversified localisation through government and private sector procurement; export promotion, AFCTA and promotion of beneficiation			
<b>Indicator title:</b>	Report on integrated support across DTIC to drive industrialisation that supports economic recovery; covering industry Master Plans, localisation initiatives across the economy, COVID-Industrial Interventions and beneficiation.			
<b>Indicator definition</b>	Integrated support across DTIC to drive industrialisation that supports economic recovery; covering industry Master Plans, localisation initiatives across the economy, COVID-Industrial Interventions and beneficiation.			
<b>Annual dtic Target/s</b>	<b>Contribution by NRCS</b>		<b>Resourcing (MTEF Budget Allocation)</b>	
Integrated support to drive industrialisation that supports economic recovery; covering industry Master Plans, localisation initiatives across the economy, COVID-Industrial Interventions and beneficiation	<p>Four quarterly reports on measures enacted by NRCS to drive industrialisation that supports economic recovery; covering industry Master Plans, localisation initiatives across the economy, COVID-Industrial Interventions, green economy and beneficiation.</p> <p>Quarterly reports on African and Global Exports.</p> <p>Quarterly reports on Global and African stakeholder engagements on harmonization of regulations and mutual acceptance</p>		This indicator will be resourced from the budget of NRCS Strategic Goal 2	

## JOINT INDICATOR 2

<b>Outcome:</b>	Contribute to efficiency within the Public service and Capable state	<b>Performance period</b>	2022/2023
<b>Output /s:</b>	Improved efficiency, accessibility and visibility of the NRCS		
<b>Indicator title:</b>	Capable State		
<b>Indicator definition</b>	Improved efficiency through review of internal processes, review of resource allocation, improved accessibility and implementation of the stakeholder engagement plan		
<b>Annual dtic Target/s</b>	<b>Contribution by NRCS</b>	<b>Resourcing (MTEF Budget Allocation)</b>	
District Development Model and Spatial equity including incorporating all work within the District Model	<p>Four quarterly reports by NRCS on:</p> <ul style="list-style-type: none"> <li>a) Organisational Review and reducing vacancy rate within the NRCS as per the Key Performance Area</li> <li>b) Modernisation project of the NRCS as per the Key Performance Area</li> <li>c) Review of the effectiveness of the NRCS as a regulator</li> <li>d) Finalise eight Compulsory Specifications and provide a report on the reviewed compulsory specifications</li> <li>e) Implementation of its stakeholder engagement strategy which covers consumer and stakeholder awareness of the NRCS mandate and compliance requirements.</li> <li>f) Review pre-market approval activities and in particular focusing on the reduced turnaround time.</li> </ul>	This indicator will be resourced from the budget of Strategic Goal 2 and 3	

### JOINT INDICATOR 3

<b>Outcome:</b>	Transformation	<b>Performance period</b>	2022/2023
<b>Output /s:</b>	Report on actions to promote transformation through structural changes in the economy to enable greater inclusion and growth; and empowerment of designated groups, using the range of public tools such as procurement, incentives, technical support and enabling opportunities		
<b>Indicator title:</b>	Report on actions to promote transformation through structural changes in the economy to enable greater inclusion and growth; and empowerment of designated groups, using the range of public tools such as procurement, incentives, technical support and enabling opportunities		
<b>Indicator definition</b>	Actions to promote transformation through structural changes in the economy to enable greater inclusion and growth; and empowerment of designated groups, using the range of public tools such as procurement, incentives, technical support and enabling opportunities		
<b>Annual dtic Target/s</b>	<b>Contribution by NRCS</b>	<b>Resourcing (MTEF Budget Allocation)</b>	
Actions to promote transformation through both structural changes in the economy to enable greater inclusion and growth; and empowerment of designated groups, using the range of public tools such as procurement, incentives, technical support and enabling opportunities	<p>Four quarterly reports on action taken to:</p> <ul style="list-style-type: none"> <li>a) Increase the number of BBBEE compliant companies as Legal Metrology verification and repair laboratories</li> <li>b) The number of previously disadvantaged persons qualified as verification officers for the private laboratories and verification bodies.</li> <li>c) Technical support offered to designated groups to enable compliance and participation in all other NRCS activities</li> </ul>	This indicator will be resourced within the budget for Strategic Goal 2	



## 16. UPDATED KEY RISKS

Outcome	Key Risks	Current Controls	Risk Mitigation
<b>A Regulatory System Responsive to Market needs</b>	Unregulated markets/ products/ services (regulated environment that the NRCS operates in)		Agreement with the SABS
		Scientific Articles, Internet Research & stakeholder engagements	Partnership/ Agreements with reputable research institutions
		MOU's, Minister's Directives, compulsory	Enter in to agreements with all Government departments and entities which NRCS is performing work on behalf of, Identify and partake in government stakeholder forums, review of the NRCS Act
		CSP350 VC/TR development, Impact assessment, Feasibility and Risk Assessments	Review Risk Assessment Methodology
		Technical Specialists conducting Research	Partnership/ Agreements with reputable research institutions, Organisational Review (Human Resources)
		Participation of NRCS on Harmonisation committees	Participation on identified Harmonisation Committees, Document process on voting and or resolve Mandate from the SA government and NRCS Leadership for all Committees
		Conformity Assessment Policy	Implementation Plan for VCs where there is no local testing

		Manual Operating Systems	Modernisation Project
		CSP350 VC/TR development, Impact assessment, Feasibility and Risk Assessments	Participation of the Shareholder in the VC/TR development process and mapping out governance process, understanding of the <b>dtic</b> processes in VC/TR approval process
<b>Increased compliance to compulsory specifications and technical regulations</b>	<b>Non-compliant regulated products in the market</b>	Risk Based Approach, Inspection procedures	Implementation of RBA Plans, Voluntary compliance
		Marketing and Communications Plan, Regional Offices	Implementation of the Marketing Plan (naming and shaming), Provide resources to Marketing and Communications
		HR Plan	HR Strategy
		MOU with SABS	Testing Framework, Testing Service level Agreement with the SABS and identified Conformity Assessment Bodies, Overseas Testing
		Border Enforcement Strategy, Pre-approval, Market Surveillance, and sanctioning Processes	Review effectiveness of the NRCS Regulatory Model
		Consumer concerns, customer complaints, inspection databases and approvals databases, Natis Database	Electronic access to SARS Database, Modernisation - Regulatory System
		Risk Based Approach, Cancellation Policy	Implementation of Risk based Approach,

		None	Develop and Implement e-commerce strategy
		Business Plans	Ensure Inspection plans adequately/effectively cover the market
			Review terms of reference with the Shareholder e.g the <b>dtic</b> /NRCS quarterly Meeting
		5 Year Implementation Plan	Implement the 5 year plan for Legal Metrology
		File Plan	Share Point, Modernisation
		Stakeholder Management strategy, JDE and Operational Databases	Review and implement Stakeholder Management strategy, review databases for accuracy
		Lease Agreements in Pretoria, Durban, Cape Town	Storage in Durban, Cape Town, Pretoria and Office accommodation in Bloemfontein, Renovation of PE Building
<b>Increased compliance to compulsory specifications and technical regulations</b>	<b>Inadequate sanctioning of non-compliances</b>	Special Investigations Unit	Capacitation of Special Investigations
		Bilateral Agreements	Bilateral Agreement import Countries, Import Regulation for regulated food products
		MOU with SABS	Service level agreement with SABS Testing and other service providers

		Sanctions procedure	MOU with SAPS, review current NRCS processes in terms of escalation from NRCS operations to Special Investigations
		Inspection records, approvals files	Act review being conducted by the <b>dtic</b> , NRCS to make submissions
			Review Inspection records and processes
<b>Economical, efficient and effective accomplishment of NRCS mandate and sound corporate governance</b>	<b>Inadequate IT Systems</b>	Appointed Modernisation Project manager	Structure Review, Resource company appointment
		Outsourced ICT Services to service provider (Gartner)	Resource company to provide human resources to support NRCS IT Team
		Staff development on Cyber security and the firewall implemented in the new IT infrastructure	ICT to review the IT security, develop and implement a security strategy
		Microsoft Access and Excel Database is currently used to manage Data.	Modernisation Project
		JDE Financial System, Sibel	Review of Modernisation project plan, elevation of project to ensure continuous reporting, Appointment of resource company to augment resources
		Acting CIO, provision of budget for ICT investment	Appointment of resource company,
		Segregation of duties	Fraud assessment

<b>Increased compliance to compulsory specifications and technical regulations</b>	<b>Fraud and Corruption</b>	Fraud, Risk and Loss Control Committee	Fraud , Risk and Loss Control, review of the Asset Management policy to incorporate liability and losses and review of vehicle policy to incorporate the liability and losses
		Internal Audit Investigations	Review investigations procedure and implementation of the results thereof
		Conflict of Interest policy	Consequence management
		LOA control processes	Review Approval process to incorporate mandatory checks or consistent statistical checks
		Fraud and Risk Policy.	Review Fraud and corruption processes and all processes susceptible to fraud and corruption, fraud awareness, consequence management

## 17.OVERVIEW OF 2022/23 BUDGET AND MTEF ESTIMATES

R thousand	Audited outcome	Audited outcome	Audited outcome	Approved budget	Approved budget	Estimate	
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Administration	47,101	49,443	49,316	69,370	74,846	78,177	81,687
Maximise compliance with all specifications and technical regulations	264,298	290,663	291,071	351,787	377,686	394,493	412,206
Develop, maintain and administer compulsory specifications and technical regulations	8,965	8,962	9,423	11,532	12,663	13,227	13,820
Inform and educate stakeholders on the regulator's mandate	7,252	6,970	12,114	15,220	16,110	16,826	17,581
Ensure an optimally capacitated institution	235,161	79,128	80,909	92,380	91,883	95,972	100,281
<b>Total expense</b>	<b>562,777</b>	<b>435,166</b>	<b>442,833</b>	<b>540,289</b>	<b>573,188</b>	<b>598,694</b>	<b>625,576</b>

## Statement of Financial Performance

Statement of financial performance	Audited outcome	Audited outcome	Audited outcome	Budget estimate	Approved budget	Approved budget	Estimate	
R thousand	2018/19	2019/20	2020/21	2021/22	2021/22	2022/23	2023/24	2024/25
<b>Revenue</b>								
Tax revenue	–	–	–	–	–	–	–	–
<b>Non-tax revenue</b>	<b>291,156</b>	<b>353,027</b>	<b>300,974</b>	<b>402,944</b>	<b>396,188</b>	<b>425,628</b>	<b>449,683</b>	<b>469,872</b>
Sale of goods and services other than capital assets	267,441	325,645	285,621	389,296	381,127	411,364	434,784	454,305
<i>of which:</i>								
<i>Other non-tax revenue</i>	23,715	27,382	15,353	13,648	15,061	14,264	14,899	15,568
<b>Transfers received</b>	<b>146,104</b>	<b>139,501</b>	<b>126,126</b>	<b>144,099</b>	<b>144,100</b>	<b>147,560</b>	<b>149,012</b>	<b>155,704</b>
<b>Total revenue</b>	<b>437,260</b>	<b>492,528</b>	<b>427,100</b>	<b>547,043</b>	<b>540,288</b>	<b>573,188</b>	<b>598,695</b>	<b>625,576</b>
<b>Expenses</b>								
<b>Current expenses</b>	<b>562,777</b>	<b>435,166</b>	<b>442,833</b>	<b>547,043</b>	<b>540,288</b>	<b>573,188</b>	<b>598,695</b>	<b>625,576</b>
Compensation of employees	306,835	335,470	357,263	422,422	419,816	442,140	461,815	482,551
Goods and services	249,792	92,616	75,723	118,412	112,094	122,259	127,700	133,433
Depreciation	6,150	7,013	9,588	5,938	8,111	8,508	8,887	9,286
Interest, dividends and rent on land	–	67	259	272	268	281	294	307
<b>Transfers and subsidies</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total expenses</b>	<b>562,777</b>	<b>435,166</b>	<b>442,833</b>	<b>547,043</b>	<b>540,288</b>	<b>573,188</b>	<b>598,695</b>	<b>625,576</b>
<b>Surplus/(Deficit)</b>	<b>(125,517)</b>	<b>57,362</b>	<b>(15,733)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

## Statement of Financial Position

Financial position	Audited outcome	Audited outcome	Audited outcome	Approved budget	Approved budget	Estimate	
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Carrying value of assets	27,130	33,393	37,557	96,106	119,606	124,988	131,113
Investments	328	323	324	346	346	362	379
Receivables and prepayments	72,742	109,177	124,023	102,080	72,873	76,152	79,884
Cash and cash equivalents	286,642	297,345	240,302	129,399	135,000	141,075	147,988
<b>Total assets</b>	<b>386,842</b>	<b>440,238</b>	<b>402,206</b>	<b>327,932</b>	<b>327,825</b>	<b>342,577</b>	<b>359,363</b>
Accumulated surplus/(deficit)	305,902	347,683	295,681	257,360	255,987	267,506	280,614
Trade and other payables	18,927	67,277	55,957	12,550	25,550	26,700	28,008
Benefits payable	–	–	–	–	–	–	–
Capitalised value of pensions	–	–	–	–	–	–	–
Taxation	–	–	–	–	–	–	–
Provisions	62,013	25,278	50,568	58,022	46,289	48,371	50,742
Derivatives financial instruments	–	–	–	–	–	–	–
<b>Total equity and liabilities</b>	<b>386,842</b>	<b>440,238</b>	<b>402,206</b>	<b>327,932</b>	<b>327,826</b>	<b>342,578</b>	<b>359,364</b>



## Capital budget

Category	Total	2022/2023	2023/2024	2024/2025
Building structure	30,000,000	30,000,000	12,500,000	
electronic equipment	86,999	86,999		
furniture	7,878,997	7,878,997	1,000,000	500,000
hardware	13,565,000	13,565,000	7,500,000	5,000,000
Lab Equipment	5,889,295	4,192,295	367,000	1,330,000
Office equipment	3,629,500	3,469,500	30,000	130,000
OTHER	3,100,000	2,950,000		150,000
software	60,500,000	60,500,000	15,000,000	5,000,000
Grand Total	124,649,791	122,642,791	36,397,000	12,110,000

## Capital Expenditure Projects and Infrastructure Plans:

Capital expenditure, including infrastructure plans, includes the following:

- Refurbishment of the Port Elizabeth building (office accommodation) with the intention of NRCS occupying this building, \
- Refurbishment of the NRCS Pretoria Offices
- Replacement of ICT equipment and procurement of new ICT software and hardware
- Replacement and procurement of new laboratory equipment

## Dividend Policy

NRCS does not declare dividends

## 18. ANNEXURE A: NRCS ICT STRATEGY

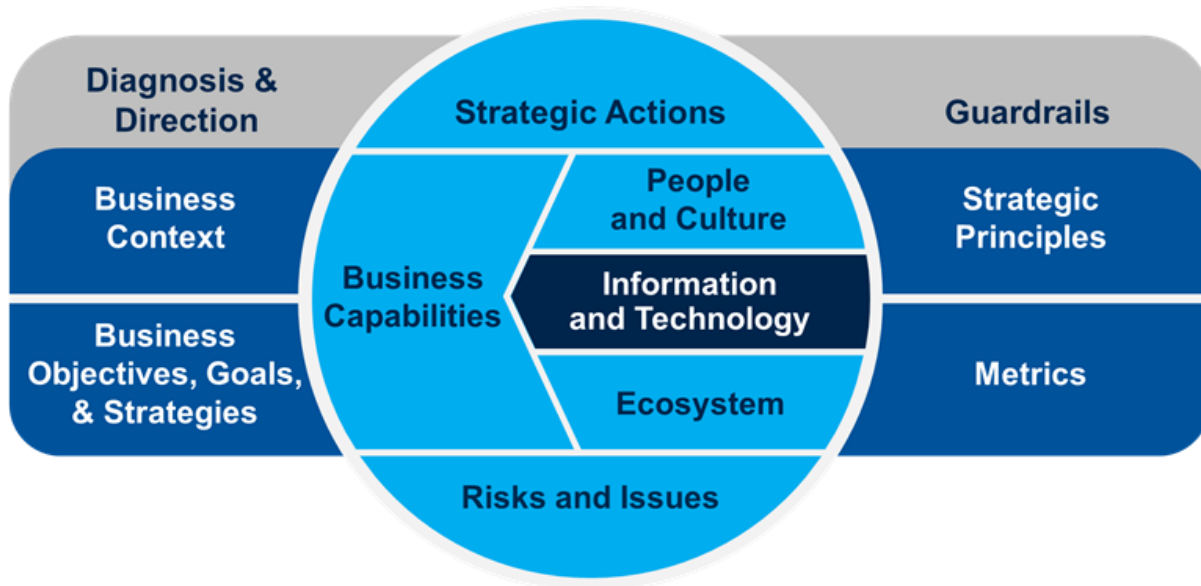
### i. Executive Summary

The purpose of this strategy is to put in place a framework which will help the NRCS to focus its ICT resources on delivering organizational requirements, and to achieve its objectives. The ICT strategy will seek to achieve the following **mobility, interoperability, integration, sustainability** and implement early warning systems in line with the NRCS strategic objective of a Risk based model.

The Strategy explores these principles with a view to arriving at the best possible fit to ensure that the ICT Department's mission will enable our clients to access the information and services necessary to do their jobs at all times. The strategy sets out its focus areas, technical solution, road map and future plan (five years) to improve the IT Infrastructure, systems and services, enabling the NRCS to achieve its goals.

The recommendations contained in this strategy aim to put in place an ICT infrastructure that is sufficiently reliable, flexible and cost effective not only to meet today's demands, but also to provide the capacity for future growth and the ability to implement new technologies in a timeframe that maximises the benefit to the NRCS and its stakeholders.

The figure below illustrates the IT strategy framework to be followed as a guideline to define the IT strategy, the framework aligns with the NRCS business strategy and objectives to develop an IT strategy that enables business plans.



**Fig 1: Gartner IT Strategy Framework**

**ii. Executive Summary**

The NRCS Information and Communication Technology is in a process of implementing key projects in responding to the NRCS Strategic Plan. The implementation of an IT Infrastructure capable of meeting the NRCS IT needs is critical in achieving the strategic goals of the Organization. The IT infrastructure is the backbone to enable all systems that the NRCS will require in achieving these goals as set on the strategy. The ICT strategic choices are an implementation of a Customer Relationship Management System (CRM) and Enterprise Resource Planning (ERP) systems which will include but not limited to Human resources, Payroll, Supply Chain Management and Financial management modules. The CRM system will support the regulatory functions in the approvals, inspection processes, and to manage NRCS clients. The recommendations are that NRCS management give ICT full support to participate and benchmark against the best practice in the world, to track and keep up with the latest technology and to provide ICT with budget that will enable the roll out of the ERP and CRM systems, in responding to the NRCS business objectives.

### **iii. Business context**

The NRCS has embarked on a process to review the business needs in a holistic manner. This would require an analysis of the core and supporting business activities, and their underlying processes to determine where these activities are efficient and where they can be improved. The business review process will also include the specification design for the implementation of an ERP solution and CRM system for the organization. The main business objective is to introduce improvements on key business processes and controls, thereby rendering them to be effective, efficient and flexible to meet new business demands.

#### **a) External Influences & Drivers for the ICT**

##### **a. Rapid Changes in technology**

- The way in which technology changes is a driver in how we plan and manage the IT Estate. The Internet, wireless networking, broadband, data/ IP telephony integration, video conferencing, “mobile” and “intelligent” devices are already influencing the way in which a company delivers and supports its core services and is placing ICT department under constant pressure to accommodate a diverse range of devices, software and services.
- Rise of flexible working and tele-commuting.
- More technology players, lower cost of communications & technology, such as Smartphone’s
- Ease of access to information requirements.

- The rise of ‘big data’, predictive analytics and intelligent forecasting and reporting tools.

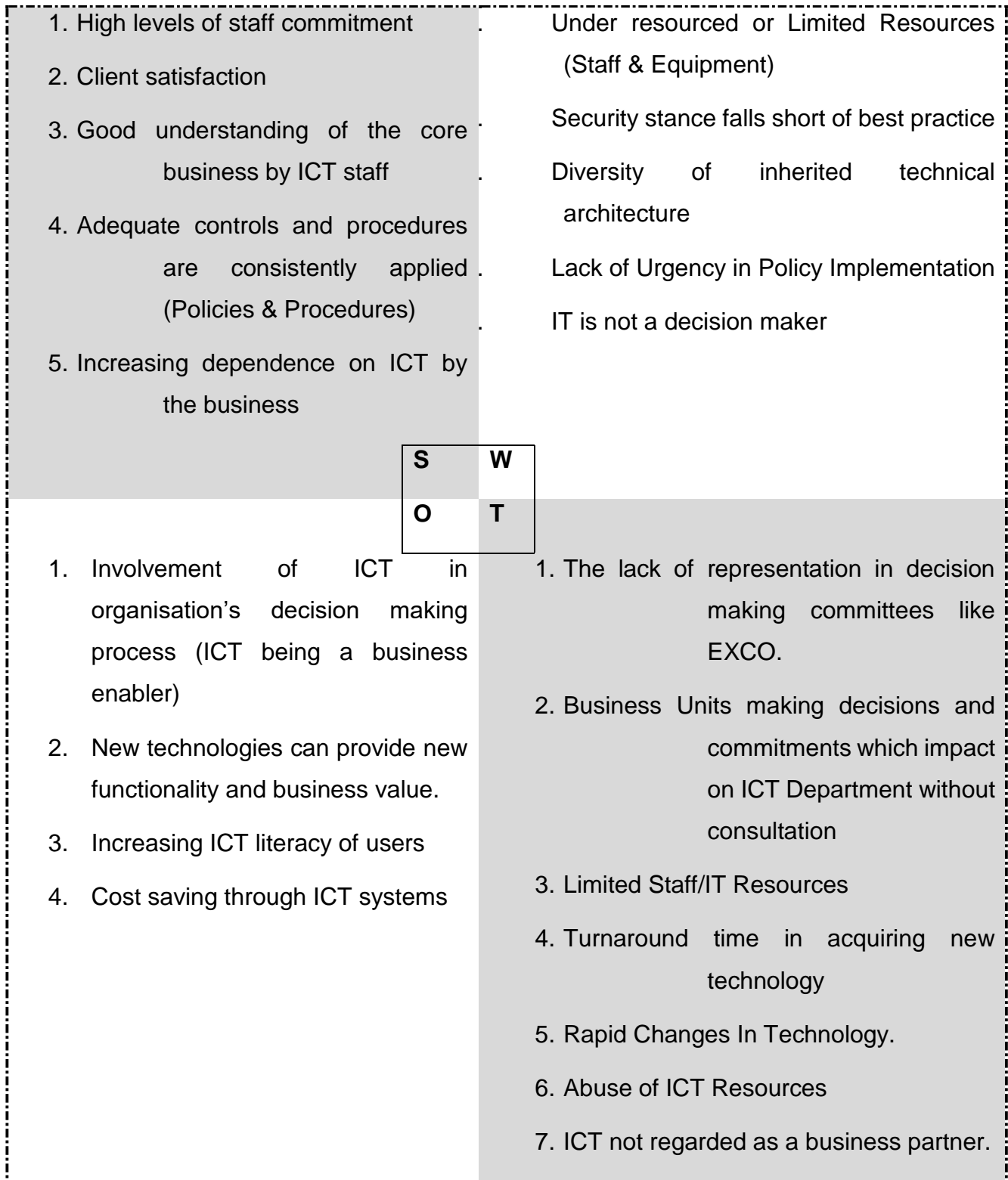
Availability of “off the shelf” software to impact ICT process, e.g. recording, tracking and reporting. It is important for IT departments to anticipate future demands for infrastructure capacities, IT skills and service delivery models. This can only be achieved if we aggressively participate in the global village, benchmark against the best in the world.

#### b. Changes in Sourcing IT and Service Delivery

The ICT industry is innovating in the way services are provided. There are various ways of sourcing ICT Services like SaaS (*Software as a service*), PaaS (*Platform as a service*) where services are provided in the cloud. Outsourcing, managed service agreements, utility based charging are becoming common options for sourcing IT services. The NRCS will constantly assess and adjust its ICT provision to optimize its sourcing arrangements to ensure mobility, interoperability and sustainability.

#### **b) SWOT Analysis**

We used the SWOT framework to analyze the ICT organization’s strengths, weaknesses, opportunities and threats as shown in Figure: 1 below:



<b>S</b>	<b>W</b>
<b>O</b>	<b>T</b>

**Figure 2: SWOT Analysis**

Based on the SWOT analysis above, it is recommended that IT implement an IT structure and source additional resources and close the gap to improve service delivery to its stakeholders. Also management to support the IT business unit strategically and financially, working together to achieve NRCS business objectives.

#### **iv. Business Objectives**

The NRCS aims to achieve its mandate through the following core business process as outlined below:

- Review and innovation - to develop an effective quality assurance process to ensure that a culture of ongoing learning, improvement and innovation is cultivated, to ensure that the required impact of the regulator is achieved.
- Conduct research - to determine those compulsory specifications and technical regulations that should be introduced to ensure that the health and safety of the South African public and the environment are protected, as well as to ensure fair trade. Market surveillance and regulatory supervision – To maximize compliance with all specifications and technical regulations.
- Set compulsory specifications and technical regulations – To develop, maintain and administer compulsory specification and technical regulations
- To inform and educate our stakeholders about the NRCS
- To ensure an optimally capacitated institution

#### **4.1 ICT Strategic Objectives**

The ICT business unit has focussed its strategic directions through the following objectives in order to achieve the business objectives above.

- 4.1.1 **Accessibility** - The provision of reliable, quick and secure access to NRCS information services.
- 4.1.2 **Mobility**- Ensuring access to NRCS information and systems by staff and customers while they are remotely performing their duties to improve productivity.
- 4.1.3 **Collaboration**- Ensuring interoperability between information systems and with other organizations and their information systems (inter departmental and external Information sharing).
- 4.1.4 **Security**- Ensuring authorized access to NRCS information systems and the dissemination **of such information. (The NRCS cannot afford that the IS/ICT components become compromised as this may seriously jeopardize the core objectives that the NRCS is required to perform).**
- 4.1.5 **Presentation** - Ensuring the presentation of management information to assist in decision-making processes – Support for optimally capacitated institution
- 4.1.6 **Analysis** - Enabling the analysis of regulatory information, organizational resource and administrative information for better future planning.
- 4.1.7 **Stability** - To ensure a stable IT environment with early warning systems.
- 4.1.8 **Responsiveness** – To ensure IT is responsive to the NRCS business needs.

## 5. Mission and Vision

### 5.1 Mission

ICT Department's primary function is to support the business in its day-to-day activities and considers its mission to be:



***“To provide appropriate Information and Communication technologies that will enables our clients to access the information and services necessary to perform their functions.”***

This will be our mission for the next 5 years however, ICT Department would like to develop its abilities, skill sets and resources to a point where it can focus more on increasing business productivity and adding strategic value.

## **5.2 Vision**

***“ICT Department will become an enabler of change within the Organization, by assisting Business units to enhance productivity through the innovative use of technology.”***

## **6. Strategy Goals**

To modernize NRCS business processes through the following:

- Roll out a new ERP system
- Roll out a new CRM system
- Improving IT capability maturity to improve productivity.
- Benchmark against best practices every year to maximize the use of ICT.

### **6.1 The benefits of implementing the IT Strategy for the NRCS.**

ICT Department believes this strategy will result in:

- Compliance with IT Governance as stated in the King IV report on IT Governance
- Compliance with DPSA on ITCG
- ICT Department staff having time to engage with the business, and research and introduce innovative solutions.
- Documentation of processes leading to less dependence/pressure on key individuals;
- Reduced technological complexity
- Improved involvement, understanding and ownership by Business Units of projects involving ICT;
- ICT department's annual Business/Project Plans being clearly linked to the overall strategic direction of the Organization;
- improved income collection capability by implementing better systems (completeness of revenue);
- Better communication and more effective public relations through customer relations management systems.

## **7. IT Strategic Choices**

The main business objective is to introduce improvements on key business processes and controls, thereby rendering them to be effective, efficient and flexible to meet new business demands. The NRCS IT has chosen the following strategic choices within the next Five (5) years to be able to function and to have a competitive edge as illustrated on the table below:

System Name (Strategic Choices)	Purpose of the System – Business value
ERP System Implementation covering Financial Systems, Payroll and Human Resource Information System	<p>Financial systems will enable the NRCS to be able to manage its finances and complying with statutory requirements and also keeping records. The system will incorporate auditable trails and early warning system to avert potential fraud. The payroll management system for the management of payment of salaries that is reliable with early warning system for potential fraudulent activities.</p> <p>The HRIS will enable the NRCS to manage human resource using online technologies which includes E-Appraisal, E-Claims, E-Leave, E-Booking, E-Training, E-Library and E-Payslip.</p>
CRM – Approvals and Inspection System	The Approvals and Inspection System will enable field workers to access and record valuable information that will assist them in making critical decisions on site. This system will also enable field workers to capture information instantly and such information will be available for use in decision making within a short space of time as compared to weekly or monthly.

**Table: 1**

## 7.1 Business Capabilities

### 7.1.1 People and Culture

#### a. Capability Maturity Model

The central message behind these models is that the more formalized and mature an organization’s ICT management processes become, the closer ICT investments are aligned with the business and the more value is derived from those investments. The term “IT Governance” is increasingly used to describe the processes an organization implements to assure that its ICT investments generate business value and to mitigate the risks that are associated with ICT projects. Gartner has developed a 5 level capability maturity model for service and operations management as shown in the Figure below.



Figure 3: Gartner Capability Maturity Model

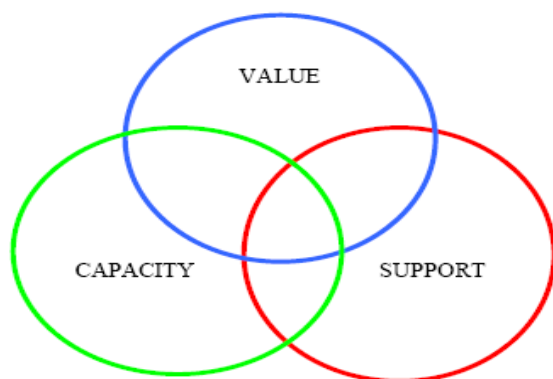
According to research from Gartner the vast majority of organizations processes operate at either level 1 or level 2, with as little as 12% reaching level 3 and 1% operating at level 4.

Within the NRCS, the ICT Department believes that while most of our processes operate at level 1, some are still at level 0. The NRCS needs to operate at between level 2 or 3 in order to be able align ICT with Business objective and reap the reward of ICT investment. ICT is striving to improve from level 1 to level 2 within the next 5 years, this will be achieved through putting in place controls and best practices to be able to predict and prevent risks associated with ICT use and to ensure a reliable, secure and accessible IT Infrastructure.

**b. The VCS (Value, Capacity and Support) business model**

In order for the ICT department to succeed, the following success factors as per the VCS business model should be carefully considered, which is adding value with necessary capacity to implement and there is sufficient support to ensure that the ICT department will not fail.

THE VCS BUSINESS CASE MODEL



**Figure 4: The VCS Business Model**

The balance between Value, Capacity and support should be struck in order for the IT department to function properly. Some of these positions can be filled temporary when they are needed through consulting. Consulting is widely used within the ICT environment in cases where a resource is required to fulfill a task that is not permanent but critical, i.e developing a database. The ICT Department will consider using these means to ensure that the NRCS get value for money from all its resources.

## **7.2 Ecosystem**

NRCS will continue its joint operations with SARS to be able to gain accurate timely data about the movement of goods in and out of boarders, ports of entries etc. this process will be automated and integrated with the relevant stakeholders to improve broader management process.

ICT aims to advance in technology and transform NRCS systems to keep up with the collaboration and ecosystems that face the NRCS and its stakeholders, such as Industrie 4.0, Internet of things. The IT Strategy will cultivate the culture of change and innovation with NRCS internal and external users, embarking the missteps as bridges to future success. This will be achieved through development of data governance, privacy and security frameworks to embrace virtual agents by implementing adaptive data governance processes.

## **7.3 Information and Technology**

### **7.3.1 Governance structure**

ICT management is expected to implement structures, processes and governance mechanisms for the effective and efficient management of ICT to facilitate the achievement of corporate objectives. In addition to ensuring that the risks and costs associated with IT are properly controlled, IT will measure and manage IT performance and report the results to the Executive and related Committees (ARC & IT Steering Committee).

The ICT Strategy must have the backing of the NRCS IT Steering Committee and will be under the overall direction of the CEO of NRCS, operationally it will be managed by the Chief Information Officer (CIO). The strategic goals defined within the ICT Strategy will be linked to a more detailed IT annual/project plan with detail budgetary provision made through the Annual Planning Process.

### **7.3.2 Management Responsibilities through IT Steering Committee**

The Accounting Authority should specify the decision rights and accountability framework to encourage the desirable culture in the use of IT. A risk committee and audit committee should assist the NRCS Management in carrying out its IT responsibilities. The IT steering committee will assist and advise the Chief Information Officer (CIO) with ICT governance and in fulfilling the mandate to the Organization. *Reference from King IV on IT Governance*

### **7.3.3 ICT responsibility**

**ICT Governance** - The ICT Department will implement IT controls framework which comprises of Accounting controls (“General” controls, Application” controls and “User” controls) and Administrative controls. Review current policies and procedures and also implement new ones to ensure they meet current requirements as per audit guidelines. All ICT policies will be made available to NRCS employees.

**Legal requirements** - The NRCS will comply with all legislation relating to Information and Communication Technology.

**User Support** - To implement a reliable infrastructure capable of addressing the NRCS business need. Continuous improvement of IT resources to ensure user satisfaction.

**Staff Competencies** - ICT Staff Skills – In order to meet developments in ICT and changing needs, technical skills of IT staff will continue to be developed through a variety of learning means. The ICT Department will provide a Skills Development Plan (SDP) for its staff in accordance to the needs.

**Staff complement** – to consider and implement an IT structure to fill the gap, balance the needs of NRCS business and to improve ICT productivity and service delivery.



## 8. ICT Strategic plan and Principles

The NRCS ICT strategy will be achieved by providing the required resources, allocation of a budget fit for the needs of the organization and prioritizing the IT Agenda in the NRCS.

8.1 The following strategic principles have been set to provide guidance while making ICT initiatives and decisions towards achieving the IT Strategy.

Strategic Principles	Strategic Action Plan
Mobility	The Approvals and Inspection System (CRM) - will enable field workers to access and record valuable information that will assist them in making critical decisions on site. This system will also enable field worker to capture information instant and such information will be available for use in decision making within a short space of time as compared to weekly or monthly.
Interoperability	This will be achieved through adoption of open standards based hardware, software and protocols, in order to ensure on going interoperability, it will be required that IT equipment must not be retain for more than 5 years. ICT will maintain the infrastructure for the NRCS core IT services on a rolling programme basis and formally address equipment replacement and systems upgrade.
Sustainability	To Sustain the IT environment with necessary improvements by ensuring the continuation of ICT delivery and performance levels, this will be accomplished by maintaining and enhancing current systems, expanding and renewing tools and equipment, Applications and ensuring that there is sufficient User Support for these systems

	This ICT Goal and Strategy aims at ensuring the continuous availability, effectiveness and efficiency of current ICT that are utilized by the NRCS in pursuit of all its priorities.
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**Table:2 Strategic Principles**

8.2 Based on the IT Vision, mission and Goals the following key objectives have been identified and will be achieved using the COBIT5 framework

<b>Strategic Objectives</b>	<b>Strategic Action plan</b>
Accessibility	To provide reliable, quick, secure and user friendly access to NRCS information services
Mobility	Ensuring access to NRCS information and systems to both our internal and external users.
Collaboration	Ensure information sharing amongst NRCS stakeholders (inter departmental and external Information sharing).
Security	Ensure critical and confidential information, and IT assets is only available to those who need it.
Analysis	Enabling the analysis of regulatory information
Integration	To ensure that ICT systems are integrated and can share the information and data
Stability	To ensure a stable IT environment with early warning systems.

Presentation	Ensuring the presentation of management information to assist in decision- making processes
Responsiveness	To ensure IT is responsive to the NRCS needs

**Table:3 Strategic Objectives**

## 9. Metric’s

### 9.1 Implementation Plan (Roll out Plan)

The Implementation plan is a management tool with will assist in realizing the strategy. The implementation plan or rollout plan of the strategy will be outline in detail on the IT plans and matrix which will be monitored on a monthly basis through internal IT reporting. The Implementation Plan provides a prioritized list of activities that the IT Department will be doing for the financial year in question.

### 9.2 Service Delivery Model

More cost effective ways of acquiring ICT are through techniques as insourcing, outsourcing, transaction-based pricing and open source software. ICT will contribute to the NRCS finances and risk management through adoption of appropriate cost effective models through outsourcing its services to service providers to deliver value for money through cost-efficiency and lower total cost of ownership. Optimize the IT applications, infrastructure, resources and capabilities to support the NRCS.

## 10.Risks

The inevitable increasing use of the internet and the accommodation of access to user owned devices (laptops, tablets, PDAs, etc) from remote and unknown locations create security risks that can severely disrupt ability of the NRCS to function normally. Information breaches, denial of service, hacking, sabotage and theft is a major concern, also most prevalent are virus attacks which are becoming more pervasive and sophisticated requiring rapid responses to contain and remove, Thus the maintenance of a stable infrastructure is now as important as new developments.

The NRCS IT will ensure that proper risk assessment and risk mitigation is in place to identify, prevent or reduce any major disruptions. The key focus will be directed to the ability of the ICT department to regain services in case of disasters caused by these risks. This will be achieved through the development and adoption of Information Technology Policies and Procedures to help manage the risks to information and information systems in all forms. Additionally, all areas of the NRCS will be required to carry out a risk assessment at least annually and to take action appropriate to the risks identified. ICT will act as a centre of expertise and support all areas of the NRCS as needed for IT security, IT disaster recovery and information back up in compliance with Minimum Information Security Standards (MISS).

## **11. Conclusion**

It is the NRCS's ability to respond to the changing needs of the core business that makes the design proposal in this strategy so compelling. Implementing fundamental changes of this magnitude will require careful planning and expert project management. Many of the software and hardware products that are proposed in this strategy will be new to the ICT staff, the intention is to build implementation teams made up of internal staff and external experts so that the relevant knowledge and skills are acquired during the implementation cycle. The staffing profile in the ICT Department will change in line with the proposal in the strategy. Acquiring a new infrastructure will be costly in the short term but however the investment in technology must be part of the overall strategy to improve service delivery and achieving the NRCS's goals.

## 19.ANNEXURE B: SUMMARY OF HUMAN RESOURCES STRATEGY

In ensuring that the organization delivers on its mandate, the Human Resources Unit's role remains that of delivering the required human resource capacity to the organization.

### a. Functions of Human Resources Services

Focus Area	Functions
<b>Talent Acquisition and Retention (Recruitment and Retention of competent employees)</b>	<ul style="list-style-type: none"> <li>Attracting and hiring competent employees to fulfil the mandate of the organisation for all NRCS business units and regions</li> <li>Provide support to hiring managers during the recruitment and selection process</li> <li>Conduct exit interviews in order to assess the overall employee experience within the organization and identify opportunities to improve retention and engagement.</li> </ul>
<b>Human Resource Management and Administrative Services</b>	<ul style="list-style-type: none"> <li>Administration and management of employee information</li> <li>Provide management information (reporting)</li> <li>Policy development, review and implementation</li> </ul>
<b>Remuneration &amp; Benefits administration</b>	<ul style="list-style-type: none"> <li>Develop remuneration and reward strategy in line with best practices</li> <li>Develop and implement reward and recognition programmes aimed at attraction and retention of employees</li> <li>Manage effective implementation of NRCS remuneration system</li> <li>Administration of employees' benefits through effective and accurate payroll input system</li> </ul>
<b>Organisational Development and Transformation</b>	<ul style="list-style-type: none"> <li>Efficiency management through business optimisation and continuous improvement.</li> <li>Effective implementation and maintenance of the Performance Management system</li> <li>Develop and implement a Change Management intervention to ensure effective implementation of NRCS strategic objectives</li> <li>Organisational transformation through effective stakeholder management and communication as well as through implementation of the employment equity requirements thus promoting diversity in the workplace</li> <li>Job profiling and job grading to ensure standard remuneration practices for all jobs of equal value for equal pay</li> </ul>
<b>Learning and Development</b>	<ul style="list-style-type: none"> <li>Endeavour to transform NRCS into a learning organisation</li> <li>Development and implementation of training initiatives through the Work Place Skills plan and Competency Development Programmes to ensure capacity building to deliver on NRCS mandate</li> </ul>

Focus Area	Functions
	<ul style="list-style-type: none"> <li>• Manage and maintain training standards in line with statutory requirements</li> <li>• Facilitate outcome-based accredited learning programmes through accredited service providers</li> <li>• Develop and implement knowledge management governance structure and management tools</li> <li>• Induction and Orientation programmes to effectively on-board new employees</li> <li>• Administration of the bursary system to ensure adequate skills supply</li> </ul>
<b>Employee Relations</b>	<ul style="list-style-type: none"> <li>• Render advisory services in terms of employer-employees' relations as governed by the various labour laws</li> <li>• Create a suitable labour environment for the NRCS to effectively carry out its mandate</li> <li>• Build sound labour relations within NRCS and with external stakeholders</li> <li>• Facilitate the grievances and Disciplinary processes to ensure correction of ineffective behaviours</li> <li>• Provide dispute resolution services</li> <li>• Undertake stakeholder management and effective communication</li> </ul>
<b>Occupational Health and Safety; Employee Wellness</b>	<ul style="list-style-type: none"> <li>• Provide programs and frameworks in the workplace in order to help identify potential risks and hazard.</li> <li>• Put systems in place to reduce hazards and risks in the workplace</li> <li>• Put systems and programmes in place to provide for employee wellbeing within the NRCS while improving employee engagement and building individual resilience</li> <li>• Promoting and supporting employee wellbeing.</li> </ul>

## **b. Situational analysis**

Human Resources Division offering to the NRCS is largely administrative. The challenge is to move towards a highly geared team with the optimal leverage of operational and strategic levels. From a delivery perspective, business processes and technology play an integral role in the execution of an effective Human Resources strategy. The recent Human Capital digital solutions should provide efficiency on business initiatives as well as decision making.

### *i. External Analysis*

The NRCS management recognises the economic, social and political environment (within South Africa) that exists and within which the NRCS operates. Factors with significant implications for the NRCS Human Resources management relate to the changing composition of the South African workforce, in terms of age, gender and racial distribution. The NRCS

seeks to ensure that its workforce is a reflection of the South African population demographics, in line with governmental policies.

NRCS will continue to analyse and remove the systemic organisational barriers to designated groups' advancement and encourage diversity in all levels of the organisation. Programmes such as a new Employment Equity Plan and Employment Equity efforts are vital in ensuring a diverse workforce.

A comprehensive approach to personal and professional development through the Integrated Talent Management Programme is necessary for the NRCS to create an environment conducive for both organisational development as well as individual career development that will contribute to ongoing job satisfaction and improve retention of employees.

## *ii. Internal environment*

Within NRCS, the Human Resources Unit is a centralised function that operates within a complex and dynamic framework where a range of external challenges intersect with the unique technical environment. Its role is to provide advice and support to business on Human Resources issues. Within this framework, effective Human Resources management processes that facilitate continual employees learning and development (creating a learning organisation), improve leadership capacity in the technical areas and encourage skills transfer between experienced and young technical employees are required. Such processes are central to the achievement of our intended outcomes and cultural change that enhances institutional equity and diversity, high morale, commitment, trust, willingness to embrace change and high productivity.

## **c. Culture; Organisation; People and Systems (COPS)**

Continued analysis of the internal environment includes culture; organization; people and systems. Also by looking at the current state of these dimensions that present the idealised state, our Human Resources programmes must be geared to addressing.

### *i. Culture and People*

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**The NRCS will create a culture based on the following:**

*Culture of collaboration and team work*

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*Accountable and responsible officials*

*Culture of high performance*

*Leadership in management*

*Every idea counts – valuing of diversity of people and their ideas*

*Innovation is encouraged and recognised*

*Open, honest and consistent communication*

*Empowerment of employees through delegations of authority*

## **ii. Organisation**

The Organisation is being built on the following building blocks:

- Integrated workforce planning aligned to strategic business plans for all business units and Work study processes used to determine organisational people resources
- Organisational Structure reviewed
- Migration of employees into the new structure to commence.
- Appropriate policies and standard operational procedures
- All jobs have job descriptions on the standard template and these are used as the basis for designing job adverts
- Bursary scheme support the core skills requirements of NRCS and overall business objectives

## **d. Human Resources Strategic Framework**

The NRCS Human Resources operational policies, processes and procedures continuously evolve as the various elements of the Human Resources plan are implemented. However, in order to successfully meet the new NRCS strategic Human Resources objectives, fundamental roles, responsibilities, processes and accountabilities require review and revision. The development of the new HR Strategy will align the organisational needs with Human Capital needs. The organisation is moving towards development of an intergrated Talent Management programme that seeks to seamlessly intergrate all Human Capital efforts.

### **Organisation and People**

- A business and customer-centric human resources strategy



- A new integrated human resources service delivery business model
- Sound labour relations
- A revised human resources organisational structure
- Revised roles for human resources

### **Human Resources Business Processes**

- Optimisation of human resources business processes to ensure organisational efficiency
- Integration of entire human resources value chain from human resources governance framework to service delivery

### **Technology**

- Knowledge based systems
- Human Capital Information management and reporting through the available technology
- Implementation of the newly introduced HR solutions in the following areas:
  - E-Recruitment
  - Payroll
  - Performance Management
  - Equity and Skills
  - HR Administration
  - Employee Self Service

## 20. ANNEXURE C: NRCS COMMUNICATIONS PLAN MATRIX

Target Market	Objective	Communications Platforms	Rationale/key messages
<b>Industry</b>	To inform and educate the industry about the rights and obligations in relation to the compulsory specifications	<ul style="list-style-type: none"> <li>• Industry meetings</li> <li>• Website</li> <li>• Industry publications</li> <li>• Media liaison activities, e.g. media statements, alerts and media briefings</li> </ul>	<ul style="list-style-type: none"> <li>• Compulsory specifications</li> <li>• Regulations</li> <li>• Amendments to the specs</li> <li>• NRCS Business info</li> <li>• General info</li> <li>• Communication with key strategic stakeholders</li> </ul>
<b>Staff</b>	Inform NRCS employees of the key programmes of the organisation	<ul style="list-style-type: none"> <li>• Intranet</li> <li>• Pop-up via NRCS IT facilities</li> <li>• Newsletter</li> <li>• Bulk-sms</li> <li>• Website</li> <li>• Email</li> <li>• Staff meeting</li> <li>• Notice board</li> <li>• Internal Communications Forum</li> <li>• Internal events</li> </ul>	
<b>Government Institution</b>	To educate NRCS strategic partners about the role of the organisation to improve working relations and co-operation	<ul style="list-style-type: none"> <li>• Information sharing sessions</li> <li>• Joint operational activities</li> <li>• Quarterly information sharing workshops</li> <li>• Website</li> <li>• Publication – Annual Reports, Strategic Plans</li> <li>• Meetings</li> </ul>	
<b>Consumers</b>	To inform and educate consumers about the role of the organisation	<ul style="list-style-type: none"> <li>• Mall Visit Campaigns</li> <li>• Information booklet</li> <li>• Community Meetings</li> </ul>	

		<ul style="list-style-type: none"> <li>• Exhibitions</li> <li>• Newspapers adverts</li> <li>• Billboards</li> <li>• Radio and television campaigns</li> <li>• Open day events</li> <li>• Metro bus branding</li> <li>• Social media campaigns</li> </ul>	
<b>Media</b>	To educate stakeholders about the role of the organisation	<ul style="list-style-type: none"> <li>• Media networking sessions</li> <li>• Media roadshows</li> <li>• One on one sessions with journalists</li> <li>• Press briefings</li> <li>• Distribution of media statements, alerts</li> <li>• Meeting with editors</li> <li>• Opinion letters</li> <li>• Contributing articles to magazines and newspapers</li> </ul>	<ul style="list-style-type: none"> <li>• Effective to communicate non-compliance</li> <li>• Popularise events and programmes of the NRCS</li> </ul>

## 21.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 fulfill 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 2020/21
<b>Section 50</b>	The accounting authority of a public entity must-  (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.	<b>Material amount: 0.85% of total revenue</b>  <b>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.</b>
<b>Section 55</b>	The annual report and financial statements must:  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.  Include particulars of any material losses through criminal conduct and any irregular expenditure that occurred during the financial year.	<b>Quantitative - Any losses through criminal conduct. Any losses through irregular / fruitless / wasteful expenditure</b>  <b>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.</b>
<b>Section 66 (1)</b>	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:  Is authorised by this Act; and	<b>All non-compliance events / transactions will be disclosed.</b>

	<b>Material</b>	<b>NRCS Level for 2020/21</b>
	In the case of public entities, is also authorised by other legislation not in conflict with this Act	
<b>Section 54(2)</b>	<p>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-</p> <p>Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement</p> <p>Acquisition or disposal of a significant shareholding in a company</p> <p>Acquisition or disposal of significant asset</p> <p>Commencement or cessation of significant business activity</p>	<p>Not applicable</p> <p>Not applicable</p> <p>Any asset that would materially increase or decrease the operational function of the entity, outside the approved strategic plan and budgeted</p> <p>Not applicable</p>

## 22. ANNEXURE E: SUMMARY OF FRAUD AND CORRUPTION

### a. Purpose of the Fraud and Corruption

The NRCS will not tolerate any level of fraud and corruption and is committed to zero tolerance to fraud and corruption. The NRCS aims to maintain high ethical standards and highest standard of prevention, detection and remediation of fraud and corruption. All NRCS employees (permanent and contracted employees) are expected to be responsible and accountable for ensuring compliance to this policy, effective fraud and corruption control and reporting of fraud and corruption where applicable.

### b. Objectives of this plan

The NRCS has adopted a clear, effective framework and approach to fraud prevention which encompasses controls that have the following objectives:

- **Prevention:** Ensuring that the risk of fraud, corruption and misconduct is prevented and or avoided in advance of occurrence
- **Detection:** Ensuring that the risk of fraud is discovered when it occurs and preventative measures are implemented to ensure that there is no repetition of the fraud
- **Response:** ensuring that corrective action is taken and the harm caused by fraud, corruption or misconduct is cured

To achieve its fraud prevention objectives, the NRCS will:

- Identify fraud risks and review and update the fraud prevention policy and strategy every 3 years.
- Provide fraud awareness training to all employees with particular emphasis on those employees who are considered to be in positions that require fraud awareness training
- Ensure all staff and stakeholders are aware of NRCS' initiatives of fighting fraud and combating corruption
- Encourage and promote professional and ethical business practice
- Aim to identify fraud through regular reviews of the NRCS business processes
- Clearly communicate how suspected instances of fraud may be reported
- Assign responsibility for instant response to the occurrence

- Investigate alleged or suspected instances of fraud and corruption using qualified personnel and professionals with experience in investigative techniques
- Take appropriate action to deal with instances of actual, suspected or alleged fraud and corruption including prosecution of persons and or organisations for fraud offences where and when appropriate
- Use all possible avenues to recover funds or property lost through fraudulent activity
- Ensure the interaction with the media in terms of reported and or alleged cases promptly
- Preserve evidence and report to the police.

### c. Principles of this policy

- Creating a culture which is intolerant to fraud and corruption;
- Deterrence of fraud and corruption;
- Preventing fraud and corruption which cannot be deterred;
- Detection of fraud and corruption
- Investigating detected fraud and corruption; and
- Taking appropriate action against fraudsters, for example, prosecution and/or disciplinary action.

### d. Definition of fraud and corruption

In South Africa, the Common Law offence of fraud is defined as “the unlawful and intentional making of a misrepresentation which causes actual and/or potential prejudice to another”. The term “fraud” is also used in a wider sense by the general public. In this regard, the term is used in this document in its widest possible meaning and is intended to include all aspects of economic crime and acts of dishonesty. In other words, fraud can be described as any conduct or behaviour of which a dishonest representation and/or appropriation forms an element. The general offence of corruption is contained in Section 3 of The Prevention and Combating of Corrupt Activities Act. This section provides that any person who gives or accepts or agrees or offers to accept / receive any gratification from another person in order to influence such other person in a manner that amounts to:

- The illegal or unauthorised performance of such other person’s powers, duties or functions;



- An abuse of authority, a breach of trust, or the violation of a legal duty or a set of rules;
- The achievement of an unjustified result; or
- Any other unauthorised or improper inducement to do or not to do anything.

Corruption in its wider meaning, and as referred to in this document, includes any conduct or behaviour where a person accepts, agrees or offers any gratification for him/her or for another person where the purpose is to act dishonestly or illegally. Such behaviour also includes the misuse of material or information, abuse of a position of authority or a breach of trust or violation of duty.

### **Forms of corruption**

Corruption takes various forms in society. The following are examples of different types of corruption.

**Bribery - Bribery** involves the promise, offering or giving of a benefit that improperly affects the actions or decisions of NRCS's employee.

**Theft** – This involves theft of resources by persons who control such resources. **Fraud**- Any conduct or behaviour of which a dishonest representation and/or appropriation forms an element

**Extortion** – Coercion of a person or entity to provide a benefit to an NRCS' employee, another person or an entity, in exchange for acting (or failing to act) in a particular manner

**Abuse of power** - The use by a NRCS's employee of his or her vested authority to improperly benefit another employee, person or entity (or using vested authority to improperly discriminate against another employee, person or entity).

**Conflict of interest** – The failure by an employee to act or to consciously fail to act on a matter where an employee has an interest or another person or entity that has some form of relationship with an employee has an interest.

**Abuse of privileged information** – This involves the use, by an employee, of privileged information and knowledge that an employee possesses as a result of his/ her office to provide unfair advantage to another person or entity to obtain a benefit.

**Favouritism** – The provision of services or resources according to personal affiliation (for example cultural or religious) of an employee.

**Nepotism** - An employee ensuring that family members, associates or friends are appointed to a particular position within NRCS or that family members or associates receive contracts from NRCS

These manifestations are by no means exhaustive as corruption appears in many forms and it is virtually impossible to list all of these.

### e. Roles and responsibilities

NRCS's management is responsible for internal control including fraud control and corruption prevention. All NRCS employees are responsible to keep NRCS free from fraud and corruption and to refrain from engaging in fraudulent or corrupt behaviour.

#### **This is achieved by:**

- maintaining the highest standard of personal and professional ethics in accordance with the NRCS Code of Conduct;
- maintaining awareness of the potential for fraud and corruption; and
- promptly reporting any instances of fraud and corruption to management and/or nominated officers who all have a duty to properly deal with such information.

#### **Roles and responsibilities are defined as:**

Responsibility: Chief Executive Officer as the Accounting Officer is legally obliged under PFMA to report, and will report, all instances of fraud to The Department of Trade, Industry and Competition (**the dtic**) and the Auditor General. Where evidence is assessed as giving a reasonable belief that a serious criminal offence has occurred, the CEO is compelled by Criminal Procedure Act to forward the necessary information for further investigation and/or prosecution to South African Police Services and/or The National Director of Prosecutions.

## 21. TECHNICAL INDICATOR DESCRIPTIONS

**Strategic Goal 1: To develop, maintain and administer compulsory specifications and technical regulations**

<b>1. Indicator title</b>	Number of VC's/Tech Regulations (new and amended) submitted to <b>the dtic</b> , submitted for 1 <sup>st</sup> and 2 <sup>nd</sup> gazetting
<b>2. Definition</b>	Number of New and Amended Compulsory Specifications/ Technical Regulations submitted to <b>the dtic</b> for first and 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 process is followed requiring same effort from the NRCS.
<b>3. Source/collection of data</b>	NRCS Senior Management meeting minutes for proof of approval and confirmation of receipt by <b>the dtic</b> .
<b>4. Method of calculation</b>	Simple count addition of the different compulsory specifications or technical regulations
<b>5. Means of verification</b>	<b>The dtic</b> submission documentation
<b>6. Assumptions</b>	None
<b>7. Disaggregation of Beneficiaries</b>	N/A. Meant for all South Africans
<b>8. Spatial Transformation</b>	N/A
<b>9. Calculation Type</b>	Cumulative
<b>10. Reporting cycle</b>	Quarterly cumulative reporting
<b>11. Desired performance</b>	Performance level prior to COVID-19 Pandemic
<b>12. Indicator responsibility</b>	RRD General Manager

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

Inspections conducted within Automotive, Chemicals Materials and Mechanicals (CMM), Electro-technical and legal Metrology business units.

<b>1. Indicator title</b>	Number of Inspections conducted within Automotive, Chemicals Materials and Mechanicals (CMM), Electro-technical and legal Metrology business units.
<b>2. Short definition</b>	The number of inspections carried out to determine, whether any or all of the requirements of a compulsory specification are met, by sampling regulated products on the market and examining them against the relevant compulsory specification. An inspection may be conducted physically or remotely, evidence of which shall be kept on file.
<b>3. Source/collection of data</b>	Manual Inspection Records or CRM Inspection Electronic records
<b>4. Method of calculation</b>	Counting and adding the number of inspections per inspector in a given cycle
<b>5. Means of verification</b>	Inspection records and electronic inspection registers
<b>6. Assumptions</b>	Determines compliance to requirements of compulsory specifications.
<b>7. Disaggregation of Beneficiaries</b>	N/A
<b>8. Spatial Transformation</b>	N/A
<b>9. Calculation Type</b>	Cumulative
<b>10. Lead</b>	Automotive, CMM, Electro-technical and Legal Metrology
<b>11. Reporting cycle</b>	Quarterly
<b>12. Desired performance</b>	20 995

<b>13. Indicator responsibility</b>	Divisional General Managers
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### Locally Produced Fisheries

<b>1. Indicator title</b>	<b>Percentage of Inspections conducted on locally produced, imported and exported canned fishery and meat product consignments in accordance with the compulsory specification and procedures</b>
<b>2. Short definition</b>	% Number of inspections conducted on consignments or productions of canned fish, canned meat in accordance with the compulsory specification, divisional procedures and applicable legislation. A production consists of packages/containers of various quantities of a specific product with a specific production code.
<b>3. Source/collection of data</b>	The source of this data is inspection reports or CRM electronically captured inspection report
<b>4. Method of calculation</b>	Percentage of Number of productions or consignments inspected as a percentage of number of productions or consignments declared by the importer or producer
<b>5. Means of Verification</b>	Inspection records and electronic inspection records
<b>6. Assumptions</b>	Increase compliance to compulsory specifications and technical regulations. Minimize the risk to the consumer and proactively detect the non-complying products.
<b>7. Disaggregation of Beneficiaries</b>	N/A.
<b>8. Spatial Transformation</b>	N/A
<b>9. Calculation Type</b>	Cumulative
<b>10. Reporting cycle</b>	Quarterly and annual basis reports are generated
<b>11. Desired performance</b>	To inspect all productions of canned fish and meat produced in South Africa.
<b>12. Indicator responsibility</b>	The General Manager of the Division.

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

<b>1. Indicator title</b>	Number of inspections conducted on locally produced fishery products (live, chilled and frozen), meat products (processed and canned meat), fishery and meat processing factories and vessels as well as fishery and meat retail inspections, in accordance with the compulsory specification and procedures
<b>2. Short definition</b>	Number of inspections conducted on locally produced fishery and meat products, fishery and canned meat processing factories and vessels in accordance with the compulsory specification and procedures.
<b>3. Source/collection of data</b>	The information is based on the actual number of registered facilities at a given time and the source document is the Manual Inspection form or the Electronic CRM inspection report
<b>4. Method of calculation</b>	Number of inspections conducted. Quantitative
<b>5. Means of Verification</b>	Inspection records and electronic inspection records
<b>6. Assumptions</b>	Increase compliance to compulsory specifications and technical regulations. Minimize the risk to the consumer and proactively detect the non-complying facilities.
<b>7. Disaggregation of Beneficiaries</b>	N/A
<b>8. Spatial Transformation</b>	N/A
<b>9. Calculation Type</b>	Cumulative reporting
<b>10. Reporting cycle</b>	Quarterly and annual basis reports are generated
<b>11. Desired performance</b>	All inspections conducted as per forecasted number of facility inspections.
<b>12. Indicator responsibility</b>	The General Manager of the Division.

## Percentage of Approvals Issued within 120 calendar days

<b>1. Indicator title</b>	Approval applications processed within 120 calendar days
<b>2. Short definition</b>	Number of calendar days to process approvals from the date the full application is received by the NRCS to the date approved or rejected. That is from the date the full application plus the non-refundable fee has been received to the date the approval is granted.
<b>3. Source/collection of data</b>	<ul style="list-style-type: none"> <li>• CRM system</li> <li>• LOA databases</li> <li>• Approvals Databases</li> </ul>
<b>4. Method of calculation</b>	Manual Quantitative Counting
<b>5. Means of Verification</b>	LOA Application files and electronic registers
<b>6. Assumptions</b>	None
<b>7. Disaggregation of Beneficiaries</b>	N/A
<b>8. Spatial Transformation</b>	N/A
<b>9. Calculation Type</b>	Cumulative
<b>10. Reporting cycle</b>	Quarterly
<b>11. Desired performance</b>	Decrease in non-compliance rate
<b>12. Indicator responsibility</b>	The General Managers

## Percentage of approvals for Gaming Equipment processed

<b>1. Indicator title</b>	Percentage of gaming approval applications processed within the set timeframes
<b>2. Short definition</b>	Number of calendar days to process gaming equipment approvals from the date the full application is received by the NRCS to the date approved or rejected. That is from the date the full application plus the non-refundable fee has been received to the date the approval is granted.
<b>3. Source/collection of data</b>	<ul style="list-style-type: none"> <li>• CRM system</li> <li>• LOC Approvals Database</li> </ul>
<b>4. Method of calculation</b>	Manual Quantitative Counting
<b>5. Means of verification</b>	LOC Application files and electronic registers
<b>6. Assumptions</b>	None
<b>7. Disaggregation of Beneficiaries</b>	N/A
<b>8. Spatial Transformation</b>	N/A
<b>9. Calculation Type</b>	Cumulative
<b>10. Reporting cycle</b>	Quarterly
<b>11. Desired performance</b>	Decrease in non-compliance rate
<b>12. Indicator responsibility</b>	General Manager Metrology



### Strategic Goal 3: To inform and educate our stakeholders about the NRCS

<b>1. Indicator title</b>	Number of stakeholder consumer education events or campaigns
<b>2. Short definition</b>	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.
<b>3. Source/collection of data</b>	Attendance registers and proof of attendance by stakeholders
<b>4. Method of calculation</b>	Manual count number of stakeholder consumer awareness campaigns. Quantitative
<b>5. Means of verification</b>	Proof of event or registers
<b>6. Assumptions</b>	The Indicator is used to measure the rate at which NRCS is disseminating information to the general public
<b>7. Disaggregation of Beneficiaries</b>	N/A
<b>8. Spatial Transformation</b>	N/A
<b>9. Calculation type</b>	Cumulative
<b>10. Reporting cycle</b>	Quarterly Cumulative
<b>11. Desired performance</b>	Increase in the Awareness of NRCS activities to level prior to COVID-19 Pandemic
<b>12. Indicator responsibility</b>	Head Communications and Marketing.

**Strategic Goal 3: To inform and educate our stakeholders about the NRCS**

1. Indicator title	Approved Stakeholder Engagement Strategy and % Implementation of the Stakeholder Engagement Strategy
2. Short definition	The number of stakeholder engagements held by the NRCS in relation to the development and implementation of compulsory specification or regulations administered by the NRCS
3. Source/collection of data	Meeting minutes and or attendance registers of the engagements
4. Method of calculation	Simple count and percentage against the target
5. Means of Verification	Proof of event or engagement or attendance registers
6. Assumptions	The Indicator is used to measure stakeholder participation by stakeholders and broadening participation by stakeholders. Assumptions is that each engagement is by representative sample of the industry, stakeholders or regulated industry company representatives
7. Disaggregation of Beneficiaries	N/A
8. Spatial Transformation	Included are small and medium enterprises
9. Calculation Type	Cumulative
10. Reporting cycle	Quarterly cumulative
11. Desired performance	100% implementation of stakeholder engagement strategy
12. Indicator responsibility	Head of Business Units

**Strategic Goal 4; To ensure an optimally capacitated institution**

<b>1. Indicator title</b>	Percentage (%) of vacancies. Vacancy rate of approved and funded posts
<b>2. Short definition</b>	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
<b>3. Source/collection of data</b>	Approved organizational structure, NRCS signoff budget and the employee database
<b>4. Method of calculation</b>	Percentage
<b>5. Means of Verification</b>	Employee statistics and Approved Organogram analysis
<b>6. Assumptions</b>	The Indicator is used to measure efficiency in NRCS recruitment and ensure NRCS is a capacitated organization
<b>7. Disaggregation of Beneficiaries</b>	N/A
<b>8. Spatial Transformation</b>	N/A
<b>9. Calculation Type</b>	Cumulative
<b>10. Reporting cycle</b>	Quarterly cumulative
<b>11. Desired performance</b>	4% vacancy rate or less
<b>12. Indicator responsibility</b>	Head Human Resources

### Strategic Goal 4; To ensure an optimally capacitated institution

<b>1. Indicator title</b>	% implementation of the Enterprise Resource System
<b>2. Short definition</b>	NRCS to ensure that the NRCS has the requisite ICT infrastructure which supports business operations.
<b>3. Source/collection of data</b>	ERP system and Availability of the approved documents
<b>4. Method of calculation</b>	Verify the availability and/or existence of the new ERP System implemented and at testing phase
<b>5. Means of Verification</b>	ERP System availability
<b>6. Assumptions</b>	The Indicator is used to measure whether the NRCS has adequate IT infrastructure and resources that will ensure that it becomes efficient and move away from paper-based processes to automation
<b>7. Disaggregation of Beneficiaries</b>	N/A
<b>8. Spatial Transformation</b>	N/A
<b>9. Calculation Type</b>	Cumulative
<b>10. Reporting cycle</b>	Quarterly cumulative average
<b>11. Desired performance</b>	New ERP deployed
<b>12. Indicator responsibility</b>	Head: ICT