

LEVY CONSULTATIONS 2011 - 2013 AUTOMOTIVE DIVISION

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POINTS FOR DISCUSSION

- Divisional Feedback 2009/10.
- Extract from 2011/12 Divisional Business Plan (Five pages).
- Previous Levy Increases.
- Future Levy/Fee increases.
- Levy Calculation Model.
- Proposed Increase.
- Discussions/Objections and Submissions.
- Closure.

AUTOMOTIVE DIVISION OPERATIONAL PERFORMANCE FEEDBACK 2009/2010

KPA/ ACTIVITY	TARGETS/ OUTPUTS to be delivered by 31 March 2010	PERFORMANC E INDICATORS	QUARTERLY TARGET/ MILESTONES	ACTUAL ANNUAL PROGRESS	VARIANCE -Plus or minus	REASON FOR VARIANCES/ CHALLENGES	PROPOSED ACTIONS
Market Surveillance	4 000	Number of inspections	1 000	4278	+278	Resources/fun ctions were adequately allocated to suit the current economic trend/market	Recent alignments within Divisions will further enhance effectiveness.
Administer Directives for non-compliant goods	72 hours	Turnaround times	72 hours	46 Directives Issued - All within 72 hours			
Stakeholder engagements		Number of meetings		28			
Accreditation and third party recognition	Accreditation achievement	Accreditation Achievement	Annual Target	As per target - Automotive Division obtained SANAS Accreditation on 19 th Feb'10.			SANAS Certificate No INSP0022 received on 25 th February 2010
Approvals	As per Individual Commodity	Number of days	As per Individual Commodity	Approvals completed within required period			

AUTOMOTIVE DIVISION – GOALS AND INDICATORS 2011/12

4.3. Departmental Goals

4.3.1. Effectively and efficiently administer Technical Regulations in a fair and transparent manner

No.	Task	Activities to implement	Performance indicators	Calculators
MIB1	Ensure and monitor compliance (MIB1)	Conduct Assessments at request of DoT (MIB Recommendations): <ul style="list-style-type: none"> ➤ Complete Assessments according to code of practice ➤ Compile Report (including findings) ➤ Follow up on corrective actions ➤ Make recommendation to Provincial Authority. 	<ul style="list-style-type: none"> ➤ 100% of all the applications received recorded and assigned; ➤ Recommendation issued within 14 days after successful assessment; ➤ Operate within 95% of budgetary targets 	
MIB2	Ensure and monitor compliance (MIB 2)	Conduct Surveillance audits/inspections of facilities, processes and products (CoP Inspections): <ul style="list-style-type: none"> ➤ Compile schedule of Audits; ➤ Conduct Risk Analysis of all registered MIB's ➤ Conduct audits according to schedule, risk analysis, internal work procedures and relevant national standards; ➤ Follow up on corrective action to rectify non – compliances ➤ Conduct Inspections at retail 	<ul style="list-style-type: none"> ➤ 6000 MIB's to be inspected; ➤ 100% of audits carried out as per schedule; ➤ Operate within 95% of budgetary targets 	<ul style="list-style-type: none"> ➤ There are 173 working days in a year. This means that, 16.8 inspections are required a day (2900/173). ➤ There are 9 inspectors. That means we need 2 inspections per day per inspector.

MIB3	Issue Approvals (homologation) (MIB 3)	<p>Vehicle homologation in accordance with the application of vehicle compulsory specifications/relevant legislation :</p> <ul style="list-style-type: none"> ➤ Receive applications for vehicle Homologation; ➤ Compile/amend homologation Schedule; ➤ Evaluate the acceptability of the submitted compliance documentation; ➤ Conduct verification inspection according to schedule, internal work procedures, relevant standards and, legislation – comparison of compliance documents with submitted sample; ➤ Compile report; ➤ Processing of NVM forms. 	<ul style="list-style-type: none"> ➤ Homologation complete (with complete applications) as follows: M1; N1 – 5 working days M2,3;N2,3 – 15 working days L – 3 working days O& U – 10 working days ➤ 100% accurate and processing of NVM forms to be within 2 working days; ➤ Operate within 95% of budgetary targets 	<ul style="list-style-type: none"> ➤ These figures are based on the assumption that a complete application has been submitted without any outstanding documents
COMP1	Ensure and monitor compliance of Components (COMP1)	<p>Conduct Surveillance audits/inspections of facilities, processes and products:</p> <ul style="list-style-type: none"> ➤ Compile schedule ➤ Conduct audits according to schedule, relevant national standards and internal work procedures. ➤ Follow up on corrective action to rectify non – compliances 	<ul style="list-style-type: none"> ➤ Total Component Inspections = 1100 ➤ 100% of inspections carried out as per schedule ➤ Operate within 95% of budgetary targets 	<ul style="list-style-type: none"> ➤ Total number of 173 working days annually ➤ 1.6 inspections per day per inspector ➤ Number of 4 inspectors ➤ 2 hours per inspection
COMP2	Issue Approvals (COMP 2)	<p>Component assessment in accordance to compulsory specifications (e.g. tyres, helmets, child restraints):</p> <ul style="list-style-type: none"> ➤ Receive applications for component homologation or compliance assessment; ➤ Compile/amend homologation schedule ➤ Evaluate the acceptability of the submitted compliance documentation; ➤ Conduct verification inspection of the product according to schedule, internal work procedures and relevant standards and legislation; ➤ Compile report. 	<ul style="list-style-type: none"> ➤ 100% completion of the component homologation or compliance assessment process within 21 days of submission of all documents, payment and sample if applicable; ➤ Operate within 95% of budgetary targets 	<ul style="list-style-type: none"> ➤ Based on a complete application submitted. Should documents be outstanding, calculator will only be applied from date of submission of last document.

LOA1	Ensure and monitor compliance (LOA1)	<p>Conduct inspections of modified vehicles as per ALA/LOA1 application:</p> <ul style="list-style-type: none"> ➤ Compile schedule of inspection dates, PTA and regions; ➤ Conduct inspections according to schedule, internal work procedures and relevant standards and legislation. 	<ul style="list-style-type: none"> ➤ 250 Inspections for ALA/LOA1; ➤ 100% closure of all applications; ➤ Operate within 95% of budgetary targets 	<ul style="list-style-type: none"> ➤ 2 Inspectors ➤ 125 inspections per year per inspector (total 250 inspections per year) ➤ These figures are based on 2008 ALA request
LOA2	Issue Approvals (LOA2)	<p>Approval for imported vehicles, as well as, modified vehicles:</p> <ul style="list-style-type: none"> ➤ Receive applications for vehicle compliance assessment; ➤ Evaluate the acceptability of the submitted compliance documentation; ➤ Conduct verification inspection, if applicable according to internal work procedures and relevant standards and legislation; ➤ Compile reports and certificate and assign relevant restrictions as applicable 	<ul style="list-style-type: none"> ➤ 100% completion of the application forms within 7 working days of submission of all documents; ➤ Operate within 95% of budgetary targets 	<ul style="list-style-type: none"> ➤ These figures are based on the assumption that a complete application has been submitted without any outstanding documents
GEN1	Administer and maintain compulsory specifications (GEN1)	<ul style="list-style-type: none"> ➤ Periodically review all compulsory specifications, identify gaps and plan corrective action; ➤ Recommend new and/or amendments to compulsory specifications; 	<ul style="list-style-type: none"> ➤ All compulsory specifications must be confirmed at least once every 5 years 	
GEN2	Build credibility and expertise as a competent regulator and inspectorate (GEN2)	<ul style="list-style-type: none"> ➤ All approval and inspection activities to be carried out in line with divisional quality management systems. ➤ Ensure the competence of all staff. ➤ Participation in technical committees. ➤ Affiliation with relevant bodies. ➤ Alliances and partnerships (SADC, WP29, etc.) 	<ul style="list-style-type: none"> ➤ Achieve accreditation for all approval and inspection activities as per schedule. ➤ Conduct annual internal audits to ensure continuous compliance and improvement of management systems. ➤ Implementation of organisational performance management system. ➤ Assessment against best practice. ➤ Implementation and measurement of new and improved processes, eg. Online approval application system. 	

4.3.2 To provide value-adding participation in national and international forums

No.	Task	Activities to implement	Performance indicators
GEN3	Assist Government to give effect to trade initiatives Nationally Regionally and Internationally. (GEN3)	<ul style="list-style-type: none"> ➤ Participation in meetings and conferences in appropriate forums (SADC, WP29, etc.). ➤ Developing competence by exposure of appropriately qualified staff to the international arena. ➤ Applying the newly acquired information into the strategies and processes. 	<ul style="list-style-type: none"> ➤ Adoption of international agreements and regulations that suit SA's needs

4.3.3 To Ensure prudence and financial sustainability in conducting our business

No.	Task	Activities to implement	Performance indicators
GEN4	Ensure adequate financial management control. (GEN4)	<ul style="list-style-type: none"> ➤ Assist in levy/fee collection ➤ Annual review of levy structure ➤ Upfront payment of fees for services to be rendered. 	<ul style="list-style-type: none"> ➤ Operate within 95% of budgetary targets

4.3.4 To Empower all staff and foster a culture of high quality performance

No.	Task	Activities to implement	Performance indicators
GEN5	Source and retain competent staff	<ul style="list-style-type: none"> ➤ Implementation of suitable entry-level requirements. ➤ Set and implement stringent selection and recruitment criteria. ➤ Competency development ➤ Implement career path, mentorship, promotion and succession plan. ➤ Effective implementation of a performance management system. 	<ul style="list-style-type: none"> ➤ Minimal staff turnover ➤ Achievement of agreed KPI and KPA goals ➤ Recognition of outstanding performance ➤ SANAS accreditation of staff
GEN6	Transformation	<ul style="list-style-type: none"> ➤ Implementation of the Employment Equity plan ➤ Wellness management strategy 	<ul style="list-style-type: none"> ➤ Fill all vacant positions in line with the EE plan ➤ Increase level of awareness
GEN7	Entrench an ethical code of practice	<ul style="list-style-type: none"> ➤ Instil code of ethics ➤ Corporate governance ➤ All staff required to complete declaration forms 	<ul style="list-style-type: none"> ➤ Achieve buy-in on code of ethics from all staff

4.3.5 Communicate effectively and improve relationships of mutual benefit with all stakeholders

No.	Task	Activities to implement	Performance indicators
GEN8	Stakeholder communication and awareness	<ul style="list-style-type: none"> ➤ Stakeholder interactions ➤ Attendance and participation in conferences, workshops, seminars, etc. ➤ Establish, update and maintain a database of all stakeholders 	<ul style="list-style-type: none"> ➤ Establish forum for regular interaction with all relevant stakeholders. ➤ Feedback from stakeholder surveys ➤ Media interaction (articles, TV and radio).

PREVIOUS LEVY 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

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 inspection 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.

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

PROPOSED INCREASES

- Average CPI July 2009 – June 2010 5,7%
- Adjustment for salary and rental cost 0,5%
- Suggested increase 6,2%

DISCUSSIONS, COMMENTS/ OBJECTIONS SUBMISSION

Interested parties can lodge their comments and/ or objections within seven (7) days from today to the Acting Executive Manager – Non Perishables:

Mr Musa Ndlovu

E-mail: ndlovucm@nracs.org.za

Administrator

Tumi Kekana

kekanabe@nracs.org.za

Tel : 012 428 7252

- **Closing date for comments/objections:**
27 September 2010 by end of business.

Please Sign attendance register

CLOSURE

Thanking you

