

# NRCS Levy consultation meeting, 2010

## Firearms & shooting ranges

Facilitator: Mr. C.M. Ndlovu  
Acting Executive: Non-Perishable Products

Presenter: Mr. S.F. Odendaal  
Specialist

A large, stylized wave graphic in shades of orange and yellow, with a small orange circle above it, located in the bottom right corner of the slide.

## POINTS OF DISCUSSION

- Performance: 2009 – 2010 financial year
- Operational plan: 2010 – 2011 financial year
- Operational plan: 2011 – 2012 financial year
- Previous fee increases
- Levy calculation model
- Revenue
- Recovery of costs
- Annual levy & fee increase

# PERFORMANCE

	Target 2009 - 2010	Actual 2009 - 2010
Surveillance inspections	960	723
Certificate of compliance	300	158
Turn-around time	21 days	21 days

## OPERATIONAL PLAN

	Target 2010 - 2011	Target 2011 - 2012
Surveillance inspections	1 280	1 280
Sanctions	As required	As required
Certificates of compliance: SR	350	350
Turn-around time	21 days	21 days

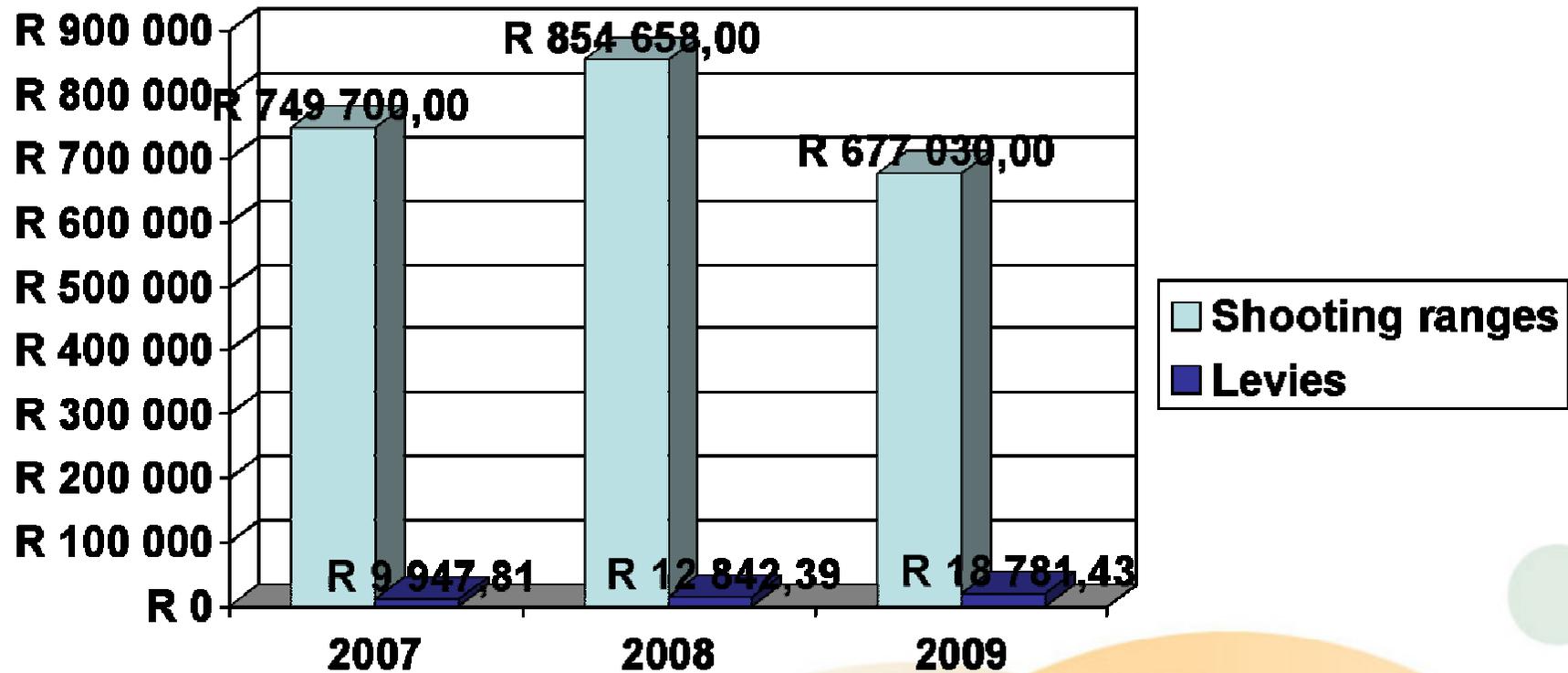
## PREVIOUS FEE INCREASES

Consultation	Gazetted	Effective	Payable
November 2008	8 December 2009	1 January 2010	1 July 2010
September 2009	August 2010	1 September	January 2011
September 2010	May 2011	July 2011	January 2012

## LEVY CALCULATION MODEL

1. Total costs per industry, including direct and support cost
2. Total number of current inspectors included on cost mentioned in 1 above
3.  $1 / 2 =$  cost per inspector
4. Number of inspectors needed for a specific product
5.  $3 \times 4 =$  Total cost needed to recover for a product to be regulated
6. Total number of products in the industry
7.  $5 / 6 =$  Levy per product regulated

# REVENUE



## RECOVERY OF COSTS

- CTC based on 4 fulltime inspectors for firearms and shooting ranges.
- Total CTC to administrate VCs = R3 742 536,95
- Total income = R774 319,88
- Under-recovery of costs = -383%

<b>Total CTC to administrate VCs</b>	<b>R 3 742 536,95</b>
<b>Revenue</b>	
Average income from approvals/annum	R 760 462,67
Average income from levies/annum	R 13 857,21
<b>Total income</b>	<b>R 774 319,88</b>
<b>Net surplus/(defecit)</b>	<b>(R 2 968 217,07)</b>
<b>% over-recovery/(under-recovery)</b>	<b>-383%</b>

## LEVY & FEE INCREASE

- Average CPI July 2009 – June 2010 5,7%
- Adjustment for salary and rental cost 0,5%
- Suggested increase 6,2%
  
- Current certificate of compliance fee = R4 285,00
- New certificate of compliance fee = R4 551,00
  
- 6,2% levy increase on all types firearms and replacement barrels for civil use.

## FUTURE FEE INCREASES

- New fees will be gazetted in May 2011, effective from 1 July 2011 and payable January 2012.
- 2011 will mark a total review of all costs as some:
  - Under-recovery
  - Over-recovery
- All levies need to be recalculated based on the model to ensure cost recovery. This will ensure that one industry does not subsidize another product.
- SABS and NRCS became 2 entities:
  - Different cost allocations.
  - NRCS allocation more in detail.
  - 3A vs. 3B: attracts different costs.
- Costs, volume and allocation of inspectors have changed since previous calculation of levies and therefore need to be addressed.
- Implication:
  - New model to be introduced for all levies.
  - Some costs might increase and some might decrease.
  - Ultimate goal to have break even.

NRCS CMM DIV.

Thank you