

# NRCS levy consultation meeting, 2010

## Health related products

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

Presenter: Mr. S.F. Odendaal  
Specialist

A decorative graphic at the bottom of the slide consists of several overlapping, wavy lines in various shades of orange and yellow, creating a sense of movement and depth.

## 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 fee increase
- Annual levy increase

# PERFORMANCE

	Target 2009 – 2010	Actual 2009 – 2010
Surveillance inspections	960	1 127
Sampling	As required	430
Sanctions	100% on non-compliances	Directives: 39 Confiscations: 1 Legal prosecutions: 0
Registration of disinfectants	75	137
Homologation of MSCs	-	1
Turn-around time: Disinfectants	2 weeks	2 weeks

## OPERATIONAL PLAN

	Target 2010 - 2011	Target 2011 – 2012
Surveillance inspections	1 440	1 440
Sampling	As required	In accordance with inspection procedures
Sanctions	100% on non-compliances	100% on non-compliances
Registration and homologation of disinfectants & MSCs	75	-
Turn-around time: Registration of disinfectants	2 weeks	2 weeks
Turn-around time: Homologation of MSCs	21 days	21 days

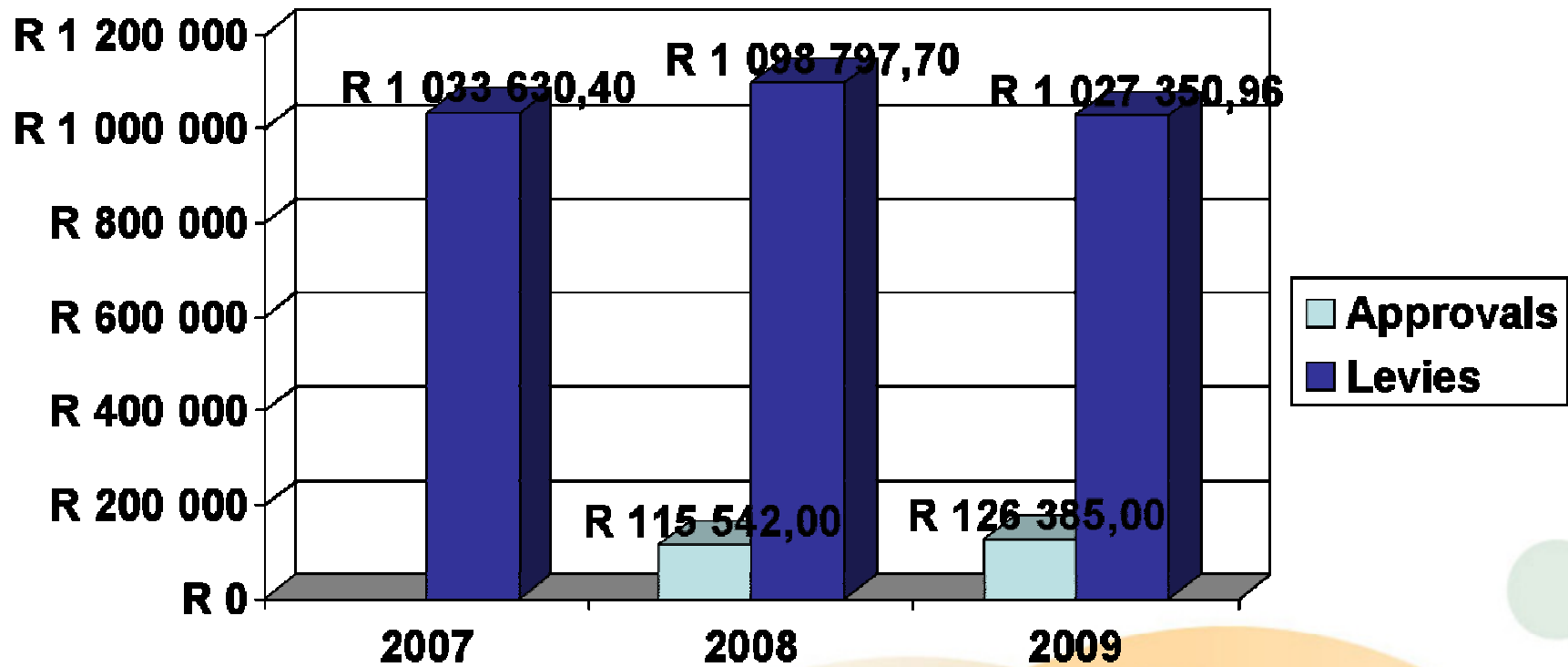
## PREVIOUS FEE INCREASES

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 health related products.
- Total CTC to administrate VCs = R3 742 536,95
- Total income = R1 174 223,19
- Under-recovery of costs = -219%

<b>Total CTC to administrate VCs</b>	<b>R 3 742 536,95</b>
<b>Revenue</b>	
Average income from approvals/annum	R 120 963,50
Average income from levies/annum	R 1 053 259,69
<b>Total income</b>	<b>R 1 174 223,19</b>
<b>Net surplus/(defecit)</b>	<b>(R 2 568 313,76)</b>
<b>% over-recovery/(under-recovery)</b>	<b>-219%</b>



## FEE INCREASE

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

DESCRIPTION	CURRENT FEE	6,2% INCREASED FEE
Registration of disinfectants	R902,00	R958,00
Homologation of MSCs	R902,00	R958,00
Extension of registration & homologation	R379,00	R402,00
Application for Sales Permits	R2 000,00	R2 124,00

# LEVY INCREASE

- Proposed levy increase = 69%

Description of commodity	Levy unit	Existing tariff	Increased tariff	Existing tariff with Type 5 Product Certification	Increased tariff with Type 5 Product Certification
Disinfectants & detergent-disinfectants	100 liters / 100 kg	R2,84	R4,80	R2,56	R4,33
MSCs	Item	R2 218,00	R3 748,42	R1 996,20	R3 373,58

## 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.

Thank you

