



Companies and Intellectual
Property Commission

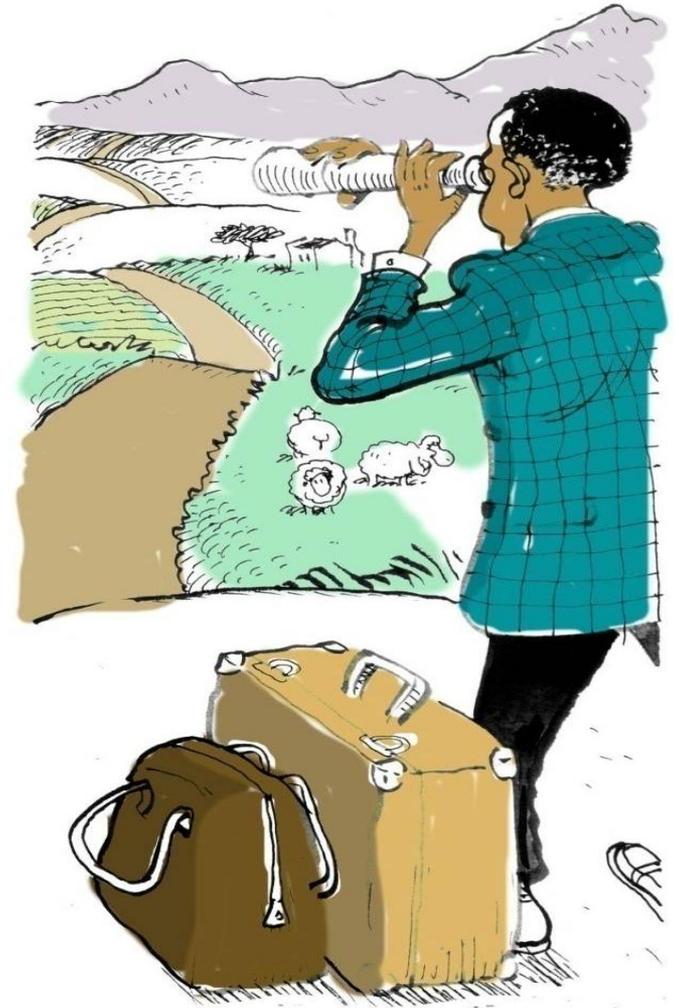
a member of **the dti** group

Quarter 2 Performance Report 2012/13

Presentation to the Portfolio Committee
29 November 2012

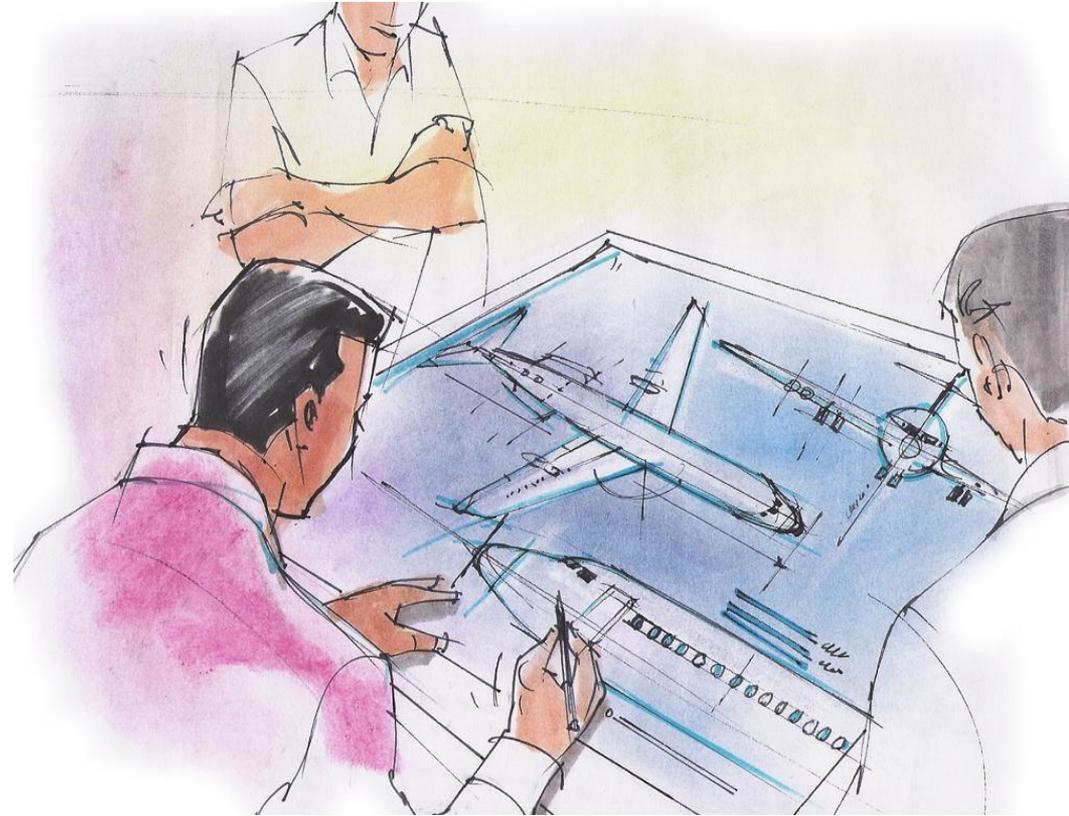
Outline

1. Introduction
2. Organisational Transformation
3. Strategic Issues
4. Operational environment
5. Operational Overview
6. Financial Overview
7. Conclusion



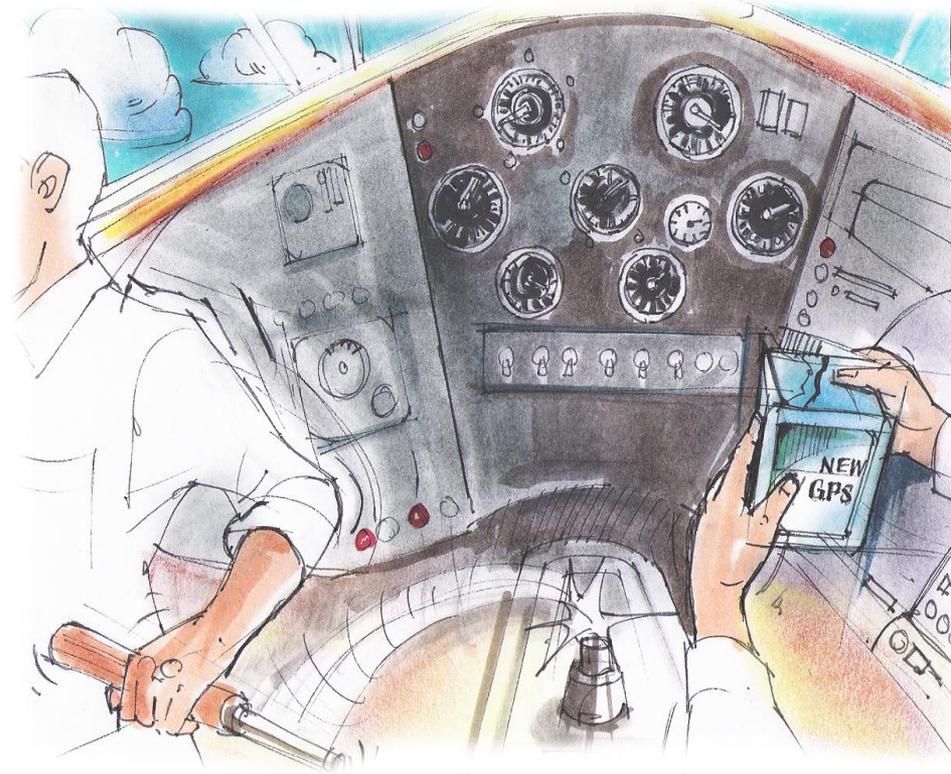
Introduction

- In the first quarter, a significant amount of time was spent planning, while the emphasis in the second quarter was to commence implementation.
- A number of large-scale interventions took place simultaneously; this is synonymous with the analogy of building an aeroplane mid-flight .



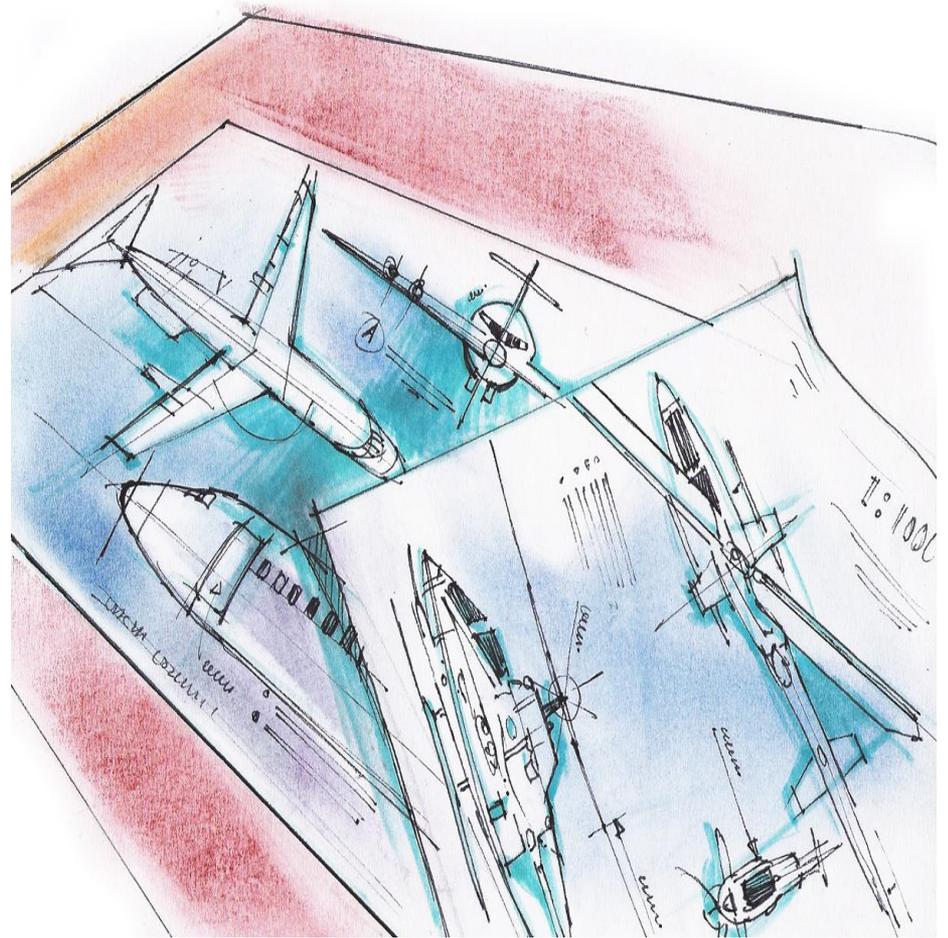
Organisational transformation

- Great strides have been made with the organisational transformation process, specifically the organisational design process.
- The process of developing job profiles for the proposed new structure is at an advanced stage, while the process of job grading has started.
- Culture-building activities include monthly organisation-wide staff meetings



Strategic issues

- CIPC was nominated at the **Regional Doing Business Conference** in Botswana at the end of the previous financial year to host the next such seminar in 2013. Key stakeholders are **the dti** and the World Bank.
- CIPC co-sponsored an Entrepreneurship Survey that was conducted by **Monitor Group**. Results were released at the beginning of the third quarter. Recommendations on how to better support entrepreneurs are contained in the research report.



Strategic issues

- **Media coverage** has mostly been **neutral** for the year
- A pilot project with **FNB** to streamline processes around entity life cycle
- Other banks have been approached to collaborate on an individual basis with CIPC.
- Other partnership efforts are around simplification of company registrations and perhaps even tax compliance in the longer term.



Strategic issues

- A round table on **substantive examination of patents** was hosted with key national and international stakeholders.
- An **e-filing** project in the Intellectual Property area is well underway: this project relates to the electronic lodging of applications for different IP products.
- **Data cleansing**: involves a project to update the data on the corporate registers to ensure completeness and accuracy of data



Operational environment

- The operational environment has mainly been stable over the reporting period with service delivery standards largely been met in most areas.
- A process is underway to improve the auditing of service delivery standards and developing internal service delivery standards.



Service Delivery Standards

Service	Standard	Audited findings
New company registrations	90% of transactions processed within 25 working days	73% = between 12 and 19 days 18% = 1 day 9% >20 days
Special resolutions	90% of transactions processed within 15 working days	7% = met service standards 88% = 16-20 days 3% = exceeding service standards 2% = insufficient information to audit
Coops registrations	90% of transactions processed within 15 working days	54% =15 working days 14% < 15 working days Remaining 32% had insufficient information to audit Follow-up audit to be scheduled
Trade marks official application number allocated	90% of transactions processed within 5 working days	Awaiting audit report
Patents allocation of official application number	90% of transactions processed within 5 working days	83% = 1 day 10% = 2 days 3% = 4 days 3% = 6 days
Design allocation of official application number	90% of transactions processed within 5 working days	100% = 1 day
Copyright in films allocation of official application number	90% of transactions processed within 2 working days	17% = 2 days 75% = between 3 and 10 days 8% >10 days

Operational Overview: Company and co-operatives registrations

- There is a distinct increase in registrations in the second quarter compared to the first.
- The demand for the online functionality, though hybrid, remains high. At the end of the reporting period, 66% of all company registrations were as a result of online applications.
- The turnaround time for an online company registration currently is between 3 to 5 days. The auditing of service standards indicated that the average amount of taken for company registrations in general is between 12 and 19 days.
- New co-operative registrations, for example, indicated a slight backlog.
- 68% of co-operatives are registered within the timeframe stipulated in the service delivery standards documents, namely 15 days.

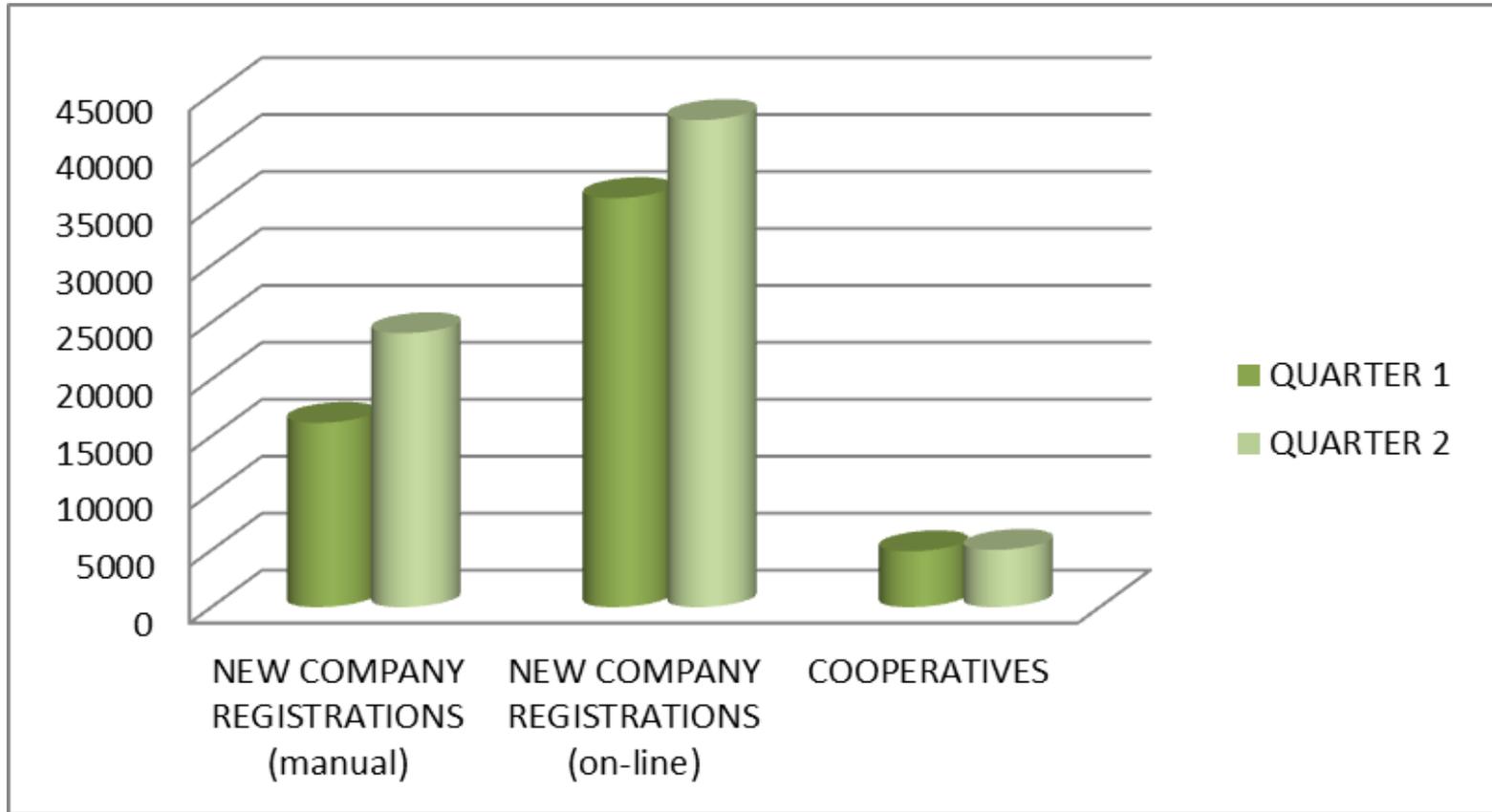


Operational Overview: Company and co-operatives registrations

	APRIL	MAY	JUNE	JULY	AUG	SEPT	YTD TOTAL	OUTSTANDING (CLOSING BALANCE)
NEW COMPANY REGISTRATIONS (manual)	5,067	5,186	5,923	10,815	6,658	6,577	40,226	402
NEW COMPANY REGISTRATIONS (on-line)	9,329	12,750	13,823	14,801	14,483	13,473	78,659	0
CO-OPERATIVES	1,248	1,344	2,315	1,560	1,264	2,204	9,935	1622



Operational Overview: Company and co-operative registrations



Operational Overview: Intellectual Property Registers

- There is a slight decline in the number of trade mark and patent applications in the second quarter when compared to the first.
- However, there is an increase in the number of design applications received and billed in the second quarter.
- The same applies to applications for copyright in films.
- There is also a slight decline in the number of renewals requested across the different IP streams, except in designs where the figures remained constant over the past two quarters.

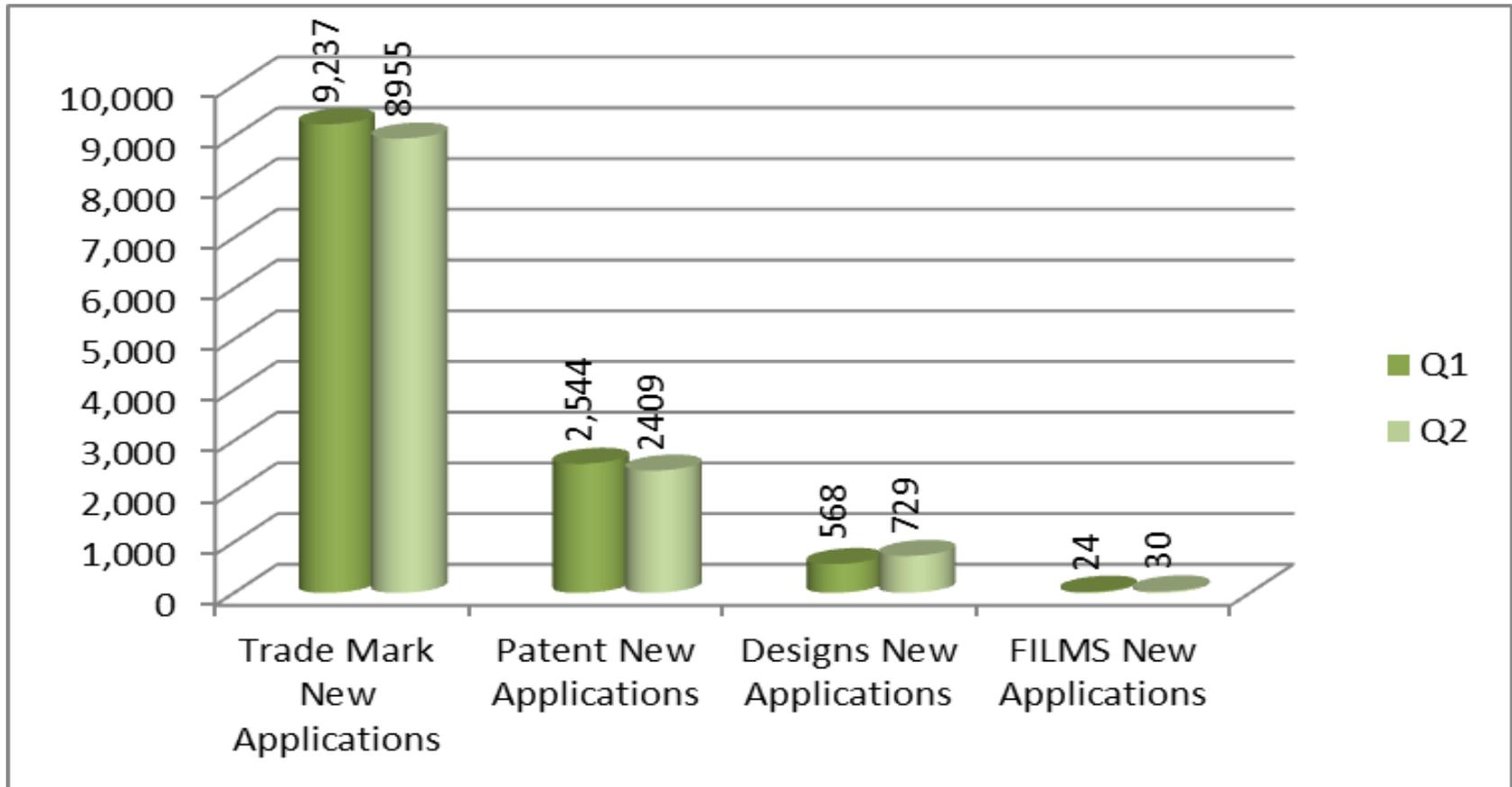


Operational Overview: Intellectual Property Registers

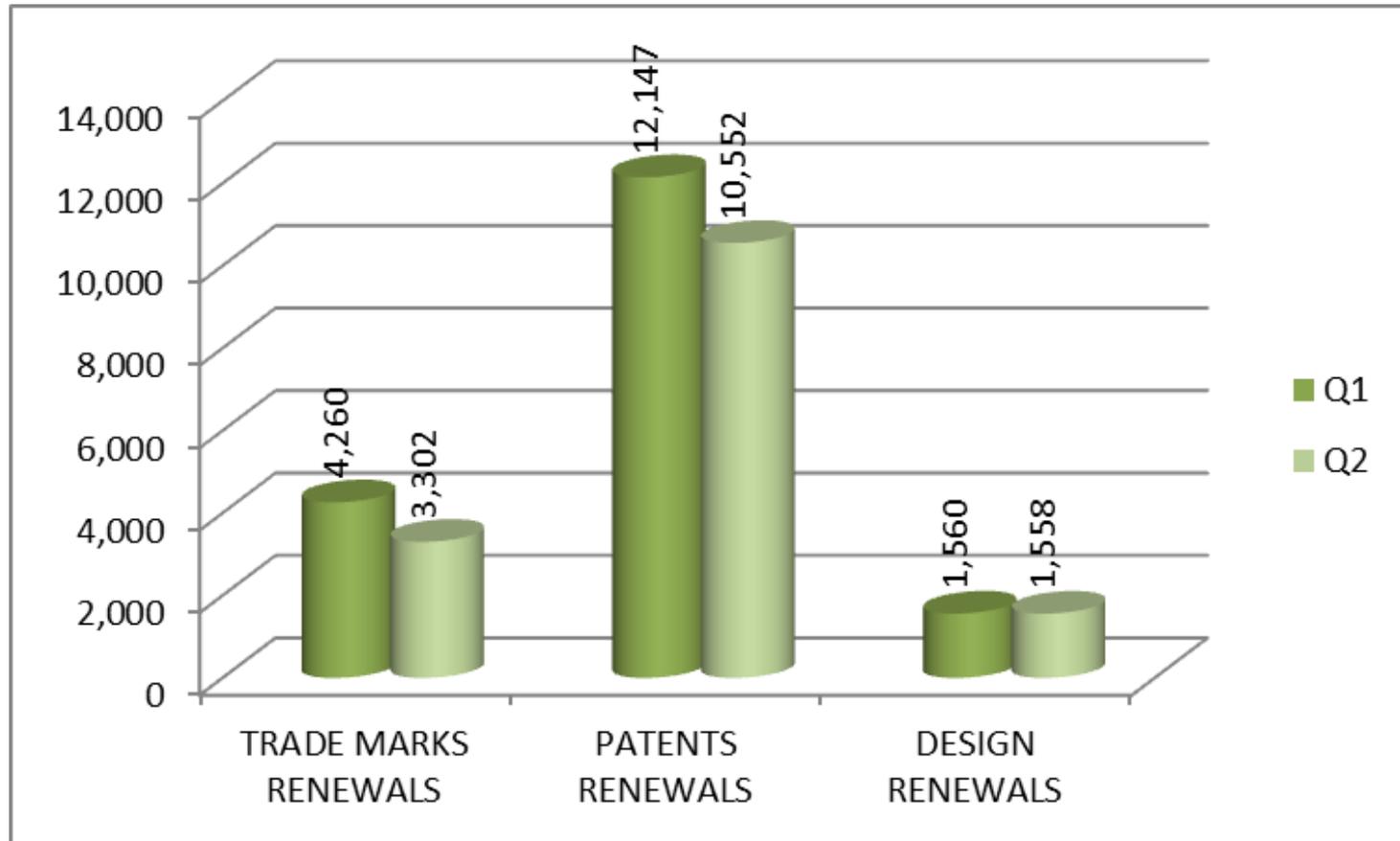
	APRIL	MAY	JUNE	JULY	AUG	SEPT	TOTAL
TRADE MARKS							
NEW APPLICATIONS	2,979	3,212	3,046	3,152	3,153	2,650	18,192
REGISTRATION CERTIFICATES	2,613	2,331	2,676	3,234	3,089	2,477	16,420
RENEWALS	1,147	1,532	1,581	1,180	1,271	851	7,562
PATENTS							
NEW APPLICATIONS	780	871	893	866	782	761	4,953
PCT INT. PHASE	8	15	4	5	5	4	41
REGISTRATION CERTIFICATES	485	473	606	386	496	539	2,985
RENEWALS	4,014	4,167	3,966	3,602	3,288	3,662	22,699
DESIGNS							
APPLICATIONS	180	223	165	286	236	207	1,293
REGISTRATION CERT.	72	110	76	105	136	149	648
RENEWALS	415	665	480	536	454	568	3,118
FILMS							
NEW APPLICATIONS	12	4	8	13	16	1	54



Operational Overview: Intellectual Property Registers



Operational Overview: Intellectual Property Registers



Collecting Societies

- CIPC renewed SAMPRA's accreditation for a further period of five years after SAMPRA filed an amended application for renewal of accreditation.

Indigenous Knowledge Systems

- The IP Laws Amendment Bill has been referred back to Parliamentary Portfolio Committee by Presidency for further consultation with the House of Traditional Leaders.
- CIPC has started preparations for implementation of the Indigenous Knowledge Systems (IKS).



Investigations

- The complaints received related to
 - unfit directors,
 - financial irregularities,
 - unauthorized / fraudulent changes to directorships,
 - trading while insolvent / no reasonable expectation to meet liabilities, embezzlement.
 - unauthorized changes to directorships,
 - failure to prepare / submit financial statements to shareholders,
 - trading while insolvent,
 - oppression of minority shareholder's rights,
 - company used business rescue proceedings to avoid payment of debts,
 - fronting,
 - refusal access to information,
 - contravention of specific sections of legislation
- Overall, 47 cases were closed during September 2012 with an average turnaround time of 69 days.



Investigations statistics

Status of each activity	March 2012	April 2012	May 2012	June 2012	July 2012	August 2012	Sept 2012
Cases brought forward	38	48	64	70	71	100	88
Complaints Received	23	34	29	26	55	25	18
Cases finalized and Referred	13	18	23	25	20	37	47
Pending cases	48	64	70	71	100	88	59
Turnaround time on finalized cases (no of days)	59 days	20 days	38 days	44 days	75 days	70 days	69 days
No of investigators	8	9	9	9	9	9	9
Average case load per investigator	8	9	10	10	16	13	11



Operational Overview: Business Rescue

Notices Filed	July 2012	August 2012	Sept 2012
Notices Brought forward	7	5	4
Notices of Beginning Business Rescue Filed (129) and Court Applications	18	63	54
Registration Certificates issued and BR appointed	13	57	44
Discarded not valid filings	2	2	4
CoR 125.2 Notice to end Rescue Proceeding	0	117	3
Pending Notices filed	5	4	6
Enquiries received including phone	320	460	400
Applications for practitioners licenses received	14	32	8



Operational Overview: Call centre

- As indicated to the committee before, high call volumes place the organisation under tremendous pressure and it simply does not cope with the number of telephone calls it receives on a monthly basis.
- In September the organisation received a record number of calls, more than double that of the previous two months in the quarter. Having said this, the system recording the call centre activities, might have incorrectly reflected the actual statistics.
- To address the concerns around accessibility via telephony, a benchmarking exercise with the Swedish registration office was undertaken.
- Different options are being explored for incremental implementation from the third quarter onwards.
- The intention is to ensure a high call answer rate as well as a high call resolution rate. Options around accepting applications via faxing facilities are also explored.
- Encouraging clients to fax their applications, particularly in the companies areas, should the reduce the number of walk-in clients and the associated risks.



Operational Overview: Call centre

Monthly Reporting	Jul-12	Aug-12	*Sep-12
Calls Offered	49750	54150	122 228
Calls Answered	13970	12509	12 510
Abandoned	35780	41641	109 718
Abandoned %	72%	77%	90%
Answered %	28%	23%	10%
E-mails Offered	6179	6414	5037
E-mails Answered	5924	4996	6140
E-mails Outstanding	255	1418	-1103

*system stats in process of being verified



Financial Overview

Overall Operating Results

As of September 30, 2012

Description	2012/2013					
	Total Budget	Pro-rata	Actual	Variance	Var %	2011/2012 Actual
	R'000	R'000	R'000	R'000		R'000
Income						
Revenue	336,986	168,493	163,815	(4,678)	(3%)	426,236
Other	0	0	274	274	0%	2,024
Interest	25,000	12,500	31,063	18,563	149%	58,433
Total Income	361,986	180,993	195,152	14,159	(8%)	486,693
Expenditure						
Operating Expenditure	304,218	152,109	123,644	28,466	(19%)	293,416
Special Projects - OPEX Allocation	53,750	26,875	3,370	23,505	(87%)	23,633
Total	357,968	178,984	127,014	51,971	(29%)	317,049
Closing Surplus/(Deficit) - Opex budget	4,018	(2,009)	68,138	(66,129)	(3,292%)	169,644
Retained Earning (To fund special projects) **	68,750	34,375	10,897	23,478	(68%)	0
Capital Expenditure						
Special Projects - Capital Allocation	15,000	7,500	7,527	(27)	0%	0
Operational: Capital Expenditure	15,032	7,516	1,077	6,439	(86%)	12,654

** Operational Budget deficit to be funded from Retained Earnings as approved by National Treasury.



Financial Overview

- For the period under review the following issues impacted on the revenue performance:
 - Introduction of the new fees structure for Annual Returns.
 - The waiving of penalties relating to late submission of Annual Returns.
 - Positive impact of the clearing of backlogs and introduction of the new Companies online system.
 - Increased awareness of the benefits of Co-operatives and protection of IP.
- There is a 17% decrease in revenue collection as compared to the same period in the previous financial year. The decrease is attributable to the waiving of penalties for late submission of Annual Returns, as well as the impact of the revised fees structure as per the new Companies Regulations.



In conclusion

- In the next quarter, it is envisaged that an HR strategy would have been developed. The HR strategy will inform a competency profile.
- The organisation aims to conclude the matching and placing of all staff by the end of the financial year.
- Collaboration with particularly banks seem to have yielded positive results in raising awareness about annual return compliance.
- Innovative ways being explored to create awareness and to reach our customers

