NRCS national regulator for compulsory specifications

ANNUAL REPORT 2024/2025

CONTENTS

NRCS national regulator for compulsory specifications

PART D: HR MANAGEMENT

PART E: FINANCIAL INFORMATION

LIST OF TABLES

LIST OF FIGURES

PART A

GENERAL INFORMATION

NRCS INFORMATION

Registered name	National Regulator for Compulsory Specifications (NRCS)
Physical address	SABS Campus, 1 Dr Lategan Road, Groenkloof, Pretoria
Postal address	Private Bag X25, Brooklyn, 0075
Telephone numbers	+27 12 482 8700
Fax number	+27 12 428 5199
E-mail address	nrcs@nrcs.org.za
Website address	http://www.nrcs.org.za/
External auditors	Auditor-General of South Africa (AGSA)
Bankers	ABSA

ABBREVIATIONS/ACRONYMS

Abbreviations/Acronyms	Description
AFRIMETS	Intra-Africa Metrology System
AGSA	Auditor-General of South Africa
AMID	Association of Motorcycle Importers and Distributors
ARSO	African Organisation for Standardisation
CFO	Chief Financial Officer
CGCSA	Consumer Goods Council of South Africa
CMM	Chemicals, Materials and Mechanicals
CPF	Consumer Protection Forum
DAFF	Department of Agriculture, Forestry and Fisheries
DALRRD	Department of Agriculture, Land and Rural Development
DFFE	Department of Forestry, Fisheries and the Environment
DMRE	Department of Mineral Resources and Energy
DoH	Department of Health
DoEL	Department of Employment and Labour
DoT	Department of Transport
EAC	East African Community
EACREEE	East African Centre of Excellence for Renewable Energy and Efficiency
EELA	Energy Efficient Lighting and Appliances
ERP	Enterprise Resource Planning
FAI	Food and Associated Industries
GDP	Gross Domestic Product
HR	Human Resources
ICASA	Independent Communications Authority of South Africa
ICT	Information and Communication Technology
IEC	International Electro-Technical Commission
OIML	International Organization of Legal Metrology
ISO	International Organization for Standardization
LMA	Legal Metrology Act
LoA	Letter of Authority
LoC	Letter of Certification
MEPS	Minimum Energy Performance Standard
MIBs	Manufacturers, Importers and Builders
MOU/A	Memorandum of Understanding/Agreement
NBR&BS Act	National Building Regulations and Building Standards Act
NCC	National Consumer Commission
NICD	National Institute for Communicable Diseases
NIOH	National Institute of Occupational Health

Abbreviations/Acronyms	Description
NRCS	National Regulator for Compulsory Specifications
NRT	National Road Traffic Act
OIML	International Organisation of Legal Metrology
PAC	Project Approvals Committee
PFMA	Public Finance Management Act
PPE	Personal Protective Equipment
RR&D	Regulatory Research and Development
S&L	Standards & Labelling
SAAFoST	South African Association for Food Science and Technology
SABS	South African Bureau of Standards
SACREEE	SADC Centre for Renewable Energy and Energy Efficiency
SADC	Southern African Development Community
SADCMEL	SADC Cooperation in Legal Metrology
SANAS	South African National Accreditation System
SANEDI	South African National Energy Development Institute
SANS	South African National Standards
SAPS	South African Police Service
SARS	South African Revenue Service
SME	Small and Medium Enterprise
SMME	Small, Medium, and Micro-Enterprise
SPS	Sanitary and Phytosanitary
TBT	Technical Barriers to Trade
TC	Technical Committee
TCA	Technical Cooperation Agreement
the dtic	Department of Trade, Industry and Competition
TR	Technical Regulation
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Europe
VC	Compulsory Specification
WP	Working Party
WTO	World Trade Organization

MINISTER'S FOREWORD

It is my pleasure to present the Annual Report of the National Regulator for Compulsory Specifications (NRCS) for the 2024/25 financial year. This year's improved audit outcome, culminating in a clean audit, reflects the organisation's commitment to sound governance and accountability.

During this period, the NRCS achieved 63% of its key performance indicators. It issued 8 170 health guarantees in relation to 10 699 product consignments that were exported to various markets during the reporting period. This led to the facilitation of 69 317 tonnes of fish and fishery products valued at R9.104 billion to various international markets.

Notably, approximately R764 million worth of non-compliant products were identified and sanctioned in the market. This represent a 79% increase from the 2023/24 financial year where R427 million non-compliant products were identified and sanctioned. The identified non-compliant products were either corrected, destroyed, or, in the case of imports, returned to their country of origin.

The entities within the dtic Group—including regulators, financiers, and technical institutions—will continue to pool resources and collaborate to deliver on the priorities of the seventh administration for the benefit of all South Africans.

The NRCS will continue to align its work with the common outcomes defined for the dtic, 3 D theme (diversification, decarbonisation and digitalisation) and the central outcomes established for the 2025/26 financial year. These outcomes are designed to ensure that:

- There is accelerated industrialisation,
- Improvement in job creation,
- Transformation within the economy,
- Economic growth, and
- Building a capable and ethical state.

I would like to extend my gratitude to the Acting Chief Executive Officer, the management team, and the staff of the NRCS for their invaluable contributions to the performance and impact of the entity during the year under review.

Mr Parks Tau, MP
Minister of Trade, Industry and Competition
Date 30/09/2025

"I would like to extend my gratitude to the Acting Chief Executive Officer, the management team, and the staff of the NRCS for their invaluable contributions to the performance and impact of the entity during the year under review."

DEPUTY MINISTER STATEMENT

The NRCS's broad mandate is to safeguard public health, safety, and the environment by developing and enforcing compulsory specifications and technical regulations. While consumer protection lies at the heart of the NRCS' activities, this function cannot be separated from South Africa's role as a global trading partner. SA 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.

As part of the South African government, the NRCS continues to support industrialisation, economic transformation, and the development of a capable state to enhance the impact of public policies. The public is expected to trade and purchase confidently and it is this role that the NRCS continues to play within the South African market. We are pleased to continue protecting the interests of consumers while promoting trade with various countries, which has contributed to increased exports, job creation, and value addition.

Industry is urged to continue working with the NRCS to enable the export of products across various markets – as well as our fish and fishery resources - to various markets. Those operating within fish and fisheries industries and require health guarantees for NRCS-regulated products meant for exports are urged to utilise the service of the NRCS.

The NRCS encourages previously disadvantaged groups and youth interested in qualifying as verification officers or repairers of measuring instruments to apply. Small businesses that meet the requirements for designation as repair bodies or verification laboratories under the Legal Metrology Act are also invited to contact the NRCS for more information and to explore available opportunities.

We look forward to the increased impact of NRCS activities in enabling compliant industries to trade fairly and the removal of un-safe, non-compliant products from the South African market.

Mr Zuko Godlimpi, MP
Deputy Minister of Trade, Industry and Competition
Date

We look forward to the increased impact of NRCS activities in enabling compliant industries to trade fairly and the removal of un-safe, non-compliant products from the South African market.

CEO'S OVERVIEW

The mandate of the NRCS is to protect public health, safety and the environment as well as to promote fair trade. In terms of its strategic mandate, the organisation also continues to encourage the local manufacturing of compliant products by "locking out" non-compliant imported products. This is achieved by ensuring that businesses produce, import, or sell products and services that comply with minimum safety and environmental requirements while meeting declared measurement standards.

The NRCS will continue to play a significant role in realising the South African goal of being a developmental state. It is in support of the dtic's key priority areas and the approved master plans will continue to play a significant role within the Automotive, Chemicals and Plastics, Agriculture and Agro-processing and the Oceans Economy.

PERFORMANCE

During the year under review, the NRCS achieved 63% of its key performance indicators. The main reason for the non-achievement of targets was industrial action by NRCS staff. The staff and management remain engaged in resolving the challenges, taking the NRCS's financial situation into account. Management is also grateful for the mediation role and support from the dtic and the Executive Authority.

In ensuring that products or services comply with regulations, the NRCS conducted 47 442 inspections across all regulated industries. This represents a 1% decrease from the previous year's performance during which 48 275 inspections were conducted.

The NRCS is recognised as the competent authority for fish and fishery product exports from South Africa, both globally and in key markets such as the European Union and the People's Republic of China. In fulfilling its mandate, the organisation conducted 27 860 inspections on locally produced, imported and exported product consignments as well as fishing vessels and factories. For imported fish and fishery products, a total of 7 341 compliance certificates were issued. In addition, 10 699 inspections were carried out on consignments exported to various countries, resulting in 8 170 health guarantees. Furthermore 88% of all pre-market approvals for electro-technical, automotive and chemical, materials and mechanical products were issued within 90 calendar days.

NON-COMPLIANCE

The sale of non-compliant products remains a challenge. Many of the non-compliant products are imported, with some reaching the retail level and being made available for sale. The NRCS will allocate more resources to retail market surveillance inspections, particularly for regulated foodstuffs.

During the year under review, non-compliant products worth approximately R764 million were identified in the market. Non-compliant products are products that fail to meet minimum requirements as set out in the respective technical regulations or compulsory specifications. These products were destroyed, returned to the country of origin, removed or corrected to ensure compliance with the minimum safety or legal metrology requirements. The non-compliant products varied and included water meters, vehicle tyres, brake friction material, electric motorcycles, safety footwear, plastic

carrier bags, detergent, disinfectants, incandescent lamps, compact fluorescent lamps, adaptors, cord extension sets, automotive replacement lights, hydraulic brake fluid, child restraint systems (baby seats), towing devices, safety glass, and fishery products.

INFORMATION COMMUNICATION TECHNOLOGY

The NRCS implemented a new Enterprise Resource Planning (ERP) system. However, implementing an Operations System to streamline market surveillance activities has been further delayed owing to funding constraints. It is now expected to roll out in the 2026/27 financial year.

STAKEHOLDER AND CONSUMER AWARENESS

The NRCS continues to build strong partnerships with key stakeholders such as the National Consumer Commission (NCC), the South African Revenue Service (SARS), the South African Police Service (SAPS), the Department of Agriculture, Forestry and Fisheries (DAFF), the Department of Environmental Affairs (DEA), the Department of Health (DoH) as well as the Department of Transport (DoT). This is to prevent and/or remove non-compliant products from the trade.

FINANCE

The NRCS generated a total revenue of R514.312 million for the year, with 28% from government grants and 72% from levies and fees. The organisation posted a surplus of R13.8 million for the 2024/25 financial year. The organisation is working on improving revenue-generation and cost-management to enhance the financial health of the entity.

HUMAN RESOURCES

The NRCS had a staff complement of 322 employees, consisting of 300 permanent employees and 22 interns as at the end of the financial year. It had a 13% vacancy rate; however, owing to the NRCS's financial situation, cost-containment measures were implemented to ensure long-term sustainability.

CONCLUSION

The NRCS received a clean, unqualified audit opinion for the 2024/25 financial year. I extend my gratitude to the Department of Trade, Industry and Competition, the Audit and Risk Committee, and all NRCS employees for their dedication to the organisation's continued success in serving the people of South Africa.

Duncan Mutengwe
Acting Chief Executive Officer
Date: XX September 2025

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm that:

- All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the AGSA.
- The Annual Report is complete, accurate and free of any omissions. It has been prepared in accordance with the Annual Report Guide for Schedule 3A and 3C Public Entities, as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the Public Finance Management Act (PFMA).
- The Accounting Authority is responsible for preparing the Annual Financial Statements and for the judgments made in this information.
- The Accounting Authority is responsible for establishing and implementing internal controls that provide reasonable assurance of the accuracy and reliability of performance data, human resources information, and the Annual Financial Statements.
- The AGSA is engaged to express an independent opinion on the Annual Financial Statements.

In my opinion, the Annual Report fairly reflects the operations, performance information, Human Resources information, and the financial affairs of the NRCS for the financial year ending 31 March 2025.

Yours faithfully

Duncan Mutengwe
Chief Executive Officer - Acting
Date: XX September 2025

r

"In my opinion, the Annual Report fairly reflects the operations, performance information, Human Resources information, and the financial affairs of the NRCS for the financial year ending 31 March 2025."

NRCS OVERVIEW

NRCS MANDATE

The mandate is to promote public health, safety, and environmental protection by developing and enforcing compulsory specifications and technical regulations, while also ensuring fair trade.

STRATEGIC OVERVIEW

VISION

A safe, sustainable South Africa where people and businesses can trade and purchase with confidence.

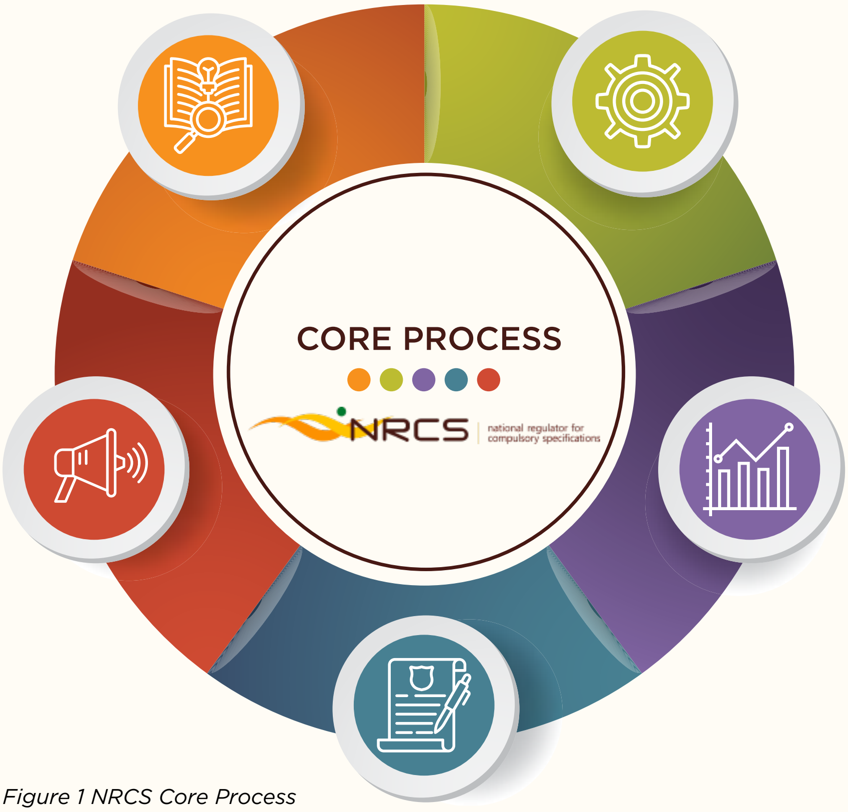
MISSION

To protect public health and safety, safeguard the environment and facilitate fair trade.

VALUES

Professionalism	The NRCS acts independently and makes informed decisions with integrity. These decisions are responsive to the country's needs and ensure the organisation's competence in discharging its responsibilities.
Accountability	A high-performance culture has been adopted, driven by task teams that operate in a predictable, responsible, efficient, and effective manner.
Innovation	The NRCS is proactive and respond rapidly, intelligently and appropriately. It is adaptable to dynamic consumer and market needs by ensuring maintained relevance.
Collaboration	Inclusive leadership is demonstrated through dedicated teams that respect the views, wisdom, and loyalty of valued stakeholders.
Ethical behaviour	The NRCS takes decisions and actions with integrity and displays consistency and impartiality. We treat our clients and the regulated industry equitability. We are transparent in how we perform our functions.

NRCS CORE-PROCESS



- Conduct Research
- Set Compulsory Specifications and Technical Regulations
- Market Surveillance and regulatory supervision
- Enforcement
- Review and Innovate

Figure 1 NRCS Core Process

CONDUCT RESEARCH

The NRCS conducts market research and environmental analyses to identify which compulsory specifications and technical regulations should be introduced. These measures aim to protect the health and safety of South Africans, safeguard the environment, and promote fair trade.

SETTING COMPULSORY SPECIFICATIONS AND TECHNICAL REGULATIONS

The development, amendment or withdrawal of compulsory specifications and technical regulations includes the conducting of risk and impact assessments as well as approval by the Minister of Trade, Industry and Competition. Wherever possible, national and international standards are used as references to ensure international harmonisation.

STAKEHOLDER ENGAGEMENT

The NRCS consults with relevant stakeholders and role-players to ensure that specifications and regulations are practical, appropriate, and meaningful. It also works to secure industry compliance with the compulsory and technical regulations that are set.

MARKET SURVEILLANCE AND REGULATORY SUPERVISION

The NRCS applies an "Enforcement at Source" Strategy and a "Risk-Based" approach to its work to promote compliant behaviour. The NRCS explores and enhances the "inspection at source of production or port of entry," as well as the risk-based approach informed by non-compliance rates. Regulatory supervision also incorporates a pre-market approval process.

The following important principles inform the work of the NRCS:

- Safety-critical products must be identified and regulated.
- Inspection should correspond with the product's level of risk and the applicant's or supplier's risk profile, to ensure effective use of resources.

LEGISLATIVE AND OTHER MANDATES

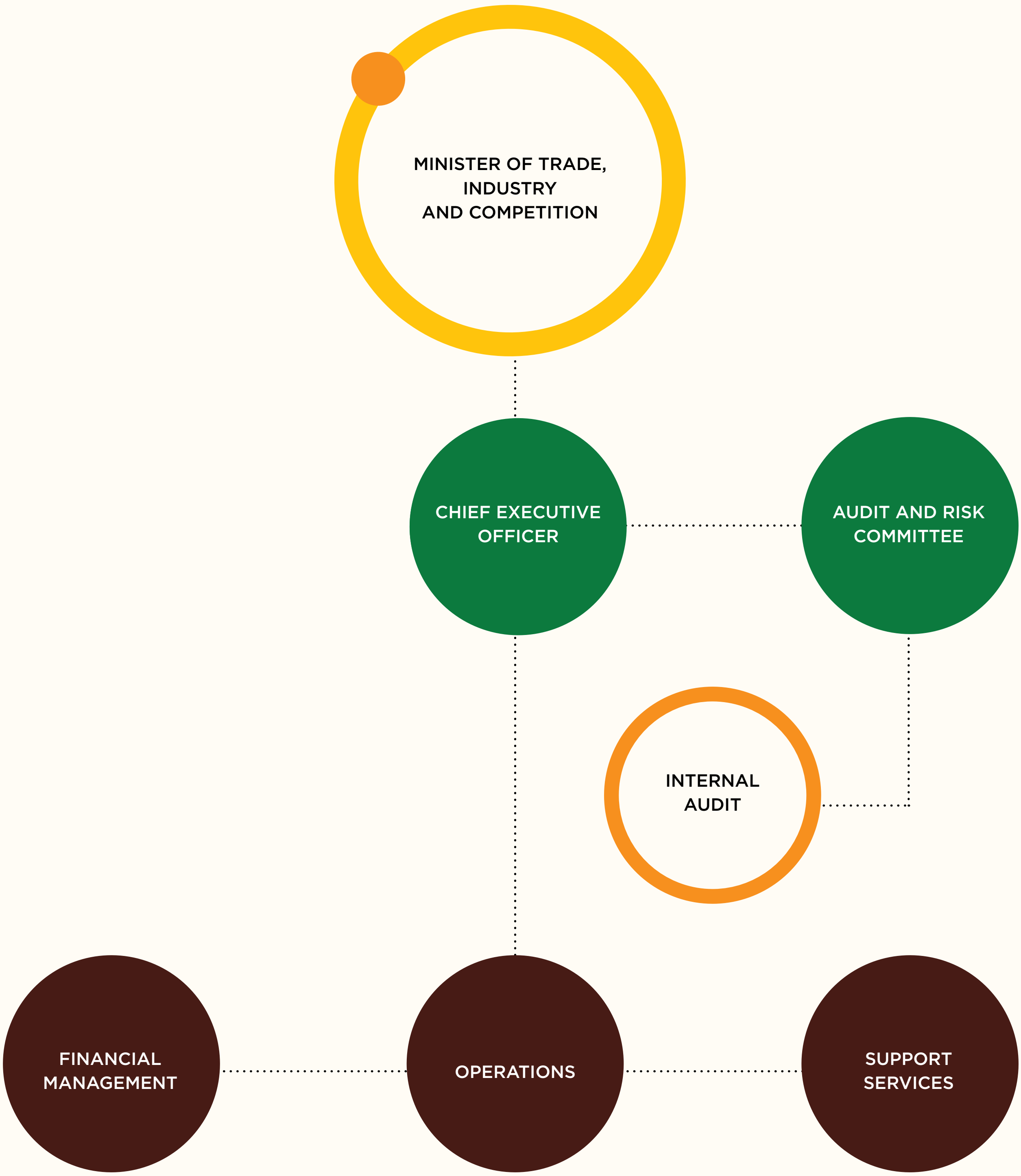
The NRCS was established on 1 September 2008 as an agency of the dtic. Its broad mandate is to promote public health and safety, environmental protection and fair trade through the administration, maintenance and enforcement of compulsory specifications (VCs) and technical regulations (TRs).

The legislative mandate of the NRCS is derived from:

- The National Regulator for Compulsory Specifications Act No. 5 of 2008 (NRCS Act),
- The Legal Metrology Act No. 9 of 2014 (LMA),
- The National Building Regulations and Building Standards Act No. 103 of 1977 (NBR&BS Act),
- The Public Finance Management Act No. 1 of 1999 (PFMA), and
- The National Road Traffic Act No. 93 of 1996.

The NRCS is a Schedule 3A public entity in terms of the PFMA. Its stakeholders include the South African government, industry and citizens.

ORGANISATIONAL STRUCTURE



- Financial Management
- Supply Chain Management
- Facilities Management

- Chemical, Materials and Mechanical
- Electro-Technical
- Food and Associated Industries
- Legal Metrology
- Automotive

- ICT Services
- Marketing and Communication
- Human Capital Management
- Legal and Compliance Services
- Strategy and Risk Management
- Quality Management System and Secretarial Services
- Regulatory and Research Development & NBR

Figure 2 Organisational structure

PART B

PERFORMANCE INFORMATION

AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa performs audits to assess how well the entity progresses against predetermined objectives. These audits also highlight areas of strength and weakness and provide guidance for future initiatives, with the overall aim of improving performance.

The audit conclusion is contained in the AGSA Report to Management, with material findings reported under the 'Predetermined Objectives' heading in the 'Report on Other Legal and Regulatory Requirements' section.

Refer to page xx of the AGSA's report, published in Part E: Financial Information of this Annual Report.

THE NRCS SITUATIONAL ANALYSIS

As a regulator, the NRCS ensures that businesses produce, import, or sell products, measuring instruments, and services that are safe for consumers and the environment, and that meet declared measurement standards. The NRCS also provides 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 in which the NRCS operates is shaped by an ever-changing global trading environment. This has created a greater need for stronger relationships and closer cooperation with industry, regulators, law enforcement agencies, regional and international bodies, and other stakeholders.

In updating its assessment of the external environment and its potential impact, the NRCS conducted an External Performance Delivery Environment Analysis using a PESTLE analysis, a SWOT analysis, stakeholder analysis and a risk review. The NRCS's macro-environment was assessed, taking into consideration the political, economic, social, technological, legal, ethical and environmental aspects. These trends have informed the development of strategic goals and objectives to steer the organisation in delivering on its mandate.

PERFORMANCE INFORMATION BY OBJECTIVE

Annual Performance Report for the Originally Tabled Annual Performance Plan until 14 November 2024, covering the amended Key Performance Indicators

Outcome	Output	Output Indicator/ Measure	Audited Performance 2022/23	Audited Actual Performance 2023/24	Annual Target 2024/25	Actual Achievement/ Performance 2024/25 until 14 November 2024	Deviation from planned target to actual performance	Reason for Deviation/ Variance	Reasons for revisions to the outputs/ output indicators/ annual target
Develop a regulatory system responsive to market needs and capable of contributing to sustained economic impact	Develop Compulsory Specifications (VC)/Technical Regulations (TR) that are relevant, impactful, and responsive to market needs.	Percentage of Impact Assessment of compulsory specifications finalised within 12 months from the date project is approved	-	-	100% of all Impact Assessments on Compulsory Specification finalised within 12 months from the date project is approved	No impact assessments finalised during the period.	No variance	None	The target is part of the process for compulsory specification development and operational in nature
Increase effectiveness of Human Resources (NRCS employees)	Build IT platform and systems that support and improve business	Percentage (%) implementation of modernisation-related projects	95% Imple-mentation of Enterprise Resource Planning Sys-tem –Human Resources Modules	30% imple-mentation of the NRCS Operations System	50% implementation of the NRCS Operations System	0%	-100%	No budget provided for system implementation	Inadequate funding for ICT system implementation

Annual Performance Report for the Re-Tabled Annual Performance Plan Covering the Key Performance Indicators that were not amended during the year and the additional Key Performance Indicators.

Table 1 Strategic Coal 1: To develop, maintain and administer compulsory specifications and technical regulations

1	Outcome	Output	Output Indicator/ Measure	Audited Actual Performance 2022/23	Audited Actual Performance 2022/23	Annual Target 2024/25	Actual Performance 2024/25	Deviation from planned target to actual performance	Reason for Deviation/ Variance
1.1	Develop a regulatory system that isresponsive to market needs and capable of contributing to sustained economic impact	Develop Compulsory Specifications (VC) or echnical Regulations (TR) that are relevant, impactful, and responsive to market needs	Number of VC's/ Tech Regulations (new, amended or withdrawn) submitted to the dtic.	5 Compulsory Specifications/ Technical Regulations submitted to the dtic	10 Compulsory Specifications/ Technical Regulations submitted to the dtic for first and second gazette	4 Compulsory Specifications/ Technical Regulations submitted to the dtic for first or second gazette	4 Compulsory Specifications/ Technical Regulations submitted to the dtic for first or second gazette	No variance	

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

2	Outcome	Output	Output Indicator/ Measure	Audited Actual Performance 2022/23	Audited Actual Performance 2022/23	Annual Target 2024/25	Actual Performance 2024/25	Deviation from planned target to actual performance	Reason for Deviation/ Variance
2.1	Enable compliance and facilitate trade	Increased coverage of effective market surveillance activities and compliance activities	Number of inspections conducted as per the NRCS Risk-Based Approach to monitor compliance to regulations within the Automotive, Chemicals Materials and Mechanicals (CMM), Electro-Technical and Legal Metrology Sectors.	21 293	21 309	20 875	19 582	-1293	The NRCS lost productive time owing to industrial action by NRCS employees

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.	Inspected 100% of all declared consignments and productions of canned fishery and meat products.	Inspected 100% of all declared consignments and productions of canned fishery and meat products.	100% of inspections conducted on all declared produced canned fishery and meat products.	Conducted 100% inspections of all declared consignments and production batches of canned fishery and meat products.	No variance	N/A
2.3			Number of inspections conducted on locally produced fishery products (live, chilled, and frozen), processed meat products, retail outlets, fishery and meat processing factories, vessels, and retail inspections, in accordance with compulsory specifications and procedures	2 701 inspections	2 664 inspections	2562 inspections	2748 inspections	+186 inspections	Increase in the number of factories for processed meats registered by the NRCS and increased retail inspections owing to identified risk
2.4			Trade Facilitation: Facilitate exportation of canned meat, fish and fishery products	-	R8 606 billion worth of products exported	R8 billion worth of products exported from South Africa	R9 099 billion worth of products exported	+R1 099 billion	Increased export volumes
2.5			Percentage of gaming approval applications finalised (approved, rejected, or closed) within the set timeframes	99% of all applications processed within 30 calendar days	100% of all approval applications processed within 30 calendar days	99% of all applications processed within 30 calendar days	100% of all approval applications processed within 30 calendar days	+1%	The available productive time was greater than anticipated during the planning period.

2	Outcome	Output	Output Indicator/ Measure	Audited Actual Performance 2022/23	Audited Actual Performance 2022/23	Annual Target 2024/25	Actual Performance 2024/25	Deviation from planned target to actual performance	Reason for Deviation/ Variance
2.6	Enable compliance and facilitate trade	Increased coverage of effective market surveillance activities and compliance activities	Percentage of approval applications finalised (approved, rejected, or closed) within the set timeframes in Automotive, Electro-technical, Chemical Materials and Mechanicals. Improve the ease of doing business.	95% of all approval applications processed within 120 calendar days	72% of all approval applications processed within 90 calendar days	95% of all approval applications processed within 90 calendar days	88% of all approval applications processed within 90 calendar days	-7%	Lost productive time owing to industrial action and inadequate capacity to process approvals.
2.7			Identify and sanction non-compliant products and services to enable compliant businesses to trade fairly		R427million	R350 million worth of non-compliant products identified and corrected or removed from the market.	R763.556 million	+R413.556 million	High levels of non-compliant products were identified at ports of entry, with unapproved products made available for sale.
2.8			Collaborated with SARS, SAPS, BMA, and other regulators to reduce the prevalence of illicit trade and non-compliant goods entering South Africa through targeted group raids and blitz inspections.			Conduct six Joint/Blitz Inspections	0	-6	Projects postponed owing to the impact of the industrial action

2.9			Develop and implement an SMME programme targeted at local SMMEs involved in local production of regulated products			Develop and secure approval for an SMME programme targeting enterprises involved in the production of regulated goods within South Africa.	0	-100%	Projects shelved owing to the impact of the industrial action
2.10			In collaboration with the dtic, develop and implement an incubation programme enabling Black South Africans to qualify and be designated as repair bodies or verification laboratories in line with the Legal Metrology Act.			Develop the incubation programme and obtain approval and funding from the dtic.	0	-100%	Projects shelved owing to the impact of the industrial action

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

3	Outcome	Output	Output Indicator/ Measure	Audited Actual Performance 2022/23	Audited Actual Performance 2022/23	Annual Target 2024/25	Actual Performance 2024/25	Deviation from planned target to actual performance	Reason for Deviation/ Variance
3.1	Informed Stakeholder er on NRCS functions	Build Stakeholder and Public awareness	Number of stakeholder and consumer education events or campaigns	27 NRCS consumer education events or campaigns	20 NRCS consumer education events or awareness sessions	21 stakeholder and consumer education events or campaigns	23 NRCS consumer education event or campaign	+ two consumer awareness sessions	Variance is owing to NRCS targeting areas with high levels of non-compliant regulated products for consumer awareness.
3.2			Approved Stakeholder Engagement Strategy and percentage Implementation of the Stakeholder Engagement Strategy	98% implementation of the Stakeholder Engagement Strategy	96% implementation of the Stakeholder Engagement Strategy	97% implementation of the Stakeholder Engagement Strategy	97% implementation of the Stakeholder Engagement Strategy	No variance	

Table 4 Strategic Goal 4: To ensure an optimally capacitated institution

4	Outcome	Output	Output Indicator/ Measure	Audited Actual Performance 2022/23	Audited Actual Performance 2022/23	Annual Target 2024/25	Actual Performance 2024/25	Deviation from planned target to actual performance	Reason for Deviation/ Variance
4.1	Increase effectiveness of human resources (NRCS employees)	A capacitated organisation with relevant systems to support business	Vacancy rate of approved and funded posts (percentage of vacancies)	14%	10%	10%	13%	-32%	The variance is owing to the implementation of cost containment measures aimed at managing the organisation's finances
4.2		Create employment and build a skills base through the internship programme.	Number of interns employed through the internship programmes	-	0 employees	20 employees	22 employees	+2 employees	Appointed more interns owing to need for lower-level administrative capacity
4.3		Generate revenue to sustain NRCS operations	Percentage revenue generated against the revenue budget for levies and service revenue	-	74% budgeted revenue achieved	95% budgeted revenue achieved	95% budgeted revenue achieved	No Variance	

LINKING PERFORMANCE WITH BUDGETS

Table 5 Linking performance with budgets

Strategic Goal	Audited Outcome	Approved Budget	Audited Outcome	Approved Budget	% Budget spent during the financial year	% Achievement of Key Performance Indicators
R thousand	2023/24	2023/24	2024/25	2024/25	2024/25	2024/25
Administration	69 987	69 987	57 120	62 189	91.8%	
Maximise compliance with all specifications and technical regulations	369 122	373 115	344 094	347 786	98.9%	50%
Develop, maintain and administer compulsory specifications and technical regulations	12 942	12 942	8 303	8 853	93.7%	100%
Inform and educate stakeholders on the regulator's mandate	15 745	15 745	6 743	7 297	92.4%	100%
Ensure an optimally capacitated institution	99 753	99 753	84 223	84 223	100%	66 67%
Total expense	**568 549**	**571 087**	**500 483**	**510 348**	**98%**	**62.5%**

BUSINESS UNIT PERFORMANCE


AUTOMOTIVE

OVERVIEW

The Automotive Business Unit (ABU) operates within the National Regulator for Compulsory Specifications (NRCS). In addition, ABU carries its mandate as an appointed inspectorate for Motor Vehicle Manufacturers, Builders, and Importers (MIBs) under the provisions of the National Road Traffic Act 93 of 1996 (NRTA). The ABU is entrusted with the responsibility to conduct comprehensive market surveillance activities within the automotive industry. Compliance with automotive compulsory specifications and road traffic act regulations is critically supported by the ABU. The Unit is also responsible for ensuring efficiency in the realm of motor vehicles and automotive products in alignment with the NRTA and relevant regulations. It fulfils its mandate through a range of essential functions and operations to cover the following products in the markets:

- Agricultural tractors,
- Heavy passenger vehicles (buses),
- Child restraints systems (baby seats),
- Heavy commercial vehicles (trucks),
- Hydraulic brake and clutch fluid,
- Light commercial vehicles (panels vans and bakkies),
- Headlights,
- Secondary lights,
- Replacement incandescent lamps (bulbs),
- Motorcycles,
- Motor tricycles,
- Quadricycles,
- Light passenger vehicles (cars),
- Special purpose adopted vehicles covered in the NTRA,
- Replacement brake friction material (brake pads and brake shoes),
- Replacement safety glass,
- Safety helmets for motorcyclists,
- Towing devices (tow bars),
- New tyres for commercial vehicles and passenger vehicles,
- Trailers, and
- Elastomeric cups and seals.

Among the ABU's primary tasks is the evaluation and recommendation of motor vehicle manufacturers, builders, and importers (MIBs) for registration in compliance with the NRTA. Through rigorous evaluation processes, the ABU determines the eligibility and compliance of applicants, ensuring that only qualified and accountable entities are recommended to register for participation in the industry by the Department of Transport.

Moreover, the ABU conducts single-vehicle approvals for motor vehicles that are manufactured, built, or imported by MIBs that are not required to be registered. This meticulous approval process verifies that these vehicles meet the necessary standards and specifications, thereby upholding safety and quality standards across the automotive sector. All vehicles that meet the requirements are issued with a letter of authority (LOA), which facilitates the registration of such vehicles on the National Traffic Information System (NaTIS).

Another critical aspect of the ABU's responsibilities is automotive product approvals, which entails assessing compliance with compulsory specifications and the corresponding road traffic regulations. Through thorough evaluations, the ABU ensures that all automotive products, including components and accessories, comply with mandatory standards, thereby safeguarding the overall safety of vehicles on South African roads. Vehicle models, pneumatic tyres, child restraint systems, and motorcycle safety helmets that comply with the respective requirements are issued a homologation certificate, while all aftermarket components are granted a Letter of Authority (LOA).

To enforce compliance and ensure adherence to regulations, the ABU conducts market surveillance inspections that serve as robust enforcement mechanisms, identifying non-compliant products and taking appropriate actions including the issuing of sanctions and implementing necessary measures to rectify the situation. Through these efforts, the ABU safeguards the interests of consumers and bolsters the integrity of the automotive industry.

In addition to its operational functions, the ABU actively engages in stakeholder collaborations. These span across various government departments, industry associations, consumers, the South African Revenue Service (SARS), the South African Police Service (SAPS), the International Trade Administration Commission (ITAC), and the National Consumer Commission (NCC). By building strong partnerships and sharing knowledge, the ABU ensures a coordinated approach to regulatory compliance and addresses industry challenges collectively.

OVERALL PERFORMANCE

APPROVALS OF THE AUTOMOTIVE-REGULATED PRODUCTS

At the start of the reporting period, the business unit had 339 applications for approval that were outstanding from the 2023/24 reporting period. The table below shows how the applications were processed.

Table 6 Automotive vehicle approvals

Strategic Goal	Strategic Goal	Strategic Goal
Application brought forward	236	103
Application received	2756	1485
Approvals approved	2635	1277
Approvals rejected	219	91
Approvals carried forward	245	109

VEHICLE LOA/COMPONENTS

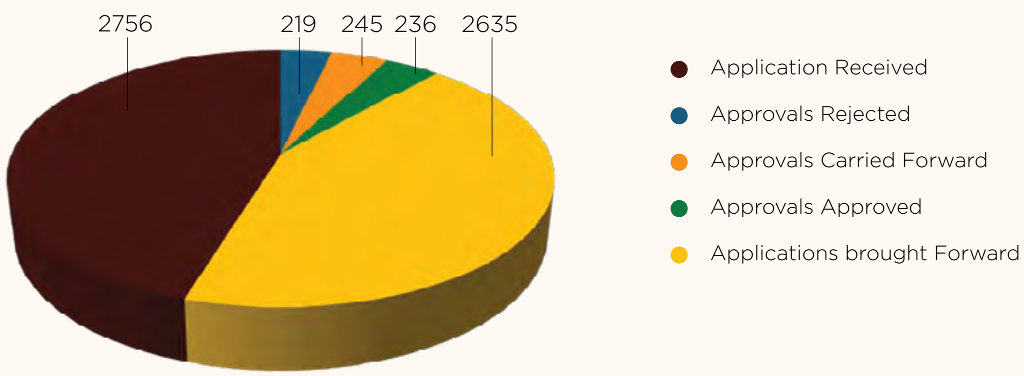


Figure 3 Automotive vehicle/Component LOA

AUTOMOTIVE VEHICLE LOA/COMPONENTS

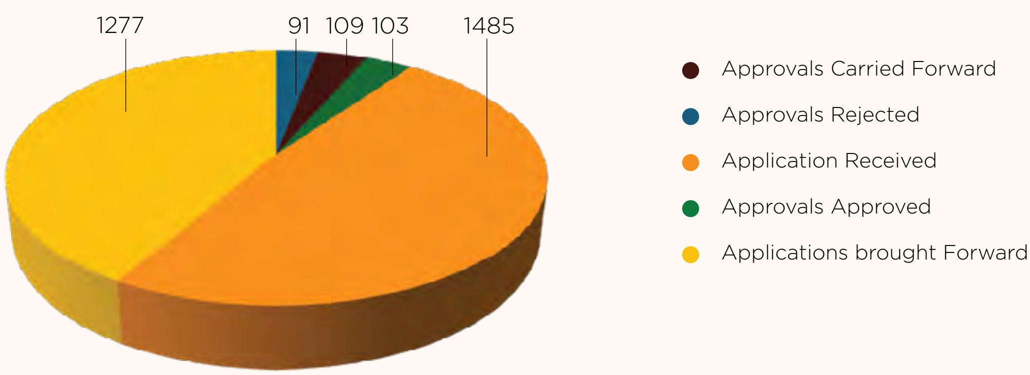


Figure 4 Automotive Vehicle Approvals

MARKET SURVEILLANCE INSPECTIONS

Market surveillance inspections are conducted to monitor compliance with compulsory specifications and regulations, and to ensure that approved products meet the respective requirements. During the period under review, the ABU conducted successful Original Equipment Manufacturer (OEM) group audits for the pre-identified companies. The Unit undertook two focused investigative inspection projects covering the motorcycle and tyre industries. A dedicated team was commissioned to handle the online sales of child restraint.

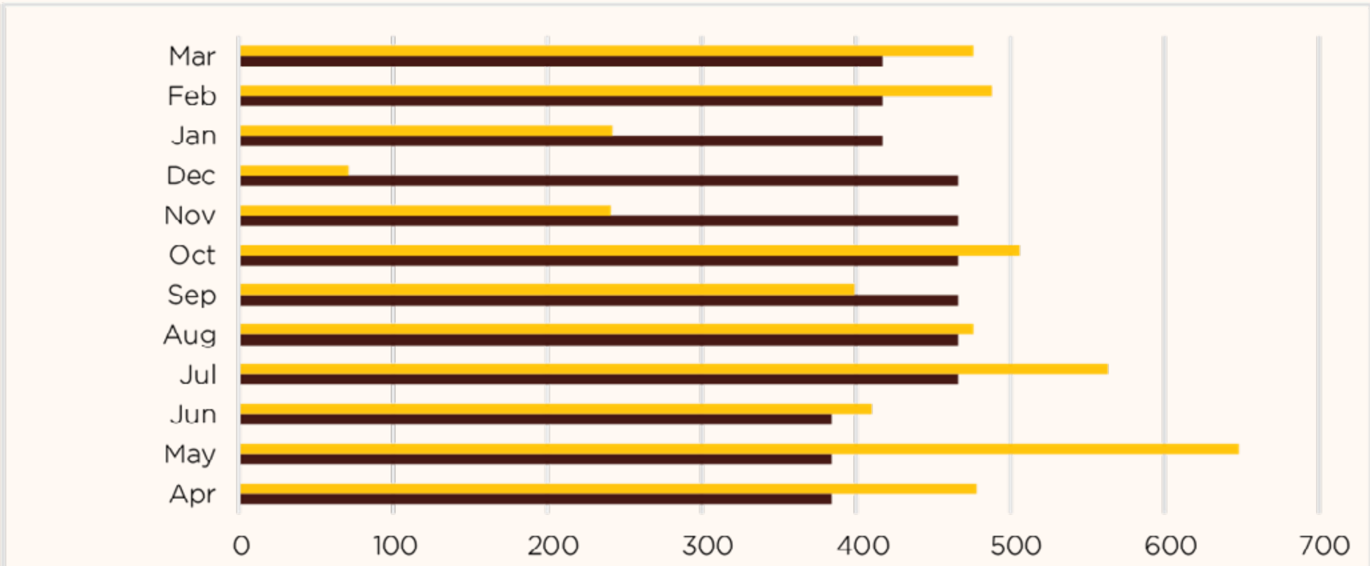
During the financial year, the Unit conducted 4 997 inspections against a target of 5 200 at the points of manufacture, ports of entry, and retail outlets including motor dealerships and motor spare shops.

CUMULATIVE INSPECTIONS PER MONTH 2024/25

Table 7 Automotive cumulative inspections per month 2024/25

INSPECTIONS PERFORMANCE												
Annual Target								5 200				
Quarterly performance												
Quarter	**Q1(1150)**				**Q2 (1400)**			**Q3 (1400)**			**Q4 (1250)**	
Actual	1542				1449			821			1204	
Monthly performance												
Month	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**YTD**
Target	384	384	384	466	466	466	466	466	466	417	417	417	5199
Inspections Conducted	478	648	410	563	475	399	506	241	71	242	488	476	4997

INSPECTION PROGRESSIVE REPORTING



No of Inspection	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Actual	478	648	410	563	476	399	506	241	71	242	488	476
Monthly Target	384	384	384	466	466	466	466	466	466	417	417	417

Figure 5 Automotive Inspection progressive reporting

NON-COMPLIANCES/SANCTIONS

The Business Unit continued its mission to eradicate non-compliance in the market through inspection activities. Fifty-one directives were issued in terms of Section 15(1) of the NRCS Act for non-compliant products. The identified non-compliant products and their estimated values were as follows:

Table 8 Automotive identified non-compliant products and their estimated value

Directives	No. of Directives	Sum of Estimated Value
Section15(1) Directives issued	51	**R 400 661 156.94**
	Total	**R 400 661 156.94**

The non-compliant products identified during the period under review included various automotive replacement components and accessories, motorcycles, and commercial vehicles such as heavy-load trucks.

The Unit's analysis of the directives issued revealed widespread non-compliance among manufacturers and importers of automotive components and motor vehicles. The main issues related to marking requirements, adherence to approval administrative processes, and specific performance requirements identified through verification sample testing in the preceding reporting period. For that reason, most products were subjected to rigorous inspection processes to ensure that compliance with the general LOA and/or homologation administrative process were adhered to.

Imported child restraint products traded through online platforms and found in local markets without following the approval process were dealt with in accordance with the NRCS Act. A dedicated enforcement team of inspectors conducted market surveillance inspections, using intelligence-led approaches to trace transgressors and applying appropriate sanctions in line with the NRCS Act."

SAMPLING

The ABU sampling plan for the period under review was put on hold owing to the re-allocation of sampling budget to a legal matter that required urgent attention. Notwithstanding this development, the Unit was focusing on the completion of outstanding sampling plan project that were pending finalisation from the preceding reporting period.

QUALITY MANAGEMENT

The ABU is accredited by the South African National Accreditation System (SANAS) in accordance with SANS/ISO/IEC 17020, 'General criteria for the operation of various types of bodies performing inspection,' and operates within its quality management system. The Unit seeks to maintain its accreditation on an ongoing basis and to expand its scope of accreditation to include any new compulsory specifications and any additional mandate that may be placed on the Unit periodically. During the performance period, the SANAS assessment focused on the business unit's inspection and approval activities.

The annual assessment was conducted in September 2024, and all non-conformances raised were closed in line with SANAS requirements. For the 14th consecutive year, the ABU successfully increased its accreditation scope by adding the individual vehicle LOA approval process for private persons. The Unit has thus maintained its accreditation status.

STAKEHOLDER ENGAGEMENT

During the reporting period, we interacted with stakeholders in accordance with the plan. The interaction with stakeholders created a platform for consultations and engagements on matters of mutual benefit. The following activities were highlighted during stakeholder engagements:

- Engagements with the RMI yielded positive results, establishing a strategic partnership that secured free publication for three quarters in RMI's Automobile magazine. This enabled the NRCS to reach both RMI members and the wider consumer audience of the magazine.
- The ABU has successfully executed its stakeholder annual plan across the vehicle and components industries through robust engagements with key industry associations to disseminate critical regulatory information. These interactions also aim to forge strategic partnerships that support the realisation of local market optimisation under the South African Automotive Masterplan. The Unit has supported other key stakeholder groups within the South African Development Community (SADC) in their quest to benchmark with the South African Regulatory Technical infrastructure for implementation in their respective regions. Engagements meetings with the Namibian and Kenyan delegations were successfully executed as part of information sharing in pertaining to the NRCS automotive core regulatory processes.
- The ABU recognises the importance of supporting local business through focused education and awareness initiatives regarding the NRCS regulatory requirements to ensure compliance. For that reason, the ABU embarked on four internally driven case studies for the period under review aimed at small and medium size local companies involved in the automotive regulated product space. All four case studies were successfully implemented for the benefit of the companies identified to ensure a better understanding of the NRCS requirements and to help the comply with products offered to the South African marketplace.

The table below provides more details on the implementation of the stakeholder engagement plan:

Table 9 Automotive implementation of the stakeholder engagement plan

Business Unit	Planned engagement targets for the quarter	Actual performance from the quarters targets	Reason for variance	Corrective action	Other engagements conducted	Movement from previous	Total number of engagements conducted	Key issues/impact of the engagement
Automotive	1. AMID (x2) 2. SABOA (x2) 3. SATMC/TYRES (x2) 4. KENYAN DELIGATION 5. NAAMSA (x2) 6. SAVABA (x2) 7. O1 – O4 Trailers 8. NAMIBIAN DELIGATION. 9. SCC 10. RMI 11. ITAC 12. Case Study	1. Achieved 2. Achieved 3. Achieved 4. Achieved 5. Achieved 6. Achieved 7. Achieved 8. Achieved 9. Achieved 10. Achieved 11. Achieved 12. Achieved	None		Two engagements with ITAC were held instead of the one planned as per engagement plan.		Fourteen planned engagement per plan Three engagements not on the plan Therefore, the total is **17** **4 Case studies executed**	**Industry associations:** *Engaged on issues and challenges facing the industries* **Meetings with Namibian and Kenyan delegations:** *Exchanged information in relation to automotive regulatory processes*

CHALLENGES

During the reporting period, the ABU gathered intelligence through market surveillance activities, investigations, sanctioning, sampling and approvals. Our analysis has revealed the following challenges that will inform our tactical approach for the next performance period:

- The ABU missed the target for the period under review by 203 inspections, representing a 3.9% underperformance. This was due to unforeseen operational challenges that occurred during Quarter 3.
- Testing projects from the preceding reporting period continued into the period under review due to limited testing capacity at facilities within the country.
- Streamlined: The Unit has an ongoing legal case appeal, which resulted in diverting the sampling budget for testing to cover the legal costs.
- Implementation of cost-containment measures owing to organisational constraints impacting ABU's operational budget. This led to the suspension of internal travel related to WP29 activities, limitations on the recruitment, and other critical operational activities.
- Manual operation of core processes causes inefficiencies in performance management and information security.
- A lack of digitisation for approval applications, coupled with manual entry of technical application details in our database. The Unit will work closely with the ICT unit to solicit an interim solution while waiting for the modernisation project to complete.

Not with standing the challenges identified above, the ABU asserts that by conducting market surveillance activities, assessing applicants, granting approvals, enforcing compliance, and engaging with stakeholders, the ABU ensures the safety, quality, and regulatory compliance of motor vehicles and automotive products as mandated by the NRTA. Through its commitment to excellence, the ABU plays a key role in promoting consumer confidence and industry growth.

CONCLUSION

In conclusion, the Automotive Business Unit (ABU), operating under the National Regulator for Compulsory Specifications (NRCS), serves as a pivotal entity within the automotive sector. Despite a challenging operational environment that the Unit endured for the period under review, the overall performance in meeting the organisational targets and fulfilling its mandate was satisfactory except for the inspection target, which was affected by unforeseen operational challenges.

CHEMICALS, MATERIALS, & MECHANICALS

INTRODUCTION

The National Regulator for Compulsory Specifications (NRCS) operates in a dynamic, rapidly evolving environment and faces significant challenges, including persistent loadshedding that disrupts the national power supply. This issue not only impacts households but also has far-reaching economic consequences, thus adversely affecting key sectors including manufacturing, importation, and retail.

OVERVIEW OF OPERATIONS

The Chemical, Mechanical and Materials (CMM) Business Unit of the National Regulator for Compulsory Specifications (NRCS) serves as a critical regulatory authority, overseeing compliance with Compulsory Specifications (VCs) across key sectors of South Africa's economy. By enforcing stringent standards, the Unit safeguards public safety, supports industrial competitiveness, and promotes sustainable trade practices.

Key Regulatory Functions:

1. Health and Safety Compliance:
   - The CMM Business Unit regulates essential personal safety commodities such as Personal Protective Equipment (PPE) and Chemical Disinfectants, so ensuring efficacy and reliability, which is particularly vital in a post-pandemic era of heightened health awareness.
2. Industrial and Consumer Product Oversight:
   - The Unit also governs safety-critical items, including Personal Flotation Devices (marine safety) and Shooting Ranges (public security).
   - The CMM Unit also regulates and monitors construction materials (+), ensuring structural integrity and alignment with national compulsory specifications and national standards.
3. Environmental Sustainability:
   - CMM, acting on behalf of the Department of Forestry, Fisheries and the Environment (DFFE), enforces regulations governing plastic carrier and flat bags, thereby contributing to national waste-reduction initiatives and the advancement of South Africa's circular economy objectives.

ECONOMIC AND SOCIAL VALUE

The Unit upholds market assurance by sanctioning non-compliant products, ensuring fair trade, and protecting consumers from unsafe goods. Its mandate aligns with the NRCS's national imperatives, positioning it as a core governance instrument within South Africa's regulatory framework.

REGULATORY MANDATE AND OPERATIONAL FRAMEWORK OF THE CMM BUSINESS UNIT

The Chemical, Mechanical and Materials (CMM) Business Unit fulfils its mandate by enforcing South Africa's Compulsory Specifications (VCs), thereby ensuring compliance with health, safety, and environmental protection standards. To achieve this, the Unit implements a three-tiered regulatory framework:

1. Pre-Market Conformity Assessment:
   - Rigorous evaluation and approval of products prior to market entry, so ensuring compliance with technical and safety requirements.
2. Active Market Surveillance:
   - Ongoing inspections across supply chains (manufacturing, importation, distribution) to monitor sustained compliance.
3. Enforcement Measures:
   - Administers sanctions against non-compliant products to enforce regulatory compliance.

This regulatory approach ensures that compliant products enter and remain in the South African market.

CHALLENGES AND STRATEGIES

By enforcing Compulsory Specifications, the CMM Unit aims to identify and remove non-compliant products from the South African market, thereby safeguarding consumers and supporting economic stability. The CMM Business Unit is responsible for the administration and maintenance of Compulsory Specifications that cover a wide range of industry sectors within the South African economy. These are technical regulations that require products or services to conform to health, safety or environmental protection requirements of a standard, or specific provisions of a standard.

The strategy that CMM employs ensures the identification and removal of non-compliant products through surveillance inspections by sanctioning goods, according to the mandate set out by the NRCS Act (Act No. 5 of 2008) and divisional procedures within CMM. It continues to act on behalf of the Department of Forestry, Fisheries and the Environment by regulating plastic carrier and flat bags.

The CMM Business Unit also performs a regulatory function on behalf of the following departments:

- The South African Police Service:
    - The Firearms Control Act
    - The regulation of shooting ranges and firearms
- The Department of Environment, Forestry and Fisheries:
    - Waste Bureau – Memorandum of Agreement
    - The regulation of plastic carrier and flat bags.

In administering and maintaining compulsory specifications, the CMM Business Unit undertakes pre-approval, market surveillance, sampling, and sanctioning activities. The CMM Business Unit currently regulates 15 Compulsory Specifications covering a vast product category in the chemical, mechanical and material industries.

It should be acknowledged that prolonged vacancies in several strategic roles - i.e., General Manager, Approvals Manager and Technical Specialist - have created operational constraints for the Unit. These capacity limitations, combined with current resourcing challenges, have introduced avoidable complexities that impact workflow stability and efficiency. Proactive measures to accelerate recruitment, along with strengthened interdepartmental coordination, would help stabilise workflow efficiency.

YEAR IN REVIEW

Despite operational challenges posed by labour disruptions during the reporting period, the CMM Business Unit achieved 94.6% of targeted surveillance inspections and processed 93.25% of approval applications within mandated timelines.

Through proactive leadership and strategic contingency-planning, management successfully mitigated operational impacts during this challenging period, thus enabling CMM to maintain near-full achievement of all key performance indicators across its regulatory mandate.

Revenue-collection has emerged as a key organisational challenge this fiscal year. Through strategic initiatives and diligent execution, the Unit has successfully recovered outstanding payments from regulated entities, thus ensuring regulated entities meet their financial obligations while strengthening the NRCS' capacity to execute its statutory mandate. The CMM Business Unit's achievements are fundamentally driven by its committed team. Without the stability of a General Manager and Approvals Manager, the Unit was deliberate in its approach to adopt a collaborative methodology through employee-empowerment initiatives. As a result of this approach, the Business Unit established itself as an exemplary model for best practices and operational effectiveness within the NRCS.

OPERATING HIGHLIGHTS

The CMM Business Unit conducts an annual review of its performance targets by assessing micro- and macro-environmental factors influencing regulatory outcomes, ensuring alignment with the **dtic**-approved Annual Performance Plan, and benchmarking against the targets of other operational units. The Business Unit analyses historical data on leave trends and seasonal fluctuations of goods to support a multilayered approach to planning. The Unit maintains market integrity through Targeted market surveillance inspections are conducted across all levels of the supply chain to verify that regulated products are duly registered with the NRCS, approved by the CMM Approvals section, and fully compliant with the applicable Compulsory Specifications.

For the reporting period, the CMM Business Unit executed 4 650 surveillance inspections, achieving 94.6% of its annual performance target of 4 920 inspections. While guaranteeing substantial coverage across the regulated industries and across various provinces within South Africa, this outcome reflects a moderate 5.4% shortfall from planned inspection volumes, which is attributable to the Q3 labour disruptions. This coverage maintained robust market oversight with 100% of identified non-compliant products being sanctioned.

The total inspections conducted include products found at manufacturers, retailers and ports of entry. Non-compliant goods in excess of R16 million (R16 708 807.52) were found and sanctioned.

ANNUAL INDUSTRY BREAKDOWN - INSPECTIONS

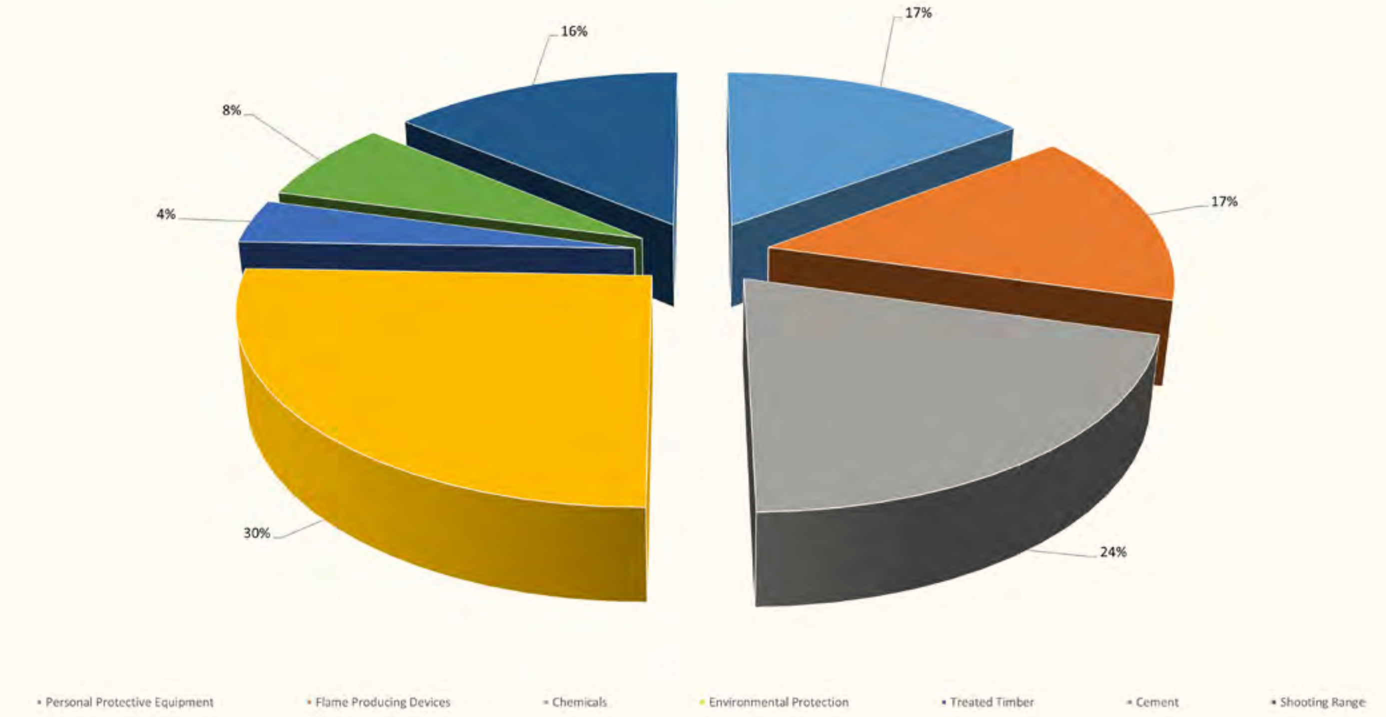
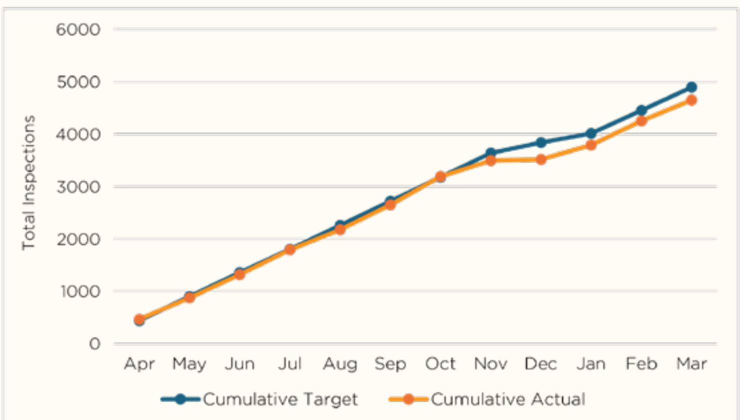


Figure 6 Surveillance Inspections 2024/25

This figure illustrates a direct correlation between inspection coverage and the Business Unit's capacity to conduct and sustain regulatory enforcement activities. Throughout this financial year, the CMM Unit maintained constant performance-monitoring, thus ensuring adherence to corporate commitments which included, among others, customer awareness campaigns and stakeholder engagement initiatives. Active collaboration was pursued with cross-functional business units, as well as relevant national and provincial government departments. These collaborations ensured that CMM aligns efforts with organisational objectives and fulfils its mandated responsibilities. Despite these commitments and initiatives, as well as the industrial action during Q3, the Unit delivered a strong performance, thus achieving near complete alignment with its annual performance targets, as evidenced in the graphic presentation in Figure 2 below.



	Cumulative Target	Cumulative Actual
Apr	442	468
May	901	874
Jun	1360	1319
Jul	1802	1792
Aug	2261	2177
Sep	2720	2651
Oct	3179	3189
Nov	3638	3497
Dec	3842	3519
Jan	4012	3790
Feb	4454	4253
Mar	4896	4650

Figure 7 Cumulative inspections per month.

The CMM Business Unit issued a Consumer Alert to caution consumers against purchasing and using unsafe non-pressure paraffin stoves and heaters. Consumers were urged only to purchase NRCS-approved non-pressure paraffin stoves and heaters. The Unit also conducted radio interviews on the dangers of using unsafe flame producing devices.

To ensure nationwide coverage across South Africa and all CMM-regulated industries, multiple group inspections were conducted. Strategic-planning identified and highlighted these critical areas for targeted inspections.

- **Plastic Carrier and Flat Bags:**

The Plastic Carrier Bag and Flat Bag regulation was amended in 2021. This regulation requires that, from 1 January 2025, plastic carrier bags and flat bags be made from a minimum of 75% post-consumer recycled material.
Targeted inspections conducted across multiple South African provinces resulted in the identification and sanctioning of over five million non-compliant plastic carrier bags that failed to meet Compulsory Specifications requirements. This enforcement action prompted all plastic carrier bag manufacturers to submit applications for approval, thus demonstrating their commitment to comply with the revised standards and regulatory requirements. The CMM Approvals Section prioritised the processing of these applications to ensure that the market maintains a steady supply of plastic carrier and flat bags.

- **Treater Timber**

During the third quarter, the Business Unit prioritized compliance enforcement for the problematic treated timber commodity. Targeted blitz inspections were conducted in Limpopo, complemented by parallel sector-wide awareness campaigns in the Eastern Cape. These coordinated interventions yielded significant compliance improvements across the sector. During the three-day blitz inspection, more than 1 800 non-compliant poles were sanctioned and confiscated.

LEGAL MATTERS

According to standard operating procedures, relevant matters are forwarded to the Legal Department for formal opinion and guidance. This ensures that the CMM Business Unit is consistent in its application of enforcement procedures. When matters are referred, the NRCS Legal Department assesses each case to verify procedural correctness, regardless of industry. These matters extend across all CMM-regulated industries and commodities, unified by their link to sanctions imposed for non-compliance.

One such matter was the importation of four containers of non-pressure paraffin heaters at the Durban port of entry. The name of the importer, as stipulated on the import documents, differed from that on the Letter of Authority issued for the specific brand of non-pressure paraffin heater. During the investigation, the clearing agent informed the NRCS that a high-seas sale had occurred, thus requiring alterations to the shipment documentation. As the inquiry progressed, further inconsistencies were identified. In response, the NRCS Technical Committee determined that the non-compliant non-pressure paraffin heaters posed a risk to consumer safety and mandated their destruction.

In another matter referred to the Legal Department, the South African Revenue Service (SARS) Customs Division handed a container containing 150 bags of 50 kg cement to the NRCS for further handling and investigation. These bags were not marked in line with the requirements of the Compulsory Standard. The importer of this consignment did not possess a Letter of Authority issued by the NRCS CMM Business Unit. The investigation revealed that the cement type and brand in question were formally registered to another company, which had no prior knowledge of or affiliation with the importing entity.

APPROVALS

The section's ability to process this volume while maintaining a 93.25% completion rate reflects both effective resource allocation and adherence to agreed timelines. This performance aligns with the organisation's objectives for operational excellence and regulatory oversight.

DEFINITION OF REJECTED APPLICATIONS

Rejected applications are those that do not meet the minimum requirements outlined in the Compulsory Specifications or where applicants fail to address all identified issues within the specified timeframe. This ensures

adherence to quality standards and regulatory compliance.
While the high completion rate of applications confirms the Unit's processing efficiency, the rejection of applications presents an opportunity for process improvement. Potential improvement measures include enhanced applicant guidance on submission requirements, earlier identification of compliance gaps, and proactive support during the rectification period. These targeted interventions could reduce rejection rates while maintaining the section's commendable processing throughput. The Unit's adherence to established standards ensures the integrity of approved applications. Its performance metrics indicate a strong foundation for continuous operational improvement. Future initiatives will focus on optimising both efficiency and effectiveness in the approvals process.

The approval statistics for the period under review are summarised in the table below.

Table 10 Approvals summary 2024/2025

	Processed	Approved	Rejected	Cancelled	Withdrawn	Average turnaround days	% Issued within 90 days
Q1	154	93	18	5	4	36	100%
Q2	161	96	10	6	4	31	99%
Q3	143	63	14	3	7	40	98%
Q4	204	95	26	3	2	41	76%
Total	662	347	68	17	17	37	93.25

The implementation of the revised Compulsory Specification for Plastic Carrier and Flat Bags (VC8087:2013), following the amended regulatory requirements, has resulted in a backlog in processing approval applications. These outstanding applications negatively affected the Unit's performance as applicants failed to provide corrective action for identified deficiencies of their applications to Compulsory Specifications and the relevant Standard. Rejections were mainly owing to incomplete application requirements submitted, applicants failing to submit corrective action within the stipulated time and poor or no response from the applicants.

QUALITY MANAGEMENT SYSTEM REPORT

POLICY STATEMENT

It is the policy of the CMM Business Unit to establish, implement, and maintain a documented Divisional Management System that conforms with the requirements of the latest edition of SANS 17020 for the administration of VCs in accordance with Act No. 5 of 2008.

OBJECTIVES

The policy statement is directed towards achieving the following objectives:

- **Objective 1:** To establish, maintain, measure, and improve a documented Divisional Management System that satisfies the requirements of the latest edition of SANS 17020 for the administration of compulsory specifications for which the Division is responsible in terms of Act No. 5 of 2008 by means of the implementation of the latest edition of Divisional Manual No. CMM MAN 3.
- **Objective 2:** To implement management system measures that ensure the impartiality of Divisional inspection activities by means of the implementation of the latest edition of Divisional Manual No. CMM MAN 3.
- **Objective 3:** To achieve and maintain accreditation from the South African National Accreditation System (SANAS) to demonstrate the Division's competence as an inspection body in accordance with the latest edition of SANS 17020 for the management system for the administration of the following compulsory specifications:

a. Compulsory Specification for personal flotation devices (herein referred to as VC8032:2009) as published by Government Notice No. R 91 (Government Gazette No. 31844) of 6 February 2009.
b. VC8054:2017.
c. Compulsory Specification for respiratory protective devices (herein referred to as VC8072:2011) as published by Government Notice No. R 407 (Government Gazette No. 34272) of 13 May 2011.
d. Compulsory Specification for the safety of lighters (herein referred to as VC8076:2002) as published by Government Notice No. R 1279 (Government Gazette No. 23928) of 18 October 2002.
e. Compulsory Specification for plastic carrier bags and flat bags (herein referred to as VC8087:2013) as published by Government Notice No. R 651 (Government Gazette No. 36808) of 6 September 2013.
f. Compulsory Specification for cement (herein referred to as VC9085:2007) as published by Government Notice No. R. 544 (Government Gazette No. 30023) of 6 July 2007.
g. Compulsory Specification for small arms shooting ranges (herein referred to as VC9088:2015) as published by Government Notice No. 518 (Government Gazette No. 38877) of 19 June 2015.
h. Compulsory Specification for non-pressure paraffin stoves and heaters (herein referred to as VC9089:2013) as published by Government Notice No. R 552 (Government Gazette No. 36725) of 8 August 2013.
i. Compulsory Specification for swimming aids (herein referred to as VC9090:2009) as published by Government Notice No. R 91 (Government Gazette No. 31844) of 6 February 2009.

- **Objective 4:** To implement and maintain the requirements, obligations, and duties of an accredited facility, as set out in SANAS Document No. F 147, for operations within the Division that fall under the scope of SANAS accreditation, through the application of the latest edition of Divisional Manual No. CMM MAN 3.

2024 SANAS ASSESSMENT

On 25 - 26 June 2024, the third surveillance assessment of the CMM Business Unit by the South African National Accreditation System (SANAS) took place at the NRCS head office in Pretoria. During the assessment, two non-conformances were identified. The due date for the submission of corrective actions to SANAS was 31 July 2024.

On 25 July 2024, SANAS was requested to extend the due date for the submission of corrective actions to 20 September 2024.

On 19 – 20 September 2024, the corrective actions for the two non-conformances were submitted to SANAS.

CMM RISK REGISTER

The revision of the CMM Risk Register has taken place on 31st March 2025 during the management review of the Division Management System.

ACCREDITATION

As one of its objectives, CMM has achieved and maintained accreditation from SANAS as a competent inspection body in accordance with the requirements of the latest edition of SANS 17020 for a management system for the administration of several compulsory specifications. This was demonstrated by SANAS Certificate of Accreditation No. INSP0023, which is valid from 11 December 2011 – 10 December 2025.

On 31 March 2025, an application for the renewal of accreditation was submitted to SANAS.

STAKEHOLDER ENGAGEMENT

The CMM Business Unit remains firmly committed to strengthening collaborative relationships with government departments, industry associations, and business stakeholders. This commitment is operationalised through our structured Stakeholder Engagement Plan, which facilitates regular industry meetings to address shared regulatory and industry challenges. These engagements ensure the balanced representation of both public-interest and industry perspectives while advancing the NRCS mandate.

Throughout the year, the Unit engaged with stakeholders across various industries, including:

- Plastic Carrier and Flat Bags,
- Chemical Disinfectant Industry,
- Treated Timber Industry,
- Personal Flotation Aids Industry,
- Personal Protective Equipment Industry,
- Shooting Range Industry, and
- Provincial Office of the Consumer Protector.

These planned and unplanned industry meetings resulted in the Unit actively addressing issues identified and putting measures in place to strengthen regulatory activities within the industry.

Table 11 Planned engagement

Quarter	Planned engagement targets for per quarter	Actual performance
Q1	2	3
Q2	2	8
Q3	2	10
Q4	2	15
Total	8	36

CONCLUSION

The Unit exhibited remarkable commitment and strategic resourcefulness in the past financial year, achieving measurable progress despite operational challenges. Although the Business Unit is still experiencing instability at its top leadership, it is still determined to reinforce governance and is hopeful that the appointment of a dedicated General Manager and Approvals Manager will occur within the new fiscal year. The completion of the training of two additional inspectors will strengthen the Unit's operational reach and responsiveness. Under difficult circumstances, the CMM Business Unit remained afloat by its deliberate and calculated planning and strategic leadership with the support of its team. These outcomes reflect the CMM's unwavering commitment to its mandate and reaffirm its critical role in advancing the organisation's objectives and goals.

The NRCS, through its CMM Business Unit, remains unwavering in its mandate to enforce Compulsory Specifications, so ensuring protection of public health, safety, and the environment. Despite operational challenges, the Unit has demonstrated adaptability and resolve, thus achieving sustained regulatory coverage across all industry sectors, thus implementing strategic interventions to address risks and collaborative engagements promote shared accountability.

ELECTRO-TECHNICAL

OVERVIEW

The Electro-Technical Business Unit enforces 20 compulsory specifications to protect the safety and health of consumers and the environment from the risks posed by regulated products in the electrical and electronic technology areas. The scope of regulations covers approximately 600 product types, including electrical cables, domestic appliances, plugs, power tools, switches, general service lamps, circuit breakers, audio-visual equipment, information technology equipment as well as the energy efficiency of various products. In the period under review, two new compulsory specifications were added to the regulatory scope, namely VC 9109 (energy efficiency of general service lamps) and VC 9110 (safety of general service lamps). In addition, a new compulsory specification, VC 9113 - for the energy efficiency of electrical motors - was promulgated to become effective from 4 June 2025.

The Unit is an accredited inspection body operating in accordance with SANS/ISO/IEC 17020: Conformity Assessment — Requirements for the Operation of Various Types of Inspection Bodies. The accreditation demonstrates the technical competency of the staff for the defined scope and the operation of an effective management system. The electro-technical regulated environment is shaped by several factors, including shorter product life cycles, rapid technological innovation, low barriers to entry for regulated entities, overlapping jurisdiction with other regulators, the increasing shift to online and e-commerce platforms, and the risk of existing products becoming technologically obsolete. Accordingly, the enforcement strategy is centred on:

- Deploying the risk-based approach (RBA), where the focus is on intervening in areas of high risk.
- Regulating at source by implementing the 80/20 principle, where 80% of the inspections are conducted at source (ports of entry, manufacturers, and importers premises), while 20% of the focus is on retailers.
- Remote surveillance by utilising technology to conduct inspections of -site from where the products would be.
- Promoting voluntary compliance and self-compliance by the regulated industries.
- Partnering and collaborating with other regulators, government agencies and departments, with concurrent mandates and interests to conduct blitz inspections or operations.

Any non-compliant products found during market surveillance inspections are dealt with in accordance with the requirements of the NRCS Act, Act No. 5 of 2008, as amended. These include destorying the products and/or returning them to the country of origin. Some of the highlights and challenges encountered in the period under review are shown in Table 1.

Table 12 Electro-tech highlights and lowlights for 2024/25

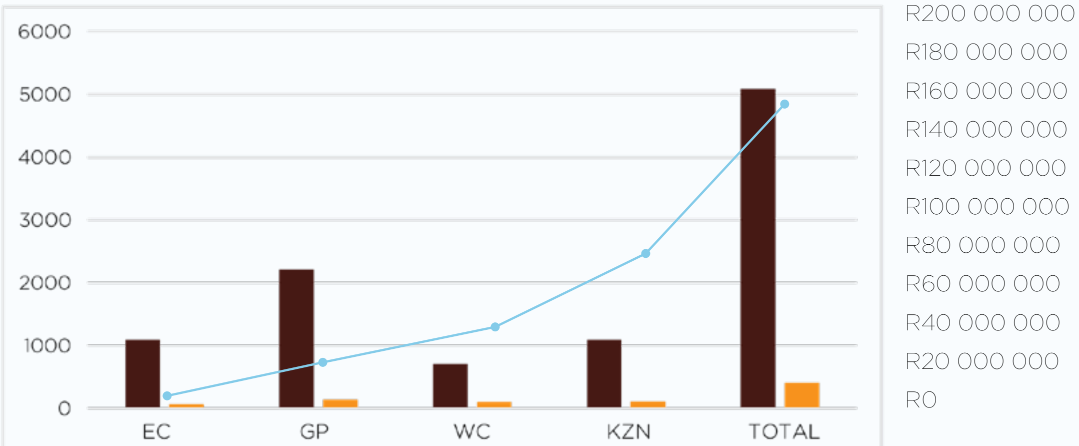
Highlights	Lowlights/challenges
• Exceeded the inspections target by approximately 1.6% • Found ~R170 million worth of non-compliant products • Processed more LOA applications than in any other year • New Safety LOA system successfully deployed • Breakthrough with the Cable Industry, which had been non-compliant for years • Started engagements with the South African E-commerce Association (SAEA) to police online trading • Joint operations with other government agencies • Demonstrating the competency of the inspection body by retaining accreditation to SANS 17020 with no non-compliances raised by the independent external auditors	• Levies for new VCs for GSLs, which were implemented, were not published • Approvals turnaround times were not achieved • Budgetary constraints • Intermittent availability of CRM system for processing LOAs • Human Resource constraints at a time the regulatory scope is increasing • Limited storage capacity of confiscated goods • The growth of online trading amid resource constraints • Industrial action by staff

PERFORMANCE

INSPECTIONS

A total of 5 084 inspections were conducted against an annual target of 5 000, which exceeded the target by 1.7%. From the inspections conducted, 401 Section 15.1 directives were issued for non-compliant products found, with an estimated value of R178.1 million. These products included plastic bucket heaters, incandescent lamps, compact fluorescent lamps, LED displays, speakers, luminaires, Christmas lights, lamp holders, rechargeable fans, emergency lights, toasters, and soldiering irons. Figure 1 shows the market surveillance statistics per region, indicating the number of inspections conducted, the number of directives issued to restrain trade, and the rand value of non-compliant products found on the market.

2024/25 INSPECTIONS, DIRECTIVES, RAND VALUE OF NON-COMPLIANCES



No of inspection	1087	2211	700	1086	5084
No of directives	62	135	99	105	401
Rand value of non-complaint products	R8 303 412	R34 171 625	R45 800 950	R89 814 498	R178 090 485

Figure 8 Electro-technical market surveillance statistics for 2024/25

The statistics in Figure 1 show that in the period under consideration, the Unit issued one directive in every 12.7 inspections conducted, which is comparable to the previous financial period. Each inspection conducted yielded approximately R35 030 worth of non-compliant products, which is approximately a 3.7% improvement from last year's R25 562 per directive. Each directive averaged R444 116 worth of non-compliant products compared to R337 772 in the previous period. There was a 67% increase in the number of samples taken as compared to the previous period, with 154 samples taken in the period under review against 92 in 2023/24. In Table 2, the statistics are broken down per region showing that ~50.4% of the non-compliant products were found in KZN, while both KZN and WC accounted for ~76.1% of the total value.

Table 13 Market surveillance statistics per region

Region	GP	EC	WC	KZN	TOTAL
Annual inspections	2 211	1 087	700	1 086	5 084
Inspections target	2 500	1 000	750	750	5 000
Annual directives	135	62	99	105	401
Annual samples for testing	106	4	16	28	154
Number of inspectors	10	4	3	3	20
Rand value of non-compliant products(rands)	34 171 625	8 303 412	45 800 950	89 814 498	178 090 485
Rand value of non-compliant products per inspector	3 417 163	2 075 853	15 266 983	29 938 166	8 904 524

Electro-Technical collaborated with other government department and agencies to conduct joint inspections as well as inform and educate businesses and the public about compulsory specifications. Some of the non-compliant products were found during such joint operations with government agencies. Examples of the joint operations include:

i. Cable Inter-Provincial Joint operation in Gqeberha and Kariega during 17 - 21 June 2024 – SAPS / SARS / NRCS
ii. Joint operation at the entrance of Port of Ngqura with SAPS, SARS – 30 May 2024
iii. Gauteng Electro-Tech Geysers Raid with SAPS on 15 October 2024
iv. Gauteng Joint Operation with SAPS on 16 October 2024
v. Joint Operation/Raid - Gqeberha (NCC/SAPS Crime Intelligence/ Home Affairs/Brand Agent/SAPRA/ICASA) - 18 October 2024.

The BU implemented several initiatives in support of the national imperatives to reduce greenhouse gas emissions and protect the environment. The activities, summarised in Table 3, include capacity development, enforcement of requirements, blitz inspections, participation in local and international workshops, and stakeholder engagement.

Table 14 Energy efficiency activities in support of national imperatives

No	Activity	Details
1	Conducted four EE blitzes across the country. Q1 – GSLs (GP, KZN) Q3 – Refurbished geysers (GP) Q4 – White goods (Southern Cape) Q4 – GSLs (GP)	i. Q4 – General Service Lamps (GSLs), Gauteng: XX samples were taken for testing. ii. Q4 – White Goods, Southern Cape: Inspections conducted to verify energy labelling and LOA compliance. iii. Q3 – Refurbished Geyser Manufacturer, Gauteng: A raid uncovered R400,000 worth of non-compliant products. iv. Q1 – Baseline Market Study: 27 GSL samples (covering nine brands, three lamps per brand) were collected and tested using portable equipment donated by DMRE. Well-known brands sampled in Pretoria achieved an 86% pass rate on efficacy (against the SADC Harmonised Standard), while samples from the Far East, collected in Durban, recorded a 0% pass rate.
2	Preparations and enforcement of new VCs VC – 9109 – GSLs VC 9113 – Electric motors	i. Two full stakeholder engagements were held with the Lighting Industry to assess preparedness and disseminate compliance information. ii. Engagements with government stakeholders and conformity assessment bodies were conducted in preparation for the implementation of VC 9113.
3	Enforcement	i. Processed 1 822 LOA applications, with 84% finalised within 60 days and 96% within 90 days. ii. Conducted 189 energy efficiency inspections nationwide. iii. Secured the SANS 17020 extension of accreditation for the scope of General Service Lamps (GSLs).
4	Regional and International Activities	i. Participated in and presented at the U4E Annual Meeting in Paris on SADC energy efficiency projects. ii. Engaged in SADC-EAC EELA workshops covering regional energy efficiency label development, e-waste guideline development, GSL test results, and refrigerants.

No	Activity	Details
		iii. Joined an international online exchange meeting on washing machines, where an NRCS Technical Specialist delivered a presentation. iv. Attended a regional meeting in Zambia to report on progress in implementing the Minamata Convention on Mercury.
5	S&L MEPS Improvements	i. Contributed to cost-benefit studies on Minimum Energy Performance Standards (MEPS) improvements for refrigeration and air conditioners ii. Engaged in MEPS improvement discussions relating to VC 9008.
6	EE Database Enhancements	i. Contributed to the development of the Energy Efficiency (EE) Database for General Service Lamps (GSLs). ii. Contributed to the development of the EE Database for VC 9113.
7	Capacity-building	i. Capacity-building session on General Service Lamps (GSLs), delivered by an international lighting expert and facilitated by CLASP. ii. Internal staff capacity-development workshops conducted.

APPROVALS

The number of applications processed increased by approximately 21%, from 16,211 in the previous financial year to 19,605 in the period under review. Of these, 86% (16,846) were finalised within 90 calendar days, against a target of 95%, while 71% were completed within 60 days. Approximately 90% of processed applications related to safety, with the remainder comprising energy efficiency (9.2%) and RCC (0.8%). Table 4 provides a breakdown of applications processed by approval type.

Table 15: Number of applications processed

	No of processed applications in 2024/25			
Turnaround time (days)	**Safety**	**EE**	**RCC**	**Total**
0 - 30	7 354	1009	19	8 382
31 - 60	5 011	523	40	5 574
61 - 90	2 642	218	30	2 890
>90	2 627	72	60	2 759
Total	**17 634**	**1822**	**149**	**19 605**

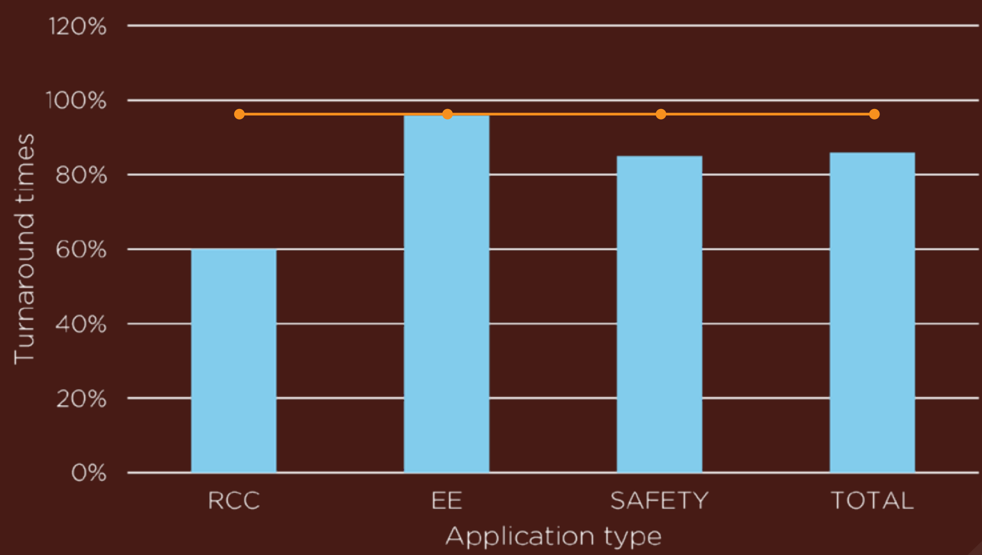
A total of 18 137 applications were received during the period under review, with the overall workload increasing to 22 221 applications, compared to 16 409 received and a workload of 18,409 in the previous financial year. Applications carried over to the next financial period totalled 2 616, up from 2 198 in the prior year. In 2024/25, approximately 6% (1 186) of processed applications were closed, as compared to 4.8% in the previous period. The relevant approval statistics are presented in Table 5.

Table 16: Approval statistics

Application type	Carried over from 2023/24	Received	Workload	Approved	Closed	Carried over to 2025/26
Total	2 198	20 023	22 221	18 419	1 186	2 616
RCC	130	135	265	111	38	116
EE	297	1751	2 048	1 680	142	226
SAFETY	1 771	18 137	19 908	16 628	1006	2 274

The applications were closed for three main reasons:

- Corrective action from the administrative and technical findings raised during the evaluation for compliance was not submitted within the 30-day deadline.
- The application failed the technical evaluation and could not feasibly be corrected.
- Duplicate applications were submitted.
- While overall targets were not met, the EE LOA applications were successfully processed within 90 days in 96% of cases. Figure 2 shows the turnaround times per application type, with RCC at 60%, EE at 96%, safety at 85% and the total at 86% owing to a high proportion of safety applications. In the period under review, the volume of applications processed exceeded all other previous years, which shows the compounded impact of the new safety system, the RBA, and the capacity addition through overtime after an extended period of the Q3 strike by staff. A new safety LOA system was introduced during the financial period, reducing processing times by automating previously manual tasks such as capturing LOA data and sending certificates to clients. High number of applications were received owing to the impact of the new GSL compulsory specifications and the market surveillance interventions at the ports of entry, where products with no approval from the regulator were denied market entry.



	RCC	EE	SAFETY	TOTAL
% Within 90 days	60	96	85	86
Target (90%)	95	95	95	95

Figure 9 Approvals turnaround times per application type

STAKEHOLDER ENGAGEMENTS

In the period under review, the Unit achieved approximately 96% (27/28) of its planned stakeholder engagements, in line with one of the objectives of the NRCS founding Act, to encourage voluntary compliance by stating "… the South African commerce, industry and the public about compulsory specifications". Electro-Tech recognises the diverse interests and influence of its stakeholders and aims to maximise their positive contributions while minimising any potential negative impact. In addition, there were approximately 55 unplanned engagements with various stakeholders mainly to discuss compliance matters. Most of the stakeholder engagements were held online in the form of meetings and workshops.

Table 4 shows the planned engagements undertaken in the period under review. Electro-Technical continued to maintain expertise at an acceptable international level by participating in - and obtaining membership of - relevant regional and international bodies such as the International Electrotechnical Commission (IEC) and SADC.

To educate and inform stakeholders further about compulsory specifications, Electro-Technical staff were involved in four case studies to assist regulated entities to comply with requirements. Table 4 tabulates the case studies undertaken, showing the company involved, the nature of business, and the assistance rendered by the Regulator. The broader objective of the case studies was to encourage voluntary compliance among the selected companies by providing the regulator's technical expertise through workshops and technical discussions with company representatives. When companies comply voluntarily, the Regulator may classify them as low risk, continue collaborating with them, and redirect limited resources to higher-risk areas.

Table 17: Case studies undertaken in 2024/25.

Company	Nature of business	Nature of assistance
Evenflow	The company imports and distributes products that include Information Technology and Audio Video Equipment covered by VC 8055.	Evenflow approached the NRCS for assistance with compliance requirements for its new wireless products, after its containers were detained due to the absence of LOAs and a limited understanding of the scope of VC8055 and VC9008. The NRCS visited the company, conducted walkabouts, and provided guidance on the relevant requirements.
Value Co.	Value Co. (Pty) Ltd supplies household products, lifestyle products, electrical or electronic products and components.	Inspections revealed non-compliant products. Further discussions showed that the company required support in understanding and meeting the requirements of various VCs, including the new provisions for GSLs. The NRCS visited the company, delivered presentations, held discussions on the requirements, and assisted with registrations to help ensure compliance and reduce non-compliant products.
Clan William Traders	Chinese importers and retailers of a variety of electro-technical products.	Workshops were held to educate the business community on compulsory specification requirements, particularly VC 8055 and GSLs. These sessions were supported by a translator provided by the business community.

Eurolux	Eurolux is an importer and distributor of a range of electro-technical products that include light bulbs and fittings for indoor and outdoor applications and a range of electrical components including fans.	Eurolux sought clarity on the interpretation of the new VCs 9110/9109 and requested the NRCS's opinion on test report layouts from their accredited laboratory to avoid issues when submitting LOA applications. As the company trades in numerous products subject to compulsory specifications, it initiated bilateral engagements with the NRCS to address technical queries on the VC requirements. Both physical and virtual meetings were held, supplemented by written responses to specific queries.

Table 18: Progress report on the implementation of the Unit's 2024/25 stakeholder engagement plan

List of stakeholders	Priority stakeholders	Rationale for engagements/current engagements methods/Issues	Actions/ activities	Total Engagements	Dates	Annual progress
Government Departments/ Agencies	the dtic, DMRE, DEFF, and SANEDI, ICASA	Promote alignment with government policy and cooperation	Participating in Standards and Labelling (S&L) Project Steering Committee (PSC) and the work programmes to reduce energy intensity and consumption, including National Cooling Action Plan.	4	12/4/2024 16/9/2024 03/12/2024 28/2/2025	Achieved
			Finalise MOU with ICASA	1	12/3/2024	Achieved
			Open engagements with SALGA	1		Not achieved
			Participate in Authorised Economic Operators (AEO) Project	1	11/4/2024	Achieved
	SABS	To influence standards for regulatory purposes.	Participate in standards development Technical Committees (TCs)	4		Achieved
Electrotechnical Industry	Local manufacturers, importers and retailers	Educate and inform stakeholders about compulsory specifications. Encourage Voluntary compliance to compulsory specifications	Operationalise, Specialist Consultative Committee (SCC) and hold inception meeting	1	3/9/2024	Achieved
			Meeting with at least four Industry Associations (Lighting, SARACA, OUTA/BUSA, Electric Motor Industry, Cable Industry)	4	16/4/2024 11/6/2024 17/9/2024 11/10/2024	Achieved
			Follow up engagement with Regulatory Agents/ Consultants Association (SARACA) to formally recognize them through set criteria	1	31/7/2024	Achieved

Regional and International bodies	International Electrotechnical Commission (IEC)	Establish and maintain the necessary expertise on an internationally acceptable level and keep abreast of developments	Attend IEC TC 61, on the safety of appliances, Annual Meeting	1
			Attend and participate in IEC CMC Annual Meeting	1
	Southern African Development Community (SADC)		Participate in SADC TBT Engagements	1
			Participate in EELA Project and SADCSTAN TC 16 activities	1
Internal BU stakeholders	Electro-tech staff	Employee engagements	Hold 2025/26 strategy session	1
			Hold regional 2024/25 strategy implementation workshops	5
			Hold Inspectors Workshop	1

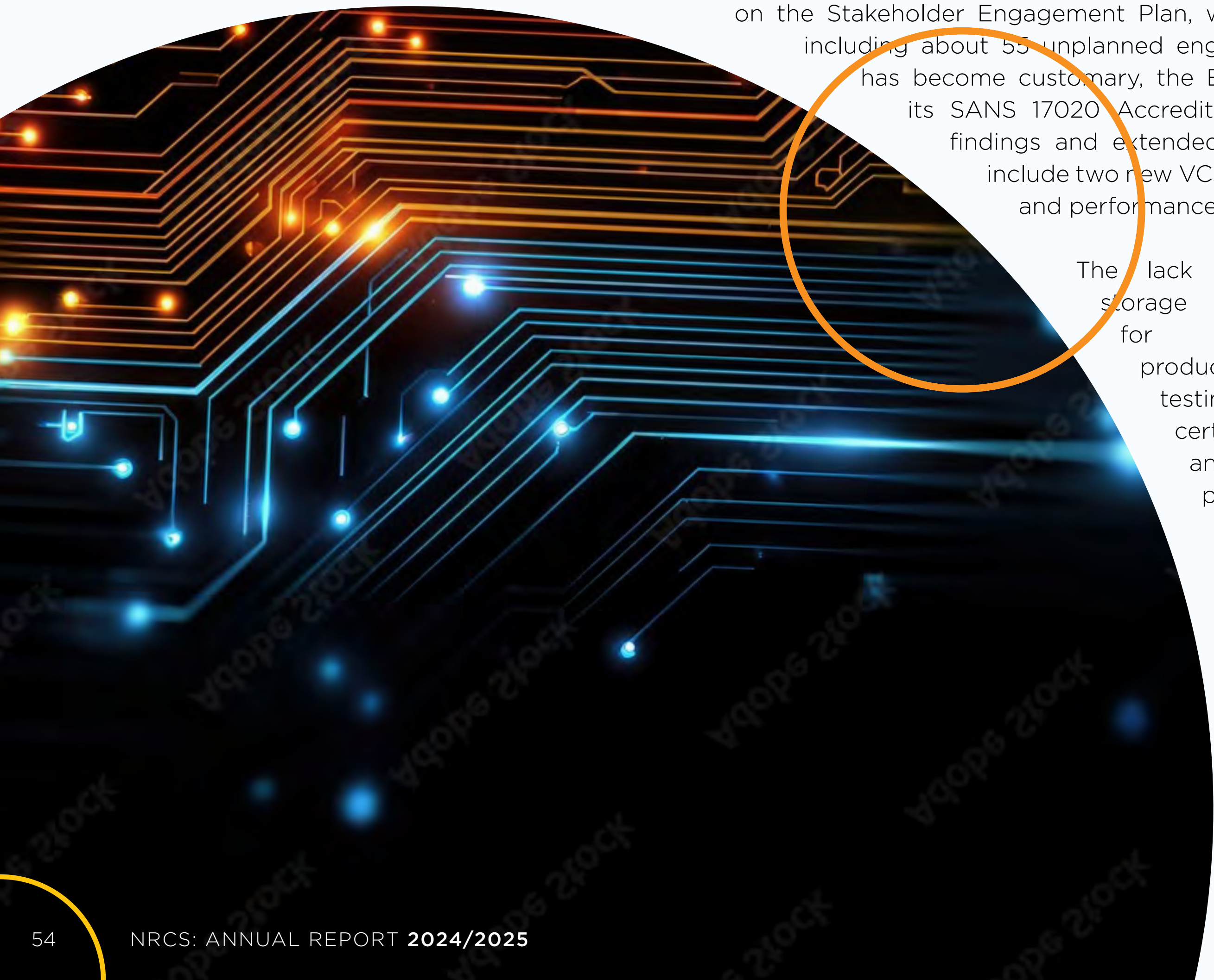
CONCLUSION

In the 2024/25 financial year, Electro-Technical conducted 5 084 inspections, which is 1.7% above the target of 5 000 inspections. Approximately R178.1 million worth of non-compliant products - as compared to R145.2 million in the previous year - were removed from the market by issuing 401 Section 15.1 directives.

Although the approvals target was not met, by processing 86% of the 19 605 applications within 90 calendar days, which is approximately 71% of the applications were processed within 60 days, while 96% of the EE applications were processed within 90 days. In addition, the volumes of applications processed in the period under review were much higher than any other previous year, which is an achievement in a period where there was an industrial strike by staff which lasted several weeks.

Approximately 96% of the 28 planned engagements, as depicted on the Stakeholder Engagement Plan, were achieved, including about 55 unplanned engagements. As has become customary, the BU maintained its SANS 17020 Accreditation with no findings and extended its scope to include two new VCs for the safety and performance of GSLs.

The lack of adequate storage capacity for non-compliant products, the lack of testing facilities for certain products, and the rapid proliferation of new technologies and online trading in the post-Covid-19 4IR



FOODS AND ASSOCIATED INDUSTRIES

OVERVIEW

The Food and Associated Industries (FAI) Business Unit protects consumers by regulating a wide range of products. These include processed and canned meat, canned and frozen fish, smoked snoek, aquaculture-produced live abalone, and live or chilled bivalve molluscs traded both nationally and internationally. This is achieved by:

- Inspecting processing plants and fishing vessels used to produce, process, or transport food products.
- Taking samples of food products in accredited surveillance facilities and submitting them for testing in accredited laboratories.
- Ensuring that non-compliant products do not enter the market and removing such products if discovered. A risk-based approach to surveillance was adopted to improve the efficiency and effectiveness of FAI processes. Source-or targeted enforcement was introduced as a measure to prevent the entry of non-compliant products into trade in South Africa. Surveillance inspections were conducted on both locally produced and imported products. At ports of entry, this involved profiling containers entering South Africa and inspecting them on arrival. Imported fishery products were taken to cold stores and warehouses, where samples were collected and tested at NRCS laboratories.
- The NRCS cooperates with other food safety regulators both locally and internationally and actively participates in food safety–related activities. It plays a key role in standards-setting processes, including international initiatives through Codex Alimentarius. At the national level, the NRCS works closely with legislators such as the Department of Health (DoH), the Department of Agriculture, and the Department of Forestry, Fisheries and the Environment (DFFE). In addition, the NRCS has established technical cooperation agreements with countries that trade fishery products with South Africa, serving as preventative measures to ensure that imports meet safety standards and carry the necessary health guarantees.

The Business Unit serves as the competent authority for fish and fishery products traded internationally. To facilitate this trade, the FAI issues health guarantees for exported products. As the designated competent authority, the NRCS is responsible for providing these guarantees to various countries and trade groupings.

OVERALL PERFORMANCE

For the 2024/25 financial year, there were three performance targets in the annual business plan, which consisted of six product categories. The Business Unit achieved its targets in all categories. A total of 27 875 inspections were conducted during the reporting period.

Table 19 Performance target achievement

Performance Indicator / Measure	Annual Targets as per the Business Plan	Inspection requests (Annual accumative 2024/25)	Number of inspections conducted (Annual accumulative 2024/25)	Inspection Performance
Number of Inspections conducted for locally produced and imported canned fishery and meat products and exported frozen fishery product consignments in accordance with the compulsory spesification and procedures (Cumulative target)	100% of all declared imported products and all productions produced locally for export.	25127	25127	
Number of inspections conducted on locally produced frozen fish, live products and the number of processing factory insepections (locally produced canned meat, frozen and canned fish and fishery products, processed meat products, live	2564	N/A	2748	7%
Estimated value of Exported Products	R8,000,000,000.00	N/A	R9,099,060,791.64	14%
Estimated value for Non-complying Products		N/A	R11,755,502.70	

The Business Unit noted an increase in the total number of inspections conducted during the 2024/25 financial year from 2023/2024. It conducted 914 more inspections than in the previous financial year.

Table 20 Inspection trends for the last 5 years per category

Decription	2020/21	2021/22	2022/23	2023/24	2024/25
Imported products	6439	7050	8690	7234	8237
Exported products	10804	10460	10684	11258	10699
Local canned fish	2612	2816	3182	2964	3522
Local canned meat	3811	3446	3281	2846	2669
Local frozen fish	805	949	930	869	775
Facility inspection	956	1298	1771	1790	1973
Total	**25427**	**26019**	**28538**	**26961**	**27875**

Of the six inspection categories, three recorded an increase and three a decrease in the number of inspections conducted. Despite this variation, the Business Unit achieved its targets across all categories. The monetary value of exported products was introduced as a target for the first time in 2023/24. In 2024/25, the target of R8 billion was exceeded by R1 104 080 684.66.

5 YEAR COMPARISON TOTAL INSPECTIONS CONDUCTED

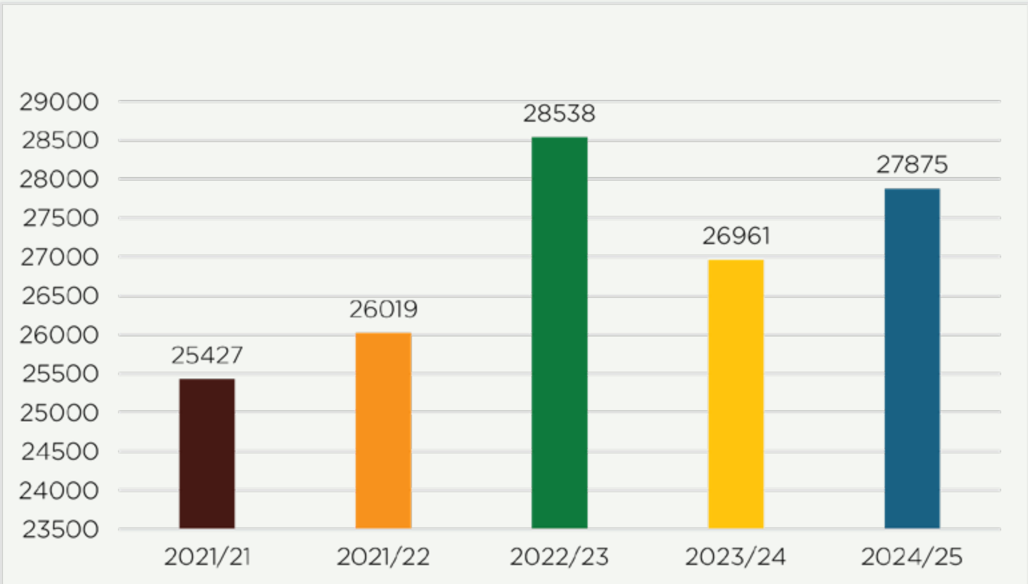


Figure 10 Inspection trends for the last 5 years

In the financial year under review, the Business Unit recorded the second-highest number of inspections conducted during the past five-year period.

The Business Unit implemented a risk-based approach. The regulatory and inspection methodologies rest firmly in the assessed risk profiles of the various food commodities it regulates. All inspections of high-risk products - such as canned goods and imports from countries without official inspection agreements - were completed. At the same time, low-risk products were monitored through a predetermined surveillance inspection programme. All inspections and operations of the Business Unit is conducted according to the policies and procedures of the quality management system implemented by the Business Unit system, based on ISO/IEC 17020.

Internal audits were conducted to measure the Unit's performance in terms of its documented quality management system. The Business Unit successfully maintained its SANAS accreditation after the external audit was conducted for the 2024/25 financial year.

INSPECTIONS

The Business Unit conducted 25 127 product inspections on export, local, and imported fishery and canned meat consignments and productions, as well as 2 748 facility inspections. Compared to the last financial year, there was a slight increase in three of the inspections categories and a slight decrease in three of the inspection categories conducted. Export consignment inspections increased while import consignments inspections decreased with the positive outcome that more consignments were exported than imported. With local products, the inspection of canned fish productions increased while the inspection of canned meat inspections decreased. This can be attributed to the general decrease of consumer's purchasing power as production in the meat industry is based on sales, orders and consumption.

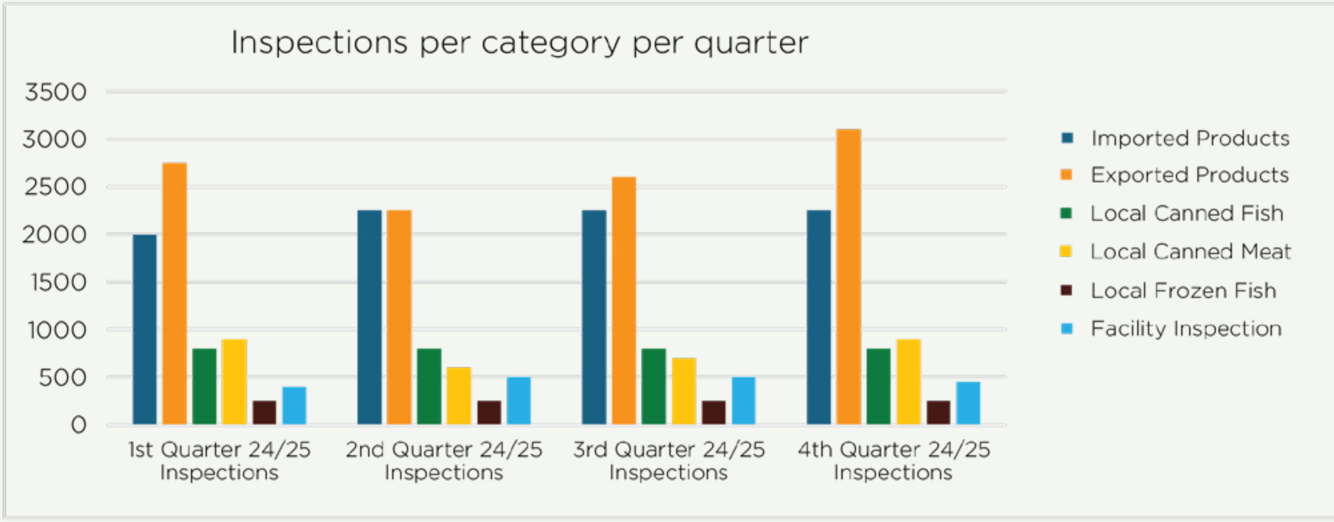


Figure 11 Inspections conducted per category per quarter for the 2024/25 financial year(incorrectly noted inside the document)

HEALTH GUARANTEES AND COMPLIANCE CERTIFICATES

The NRCS is the competent authority in South Africa for the export of fish and fishery products and is recognised as such by the European Union, the People's Republic of China, and other trading partners. Health guarantees are certificates that are issued by competent authorities, such as the NRCS, which comply with international food laws (Codex Alimentarius), or the laws of the importing country. These health guarantees are issued for exported products, including chilled fish, frozen fish, canned fish, canned meat, canned abalone, and live lobster, abalone and oysters. The Business Unit conducted **10 699** inspections on product consignments exported to various countries with a total of **8 170** health guarantees issued.

For all fish and fishery products imported into the country, as well as local canned fish and meat production, the Business Unit issues compliance certificates when compliance has been established in terms of the requirements of the Compulsory Specifications, before products are released to the marketplace. For the period under review, the Business Unit issued a total of **7 341** compliance certificates.

NON-COMPLIANCES

Non-compliance certificates were issued for products that did not comply with the requirements of the relevant Compulsory Specifications, including labelling requirements as specified in the Foodstuffs, Cosmetics and Disinfectants Act, Act No. 54 of 1972, and relevant SANS standards. For product runs or consignments found to be of substandard quality, or not fully compliant with certain non-food-safety-related requirements, the NRCS issued non-compliance certificates. In such cases, sales permits with prescribed sales conditions were also issued.

The Business Unit issued two non-compliance certificates for products found to be of substandard quality. Fifty-eight for products that were not for sale. In addition, it issued 21 directives for products that were unsafe for human consumption. The non-compliant products were re-labelled, destroyed by industry at their own cost (under the supervision of the NRCS), or returned to the country of origin. The products not fit for human consumption had an estimated value of R11 755 502.00.

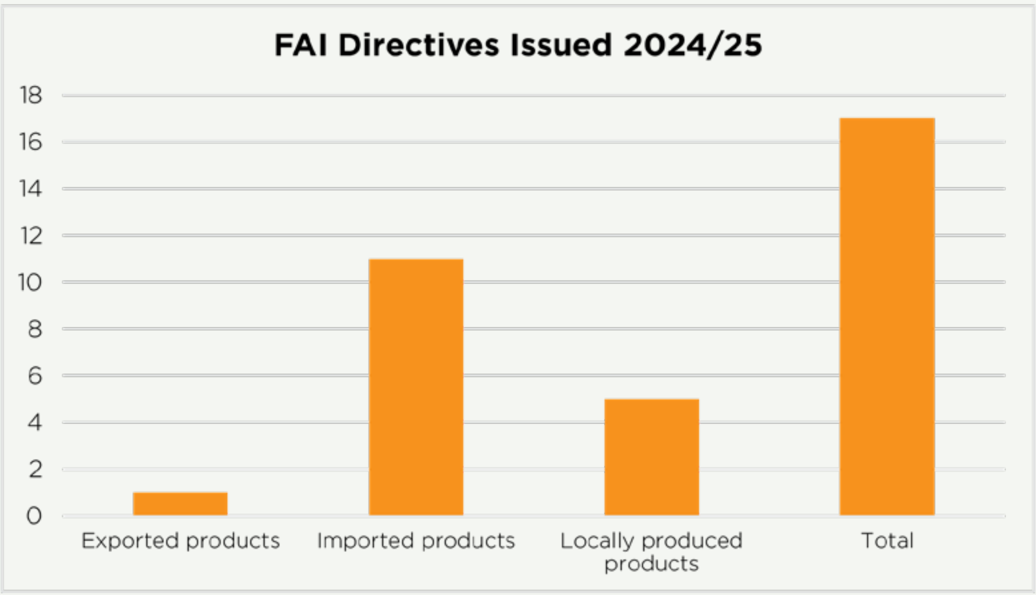


Figure 12 Directives issued for 2024/25 financial year

NATIONAL AND INTERNATIONAL LIAISON

As the competent authority for regulating frozen and canned fish and fishery products, canned meat, and smoked snoek in South Africa, the NRCS also represents the country in international regulatory fora. These include the Codex Alimentarius Commission (CAC), the Codex Committee for Fish and Fishery Products (CCFFP), the Codex Committee for Food Inspection and Certification Systems (CCFICS), and the Codex Committee for Food Hygiene (CCFH).

In the year under review, the FAI participated in the following international food standard meetings:

- The Codex Alimentarius Commission (CAC) meeting held from 25 - 30 November 2024.
- The Codex Alimentarius Committee on Food Import and Export Inspection and Certification Systems (CCFICS) meeting was held on 16 – 20 October 2024. This is the International Food Law committee on trade, which debates food trade regulatory standards for all the member states and makes recommendations to the Codex Alimentarius Commission. The NRCS leads this committee on behalf of South Africa.
- Codex Committee on Fish and Fishery Products (CCFFP), held from 7 – 11 October 2024. This International Food Law makes recommendations to the Codex Alimentarius Commission. The NRCS leads the committee on behalf of South Africa.

The NRCS continued to interact and collaborate internationally with other regulators. It entered into technical cooperation agreements with various countries, including Namibia, Mozambique, Mauritius, and Thailand. These agreements are designed to ensure that food traded between the countries is safe for human consumption and comply with all specifications and regulations. Through the FAI Business Unit, several virtual joint management meetings were held with these countries during the year under review:

- On 3 March 2025, the Namibian Standards Institution (NSI) and the National Regulator for Compulsory Specifications (NRCS) held a joint Technical Cooperation Agreement (TCA) meeting. The discussions focused on the inspection and certification of fish and fishery products and on strengthening collaboration between the two organisations to ensure product safety and fulfil their respective mandates.
- On 20–21 June 2024, the NRCS held a joint Technical Cooperation Agreement (TCA) meeting with the National Institute of Fish Inspections of Mozambique (INIP) to review and maintain the agreement, conduct regulator audits to establish equivalence, interpret and review Technical Regulations, and oversee trade between the two countries.
- On 16 June 2024, the NRCS met with the Department of Fisheries (DOF) Thailand and the Fish Inspection and Quality Control Division (FIQD) of Thailand. The meeting focused on reviewing the TCA, the reduced inspection plan, regulator audits to establish equivalence, and the interpretation and review of Technical Regulations.
- On 19 September 2024, a joint TCA meeting was held with the Competent Authority of Seafood in Mauritius to draft, maintain, and review the agreement, conduct regulator audits to establish equivalence, and interpret and review Technical Regulations.

On 26 June 2024, the NRCS met with the Botswana Bureau of Standards (BOBS) regarding its Memorandum of Understanding (MOU) with BOBS. Additional meetings were held with BOBS and the Export Control Division of the Department of Veterinary Services of Botswana to review Botswana's export requirements and implement the proposed draft Health Certificate for controlling the movement of South African fish and fishery products exported to Botswana.

On 11, 18, 24, and 31 July 2024, the NRCS, the General Administration of Customs of the People's Republic of China (GACC), the DFFE, and the South African Embassy in China met to discuss protocols on inspection, quarantine, and sanitary requirements for wild aquatic products exported from South Africa to China.

Other local initiatives where the Business Unit also contributed are the legislation and standards-setting forums:
- On 10 May 2024, a stakeholder meeting was held to review the MoU between the NRCS and the Department of Forestry, Fisheries and the Environment (DFFE). Quarterly meetings are scheduled with the DFFE to manage the MoU. Further meetings were held on 17, 19, and 26 September 2024 to review the 2025 permit conditions for marine aquaculture and abalone ranching.
- The annual stakeholder meeting between the NRCS, the Border Management Agency, and Customs took place on 11 April 2025. Discussions focused on regulating imported fish and meat products and implementing control measures to prevent undeclared and uninspected products from entering the country.
- On 5 November, the NRCS participated in the National SPS/TBT Committee meeting. In line with South Africa's obligations under the WTO SPS Agreement, the reconstituted SPS Committee now serves as a national focal point for coordinating and addressing SPS and related TBT issues, with the aim of protecting human, animal, and plant health while facilitating safe trade in agricultural, forestry, and fisheries products. In addition, under the SPS Annex of the Southern African Development Community (SADC) Protocol on Trade, a regional Sanitary and Phytosanitary Coordinating Committee has been established. Each member state is required to set up a National SPS Committee, designate enquiry points, and appoint a representative to participate in the SADC SPS forum.
- Bi-annual meetings of the Specialist Consultative Committee (SCC) were held in March 2024 and March 2025. The committee contributes to the development and administration of Compulsory Specifications and Technical Requirements, particularly in relation to inspections, testing, and sanctions.
- During the financial year, the NRCS held several industry meetings with stakeholders at its offices in Cape Town, Pretoria, Durban, and Gqeberha.
- Several meetings were also held with the Director-General of the Department of Basic Education to discuss canned products intended for the National School Nutrition Programme (NSNP). The FAI provided guidance on the relevant Compulsory Specification requirements to assist the department in setting supplier specifications, with a focus on addressing nutritional deficiencies among learners. The department also highlighted the need for support for emerging Small Enterprises and Manufacturers, and the FAI recommended that these SMMEs approach the Small Enterprise Development Agency (SEDA) for assistance.
- In 2024/25, the Business Unit participated in a series of rural engagements and inspections. These aimed to educate consumers about the NRCS mandate and activities, while inspections at local shops and markets were carried out to identify and sanction non-compliant products.

HIGHLIGHTS

The Food and Associated Industries (FAI) Business Unit of the NRCS participated in the National Joint Operational and Intelligence Structure (NATJOINTS), as directed by the President of the Republic of South Africa, to investigate the root causes of food poisoning incidents. Towards the end of 2024, the South African government declared a national disaster in response to an outbreak of food-borne illnesses, particularly affecting children in vulnerable communities. A significant number of deaths were linked to the consumption of snacks sold at spaza shops, which were found to be associated with the illegal use of toxic pesticides such as terbufos and aldicarb, commonly referred to as “Galephirimi.” These substances are often used to control rodents in informal settlements and townships.

In response, food safety joint meetings were convened, and regulatory inspections of spaza shops were implemented to address the concerns raised by the President. A total of 93 spaza shops in Gauteng were inspected. Findings included the presence of illicit products, non-compliance with date coding, and dented cans caused by poor product handling. The NRCS also participated in multisector inspections in KwaZulu-Natal, led by the Provincial Joint Operational and Intelligence Structure (PROVJOINTS), during which spaza shops were inspected and non-compliant products confiscated.

During the reporting period, the Business Unit also joined the KwaZulu-Natal Food Safety Forum, in addition to continuing its involvement with the Gauteng Food Control Forum. These intergovernmental forums ensure food safety across provinces. As part of the KwaZulu-Natal Forum, the NRCS participated in joint inspections by multiple state organisations targeting spaza shops, with the aim of eliminating food safety risks.

The FAI is an internationally accredited inspection body, fully compliant with ISO 17020 requirements. Ongoing confirmation of the credibility of its processes remains paramount. The Business Unit successfully maintained its accreditation following third-party audits conducted from 6–8 and 27 August 2024, during which 15 Technical Signatories (TS) were added. Importantly, no incidents of food poisoning were reported from products manufactured by industries regulated by the Business Unit.

From 3–12 September 2024, the NRCS-FAI participated in an audit conducted by the European Union (EU) to verify South Africa’s national control system for residues of pharmacologically active substances, pesticides, and contaminants in animals and animal products, as well as adherence to control plans submitted to the Commission. The audit covered commodities for which South Africa is approved for export to the EU, namely aquaculture (abalone), wild game (zebra), and farmed game (ostrich). The NRCS competently demonstrated its official controls regarding the sampling and monitoring of aquaculture-produced abalone, and no non-conformances were raised for this commodity.

In addition, the NRCS led the submission to the EU of the residue control programme for aquaculture-produced finfish. This submission, which was reviewed by the EU, paved the way for triangular trade in eggs, dairy products, and finfish. The dairy category includes nougat and Amarula products. The Department of Trade, Industry and Competition (the dtic) congratulated the NRCS for its outstanding trade-facilitation efforts in this regard.

The NRCS also collaborated with the Small Enterprise Development and Finance Agency (SEDFA) to deliver training and awareness programmes for small business operators. Regulatory compliance awareness sessions, coordinated by SEDFA, were held on 23–24 and 28–29 January 2025 across four districts (Mpumalanga, Free State, Gauteng, and Limpopo), as well as in KwaZulu-Natal and Cape Town.

On 7 June 2024, the NRCS once again participated in World Food Safety Day, celebrated under the theme “Prepare for the Unexpected.” This theme highlighted the importance of preparedness in managing food safety incidents, regardless of their severity. The event, jointly facilitated by the Food and Agriculture Organization (FAO) and the World Health Organization (WHO), sought to inspire action to prevent, detect, and manage foodborne risks. As a key regulator in South Africa’s Food Control System, the NRCS collaborates with the Department of Health (DoH), the Department of Agriculture, Land Reform and Rural Development (DALRRD), and the National Consumer Commission (NCC) to enforce food standards. These collaborations aim to ensure food safety, protect consumers, and contribute to food security, economic growth, agricultural development, market access, and fair trade, in line with the food safety regulatory mandate of the dtic.

During the financial year under review, four Compulsory Specifications were published for public comment (first gazette) on 3 June 2024:

- VC 9108: Dried Abalone
- VC 8021: Amendment of the Compulsory Specification for Chilled Smoked Finfish and Smoke-Flavoured Finfish
- VC 8017: Amendment of the Compulsory Specification for Frozen Fish, Marine Molluscs, and Derived Products
- VC 8031: Amendment of the Compulsory Specification for Frozen Shrimps (Prawns), Langoustines, Crabs, and Derived Products

CONCLUSION

The global economic climate, coupled with a decline in consumer purchasing power, negatively affected the industries regulated by the NRCS and, in turn, the organisation itself. Government cost-containment measures, together with the NRCS's financial constraints, further impacted the activities of the Business Unit.

In response, the Business Unit revised and implemented operational plans and procedures that helped to mitigate some of these challenges. Despite the difficult conditions, the Food and Associated Industries (FAI) Business Unit continued to contribute to the NRCS's mandate of protecting consumers through the effective administration of relevant Compulsory Specifications.

The Unit also supported and facilitated trade for the local industry by ensuring that only safe, high-quality food products were exported. All consignments were accepted in international markets without any notifications being raised.

To drive performance efficiencies, the Unit continues to embrace new technological developments and benchmarks itself against other regulators, both locally and internationally. Multiskilling and ongoing training programmes remain key tools that enable the Unit to strengthen its capacity to protect consumers effectively.

LEGAL METROLOGY

OVERVIEW

Legal Metrology ensures that consumers receive the correct quantity of goods as declared by importers, manufacturers, or retailers on packaging or during service delivery. It also verifies the suitability of measuring instruments across sectors such as trade, health, safety, and the environment, ensuring compliance within defined error margins. In this way, Legal Metrology protects both industry and consumers, promotes fair trade, and upholds public health, safety, and environmental standards.

The administration of the Legal Metrology Act (LMA) is mandated to the NRCS and applies to all measurable products, services, and instruments used in trade, health, safety, and environmental domains.

NRCS RESPONSIBILITIES UNDER THE LMA

The NRCS's core responsibilities include:

- Advising the Minister on legal metrology technical regulations.
- Ensuring compliance with these regulations.
- Approving and verifying measuring instruments.
- Overseeing the repair of measuring instruments.
- Representing South Africa at international and regional forums on legal metrology.
- Issuing certificates authorising the sale of instruments or products and the provision of related services.
- Establishing compliance schemes and regulating the use of distinctive and verification marks.

HOW THE LEGAL METROLOGY UNIT FULFILS ITS MANDATE

The NRCS Legal Metrology Unit fosters equitable trade and safeguards public health, safety, and the environment through the following actions:

- Evaluating measuring instruments used for specific legal purposes to ensure they meet design, construction, and accuracy standards appropriate for South Africa's climate and environmental conditions.
- Conducting market surveillance to confirm that importers, manufacturers, and retailers use accurate instruments and that pre-packaged products meet specified measurement requirements.
- Enforcing sanctions against importers, manufacturers, and retailers supplying inaccurately measured products or using unapproved instruments.
- Appointing verification bodies to verify instruments on behalf of the NRCS in line with the LMA.
- Authorising repair bodies to conduct repairs on measuring instruments.
- Assessing the proficiency of verification officers employed by private laboratories authorised to verify instruments on behalf of the NRCS.
- Establishing traceability to national standards for verification and inspection criteria used in approvals, verifications, and inspections.
- Providing training for inspectors and, on request, for regional legal metrology bodies such as SADC member states.
- Reviewing and evaluating test reports on gaming hardware and software to issue Letters of Certification (LOCs) for the gaming and gambling industry, as mandated by the National Gambling Act. This pre-market approval mechanism ensures compliance with relevant standards and regulations.
- Contributing technical expertise to the development of national, regional, and international standards through organisations such as SADCMEL, AFRIMETS, and OIML.

SERVICE DELIVERY

During the review period, the Legal Metrology Business Unit delivered all mandated services to South African industry and consumers and achieved its core operational objectives despite several operational challenges. These services and functions, which are detailed in this document, include:

- Type approval of measuring instruments as prescribed in the Legal Metrology Act.
- Issuing Letters of Certification (LOCs) to the gambling industry.
- Conducting market surveillance inspections.
- Calibrating verification and working standards in industry.
- Administering compliance schemes.
- Designating verification and repair bodies.
- Supporting technical infrastructure bodies within the dtic cluster.

- Developing technical regulations.
- Engaging with stakeholders.

Accreditation strengthens credibility, builds trust, and ensures confidence in the accuracy and reliability of measurement results produced by the Legal Metrology Unit. Maintaining accreditation also guarantees consistency and quality in the services provided, which is essential for fair commercial transactions, protecting consumer interests, and sustaining public confidence in the integrity of measurements.

To this end, the Legal Metrology Business Unit is accredited through the South African National Accreditation System (SANAS) under the following SANS standards:

- SANS/ISO 17020 – as an inspection body for market surveillance inspections.
- SANS/ISO 17025 – as a mass and volume calibration laboratory (verification standards).
- SANS/ISO 17025 – as a test laboratory for type evaluation tests.

TYPE APPROVAL OF PRESCRIBED MEASURING INSTRUMENTS

During the year under review, the Type Approval section received 256 applications from instrument manufacturers and suppliers, in addition to 36 carried over from the previous year. Of these, 217 applications were processed, and 71 Type Approval Certificates (TACs) were issued for instruments that met all regulatory requirements. A total of 86% of applications were finalised within the 120-day target period. However, industrial action in the third quarter caused some projects to exceed the expected turnaround time.

A TAC authorises an individual or entity to sell or make available an approved measuring instrument for use in terms of the Legal Metrology Act (LMA) and the applicable technical requirements.

ISSUING OF LETTERS OF CERTIFICATION (LOC) TO THE GAMBLING INDUSTRY

Legal Metrology received 795 new applications from the gambling industry for the evaluation of gambling hardware and software. During the year, 738 applications were processed, resulting in 675 Letters of Certification (LOCs) being issued for compliant hardware and software, while 63 applications were refused. All LOCs were finalised within the 30-day target period.

MARKET SURVEILLANCE ACTIVITIES

A total of 4 851 market surveillance inspections were conducted during the year, which exceeded the annual target of 4 750 by 101 inspections.

To regulate more effectively and efficiently, inspections focused primarily on importers and manufacturers as the source of prepacked goods and measuring instruments. As a result, 80% of inspections were carried out at source and 20% at retail level.

During these inspections, 34 455 samples of prepacked products were evaluated. This revealed the following non-compliances:

Sale of goods - Incidents of non-compliance

Table 21 Sale of goods - Type of contraventions

Type of contravention	2024/2025		2023/2024	
Short measure	1 298	53.3 %	772	15 %
Incorrectly marked	475	19.5 %	2 988	57 %
Unmarked goods	487	20 %	381	7 %
E-mark used without registration	171	7 %	1 128	21 %
Other	6	0.2 %	8	0.1 %
Total	**2 437**	**7.1 %**	**5 277**	**26.4 %**

A total of 50 014 measuring instruments were inspected. The following was noted:

Table 22 Instruments - Type of contraventions

Instruments - Type of contravention	Incidents of non-compliance	
	2024/2025	2023/24
Verification status lapsed	4 414 – 23.8 %	1 279 – 10.2 %
Unapproved	13 987 – 75.4 %	179 - 1.4 %
Inaccuracy	75 – 0.3 %	104 - 0.8 %
Technical, marking and other non-compliances	102 – 0.5 %	42 - 0.3 %
Total	**18 555 – 37.1 %**	**1 604 – 12.7 %**

The presence of unapproved measuring instruments and the verification status of those in use remain key contributors to non-compliance. To prevent such goods from reaching consumers and to ensure non-compliant instruments were not used in transactions, Legal Metrology inspectors issued 12 477 embargoes on prepacked goods and 8 515 rejections of measuring instruments.

The total value of non-compliant products - either removed from the market or corrected before sale - was R156 million. In addition, directives were issued to 1 922 businesses for supplying non-compliant prepacked goods or instruments.

Overall, Legal Metrology inspectors tested products valued at R1,274 million during the year.

CALIBRATION OF VERIFICATION STANDARDS

The SANAS-accredited calibration laboratories inspected and calibrated 12 414 mass verification standards, 1 414 volumetric verification standards, and 390 balances. These calibrations ensured that the standards used by verification officers, as well as the equipment used by NRCS market surveillance inspectors, were accurate and traceable to national standards.

COMPLIANCE SCHEMES

The e-mark (for prepacked products) and €-mark (for measuring container bottles) are regulatory compliance schemes that facilitate greater access for South African-manufactured commodities into regional and international markets, while also reducing the risk of importing non-compliant products. For local companies, these schemes provide producers and exporters with easier entry into foreign markets, less administrative red tape, and stronger opportunities to secure their presence in international trade.

Registration under these schemes requires manufacturers and importers to implement robust systems of quantity control and product traceability.

During the year under review, ten new local manufacturers and twenty-three new importers were registered by the NRCS Legal Metrology Unit. In addition, five local manufacturers and four importers were re-registered. This brings the total to 91 local manufacturers and 131 importers, with a further five local manufacturers and 21 importers in the process of registration.

DESIGNATION OF VERIFICATION AND REPAIR BODIES

During the year, Legal Metrology designated 66 verification bodies and 45 repair bodies. To ensure the competence of personnel employed by these bodies, verification officers and repairers were required to pass both theoretical and practical examinations.

In total, 446 candidates sat for 607 theoretical examination papers, of which 223 (37%) were passed.

Demographic breakdown of the officers who wrote theoretical exams

Table 23 Demographic breakdown of the officers that wrote theoretical exams

	MALE		FEMALE	
AFRICAN	180	(55.4 %)	26	(66.7 %)
COLOURED	8	(2.5 %)	0	(0 %)
INDIAN	19	(5.8 %)	12	(30.8 %)
WHITE	118	(36.3 %)	1	(2.6 %)
Total	**325**		**39**	

SUPPORT TO THE DTIC TECHNICAL INFRASTRUCTURE BODIES

SANAS

Legal Metrology supported SANAS by providing lead and technical assessors to conduct assessments of verification and repair laboratories. In total, 162 man-days were dedicated to the assessment of verification laboratories by Legal Metrology assessors. These assessments are strategic for the National Regulator, as they underpin confidence in the designation of laboratories to operate under the LMA.

SABS

Staff from the Legal Metrology Unit chaired SABS committees responsible for legal metrology standards, while specialists and inspectors participated in workgroups developing new standards and amending existing ones. These activities, which cover the technical requirements for legal metrology, ensure that the regulator remains at the forefront of technological developments in the field.

Development of technical regulations
Legal Metrology initiated the development of interim requirements for several instruments, including electrical energy meters (OIML R 46), stationary source emissions (OIML R 143 and R 144), and vehicle exhaust emissions (OIML R 99). In addition, work began on drafting legal metrology technical regulations for tyre tread depth gauges, kingpin measuring instruments, mobile brake testers, and mass pieces (OIML R 111 and R 149).

The Unit is also reviewing the existing technical regulation for liquid meters in line with the updated OIML R 117 standard.

INSPECTORATE CAPACITY

The inspectorate has several vacancies in key positions that need to be filled as soon as the internal organisational cost-containment measures are sufficiently relaxed. The inspectorate also embarked upon several training initiatives internally to maintain key competencies while sufficiently capacitating officials to perform their duties effectively and efficiently.

NATIONAL, REGIONAL AND INTERNATIONAL LIAISON

The Legal Metrology Division maintained strong collaboration with national, regional, and international regulatory authorities, as well as standard-setting organisations, and participated in the following initiatives.

OIML

The International Organisation of Legal Metrology (OIML) enables economies to establish effective, internationally recognised, and mutually compatible legal metrology infrastructure.

The Legal Metrology Business Unit represents South Africa as a participating member on several OIML technical committees responsible for drafting model regulations (recommendations) for legal metrology. By contributing inputs to these recommendations, South Africa ensures its national requirements are taken into account in the development of harmonised international standards.

During the year, Legal Metrology actively participated—through comments and votes—in five international projects:

- Revision of R 91: Radar equipment for measuring vehicle speed.
- Revision of R 46: Electricity meters.
- Revision of R 51: Automatic catch-weighing instruments.
- Revision of R 49: Water meters for cold potable and hot water.
- Revision of R 76: Non-automatic weighing instruments (2006).

The Unit also hosts the secretariat of OIML Technical Committee 6 – Pre-packaged Products (OIML TC 6), which develops labelling and quantity requirements for pre-packaged goods. The committee is currently developing a harmonised international inspection template for evaluating prepacked products.

In addition, the Business Unit participated in the 59th Meeting of the International Committee of Legal Metrology (CIML) from 22–24 October 2024, where the organisation's progress on technical, administrative, and strategic operations was reviewed.

At this meeting, South Africa presented a report on the activities of the OIML Countries and Economies with Emerging Metrology Systems (CEEMS), in its capacity as chair of the CEEMS Advisory Group. Legal Metrology also took part in the Regional Legal Metrology Organisation (RLMO) Round Table and the OIML CEEMS Annual General Meeting, contributing to the development of legal metrology both on the African continent and in other OIML regions.

SADC

The Southern African Development Community (SADC), comprising 16 member states, works to promote regional cooperation and integration, foster economic growth, and support sustainable development across the region.

Within this framework, the Legal Metrology Business Unit serves as the secretariat for the SADC Cooperation in Legal Metrology (SADCMEL). In this capacity, the unit coordinated the 38th SADCMEL Committee Meeting, which was held in March 2024 in Luanda, Angola, in a hybrid format.

In addition, the NRCS Legal Metrology hosted the Zimbabwe Standards Association on a regulatory fact-finding mission to South Africa from 12 to 13 November 2024 at the NRCS offices in Pretoria. The purpose of the visit was to gain deeper insight into the quality infrastructure model implemented in South Africa. Legal Metrology also arranged a tour of NRCS facilities to provide further understanding of the country's legal metrology system.

AFRIMETS

During the 2024/2025 financial year, South Africa, through the NRCS Legal Metrology division, continued to serve as Secretariat for the Technical Committee on Legal Metrology (TC Legal) of the Intra-Africa Metrology System (AFRIMETS). This strategic platform advances regional harmonisation, capacity building, and sustainable development to ensure accurate and reliable measurements across the continent.

The NRCS participated in the 17th AFRIMETS General Assembly, held in Nairobi, Kenya, from 29 July to 2 August 2024. The Assembly convened metrology directors, technical committee representatives, Sub-Regional Metrology Organisations (SRMOs), and international partners to address key priorities such as legislative alignment, metrology infrastructure development, and cross-border technical cooperation.

Key Initiatives of the TC Legal Committee

Chaired by Eng. John-Paul Musimami (UNBS) and supported by Mr. Ivan Willis (NRCS) as Secretariat, the TC Legal Committee advanced several initiatives:

- **Capacity-Building:** Development of an African-contextualised e-learning platform, based on the 2017 OIML TC4 training modules, to strengthen legal metrology expertise across member states.
- **Advocacy and Awareness:** Establishment of sub-working groups to draft advocacy tools for policymakers, including ministers and heads of state, aimed at elevating the visibility and impact of legal metrology in Africa.
- **Harmonisation of Legal Frameworks:** Working groups on Policy and Legislation, Prepackages, and Measuring Instruments were tasked with developing model laws and technical papers to guide donor engagement and promote harmonised national legislation. These efforts align with the African Union's policy on continental free trade and the reduction of trade barriers.

Regional Collaboration and Future-Planning

As part of its regional cooperation efforts, the NRCS is engaging with Egypt's Department of Weights and Measures to organise a Precious Metals Workshop in 2025. The workshop will promote alignment of regulatory frameworks for the measurement and certification of precious metals across the continent.

Sustainability of Metrology Systems

To secure long-term viability, AFRIMETS convened a Sustainability Workshop. Discussions focused on digitising services (e.g. electronic calibration certificates) and introducing a membership fee model to strengthen financial sustainability. Delegates were encouraged to secure budgetary allocations from their respective governments to support ongoing participation and capacity building.

South Africa's leadership and technical contributions through the NRCS reaffirm the country's commitment to strengthening metrology systems across Africa. These efforts advance trade facilitation, consumer protection, and regulatory coherence across the continent.

STAKEHOLDER ENGAGEMENT

Legal Metrology continued to raise awareness and inform South African commerce and industry about technical regulatory requirements through ongoing engagements with stakeholders across the retail and instrument manufacturing sectors. Key activities included:

- Verification and Repair Body Sector: Meetings were held in March 2025 to brief verification and repair bodies carrying out work on behalf of the National Regulator on the requirements and implications of the Legal Metrology Act (LMA) for this sector.
- Technical Working Groups: Virtual stakeholder meetings were convened to develop interim requirements for tyre pressure gauges for motor vehicles, vehicle exhaust emissions, stationary source emissions, and automatic instruments for weighing road vehicles in motion and measuring axle loads.
- South African Metering Industry Association (SAMIA): Industry-specific issues relating to water meters were addressed, with resolutions implemented where possible and follow-up actions initiated where further work was required.
- South African Sugar Association: Engagements focused on compliance of measuring instruments used in sugar processing.
- Ice Cream Industry: Consultations addressed concerns around shrinking package sizes leading to potentially misleading practices.
- Compliance Mark Scheme Holders: A sector meeting was held in March 2024 to address procedural requirements for continued registration and to provide updates on NRCS internal protocols applicable to registered firms.

FUNDING

Legal Metrology derives its principal funding from a government grant allocated to the NRCS. Additional revenue is generated through calibration, verification, type approval, the issuing of Letters of Authority (LoCs), and assessment activities.

For the past five years, requests to increase the gazetted tariffs and fees for Legal Metrology services was not approved by the dtic. As a result, revenue levels have remained static despite rising organisational expenses.

CONCLUSION

The 2024/2025 financial year was marked by dedicated service and notable achievements for the Legal Metrology division of the NRCS. Despite operational constraints, the unit successfully delivered on its mandate of fostering fair trade, safeguarding public health and safety, and protecting the environment. Through robust market surveillance, calibration activities, and enforcement actions, the division ensured compliance with legal metrology regulations, thereby upholding measurement standards and protecting consumer interests.

The NRCS Legal Metrology division also played an active role in international, regional, and national forums, including AFRIMETS, OIML, and SADC. These engagements strengthened South Africa’s position as a leading regulator in the field, while collaboration with industry stakeholders supported the resolution of shared challenges and alignment with evolving standards and best practices.

Although funding challenges persisted, the unit remained resolute in its commitment to improving measurement accuracy, enhancing industry competitiveness, and protecting consumer rights. Looking ahead, the Legal Metrology division is committed to strengthening enforcement mechanisms, advancing legislative frameworks, and supporting local industry growth to ensure continued confidence in South Africa’s measurement systems and greater market access for domestic manufacturers.


REGULATORY
RESEARCH AND
DEVELOPMENT

OVERVIEW

Regulatory Research and Development (RR&D) is responsible for developing and maintaining the NRCS regulatory framework, the cornerstone of all regulatory activities. Its mandate is to deliver practical regulatory measures that strengthen compliance enforcement and support informed strategic decision-making within the NRCS.

RR&D plays a central role in achieving Strategic Goal One of the NRCS: to develop, maintain, and administer Compulsory Specifications (VCs) and Technical Regulations (TRs) in line with the NRCS Act (Act 5 of 2008, as amended), the Legal Metrology Act (Act 9 of 2014), and the National Building Regulations and Building Standards Act (Act 103 of 1977). Beyond this, RR&D contributes to national imperatives and government priorities, including industrial policy initiatives and sector-specific master plans.

The Unit's primary outputs - VCs and TRs - serve as legal instruments regulating the safety of goods and services across industries. By making South African National Standards (SANS) mandatory, VCs and TRs set out binding technical and administrative requirements. These include the pre-approval of commodities, approval of production facilities, and conformity of production. In doing so, RR&D ensures a balance between facilitating international trade and protecting national interests such as consumer safety, environmental protection, and fair trade through reliable measurement systems.

RR&D's core objective is to carry out the operational functions outlined in Corporate Standard Procedure (CSP) 350, which governs the development and amendment of VCs and TRs. This structured process—from initiation to final promulgation—includes:

Conducting feasibility, risk, and impact assessments;

Engaging stakeholders to secure support for proposal,
- Securing approvals from internal business units and the Chief Executive Officer,
- Obtaining sign-off from the Executive Authority, and
- Gazetting by the Department of Trade, Industry and Competition (the dtic).

This rigorous process ensures due diligence in regulatory development, recognising the implications for trade, investment, and small-business development, while balancing regulatory objectives with broader economic and developmental considerations.

RR&D's second objective is to strengthen research capability to inform both strategic and operational decision-making. Central to this is a commitment to inclusive, transparent, and accountable regulation. The unit fosters strong stakeholder participation by convening multi-disciplinary groups that represent shared interests across sectors. These groups include technical, academic, and industry experts; other government departments and entities; NGOs; industry and consumer bodies; and organised civil society, ensuring diverse perspectives are incorporated into regulatory frameworks.

PERFORMANCE

The Business Unit achieved its 2024/25 annual performance target. The following submissions were made to the dtic during the reporting period:
- **VC 9108, Dried Abalone** – final gazette submission, 23 August 2024.
- **VC 8021, Chilled Smoked Fish and Smoke-Flavoured Fish** – submitted for final gazetting, 7 January 2025.
- **VC 8078, Retro-Reflective Material for Contour Marking Tape** – submitted for first gazetting, 10 March 2025.
- **VC 8017, Amendment of the Compulsory Specification for Frozen Fish, Marine Molluscs, and Products Derived Therefrom** – submitted for final gazetting, 14 March 2025.

During the same period, the dtic published the following final gazettes of draft Compulsory Specifications:
- **VC 9113, Efficiency Requirements for Electric Motors** – published 3 June 2024.
- **VC 9109, Performance Requirements of General Service Lamps (GSLs)** – published 24 May 2024.
- **VC 9110, Safety Requirements of General Service Lamps (GSLs)** – published 24 May 2024.
- **VC 9008, Energy Efficiency and Labelling of Electrical Appliances** – published 10 May 2024.

In addition, the dtic published the following first gazettes during the review period:

- **VC 9108, Amendment of the Compulsory Specification for Dried Abalone** – 3 June 2024.
- **VC 8021, Amendment of the Compulsory Specification for Chilled Smoked Finfish and Smoke-flavoured Finfish** – 3 June 2024.
- **VC 8017, Amendment of the Compulsory Specification for Frozen Fish, Marine Molluscs, and Products Derived Therefrom** – 3 June 2024.
- **VC 8031, Amendment of the Compulsory Specification for Frozen Shrimps (Prawns), Langoustines, and Crabs and Products Derived Therefrom** – 3 June 2024.
- **VC 9085, Amendment of the Compulsory Specification for Cement** – 14 June 2024

THE RR&D'S PROJECT REPORTS APPROVED BY THE PROJECT APPROVALS COMMITTEE (PAC) IN THE 2024/25 FINANCIAL YEAR

The Projects Approval Committee (PAC) is responsible for planning, executing, controlling, and approving projects efficiently to ensure alignment with specific goals, objectives, procedures, and processes outlined in CSP 350, which governs the development and approval of Technical Regulations. The RR&D Unit produces numerous reports that are critical to this process. Regulatory analysis follows a structured approach, beginning with feasibility assessments for new proposals or systematic reviews of existing VCs, and progressing through risk and impact assessments. Each stage is documented in a comprehensive report requiring internal approval within the Business Unit (BU).

The PAC appraises and approves these technical reports, making recommendations to improve outcomes where necessary, before submission to the NRCS Technical Committee and, ultimately, to the Chief Executive Officer for authorisation to submit proposals to the dtic.

During the 2024/25 financial year, the PAC made significant progress towards completing several projects. While not all were targeted for completion within the reporting period, they contribute to the progressive achievement of RR&D's project milestones. The PAC reviewed and approved the following submissions for the development and amendment of VCs and TRs:

Feasibility Assessments:

- Feasibility Report for Mass-Measuring Break-Roller Testers.
- Feasibility Report for Wheel-Alignment Testing Instruments.
- Feasibility Report for Headlight-Adjusting Instruments.

Periodic Review Reports:

- Periodic Review Report for VC 8014: Compulsory Specification for Canned Fish.
- Periodic Review Report for VC 8016: Compulsory Specification for Protective Motorcycle Helmets and Visors.
- Legal Metrology Regulations – TR Parts IV, V, VI, and VII.
- Periodic Review Report for VC 9107: Compulsory Specification for Aquacultured Live and Chilled Raw Bivalve Molluscs.

Project Proposals:

- Proposal for the Development of a Compulsory Specification for Corrugated Metal Roof Sheeting.
- Proposal for the Amendment of VC 9085: Compulsory Specification for Cement.
- Proposal for the Development of a Compulsory Specification for Aquaculture Urchin.

Risk Assessment Reports:

- Risk Assessment Report for the Proposed Compulsory Specification for Metal Roof Sheeting Materials.

Publication of Additional WTO TBT Notifications`

WTO Notice G/TBT/N/ZAF/25 was issued for the pending implementation of VC 9085, the Compulsory Specification for Cement.

In addition, RR&D responded to comments from Japan and New Zealand on WTO TBT and SPS notifications G/TBT/N/ZAF/255, G/SPS/N/ZAF/84, 85, and 86, concerning the proposed amendments to the following food-safety Compulsory

Specifications:

- VC 8017: Frozen Fish, Marine Molluscs, and Products Derived Therefrom.
- VC 8031: Frozen Shrimps (Prawns), Langoustines, and Crabs and Products Derived Therefrom.
- VC 8021: Chilled Smoked Finfish and Smoke-Flavoured Finfish.

STAKEHOLDER ENGAGEMENT

RR&D prioritises stakeholder engagement with both industry and government, recognising that strong relationships are key to shaping effective regulatory objectives. By fostering broad participation, the unit enhances the socio-economic and regulatory environment while ensuring transparency and accountability in the development and maintenance of Technical Regulations, including VCs.

To achieve this, the NRCS convenes broad-based, multi-disciplinary stakeholder groups that represent common interests. These groups may include technical, academic, and industrial experts; government departments and entities; NGOs; industry and consumer bodies; and other organised civil society representatives, as required.

INDUSTRY STAKEHOLDER CONSULTATION MEETINGS

In the 2024/25 financial year, RR&D hosted 36 official stakeholder consultation meetings on proposed regulatory interventions. These were predominantly conducted online to ensure cost-effectiveness and accessibility. The meetings were open to all affected and interested parties and were generally well attended; however, greater effort is required to improve participation by Small, Medium, and Micro-Sized Enterprises (SMMEs).

In addition, the Unit hosted or participated in 157 general liaison meetings with internal and external stakeholders. These engagements focused on amendments to existing Compulsory Specifications (VCs), the development of new Technical Regulations (TRs), and building stakeholder buy-in. They provided a platform for stakeholders to contribute to regulatory requirements and to prepare industry for the implementation of revised, amended, or new VCs. Finalised VCs and TRs from these processes were submitted to the dtic for publication, either as drafts for public comment or as final regulations with stipulated implementation dates.

While stakeholder consultation and securing buy-in are essential, these processes can be lengthy and are sometimes hindered by unforeseen challenges. Dissatisfaction with other NRCS services - such as delays in issuing Letters of Authority (LoAs) - is often raised during consultation meetings, which can slow progress on regulatory proposals. In addition, weak participation by some key stakeholders has limited progress in certain projects. Of particular concern is the minimal involvement of SMMEs, even though they are among the groups most directly affected by the costs of regulation.

PARTICIPATION IN SABS TECHNICAL COMMITTEES

RR&D represents the NRCS on several Technical Committees (TCs) of the South African Bureau of Standards (SABS). These committees are responsible for developing, adopting, and maintaining South African National Standards (SANS), which serve as references in Compulsory Specifications (VCs) and Technical Regulations (TRs). Active participation in TCs ensures that the NRCS retains the technical expertise required to engage effectively with industry on regulatory matters. TCs also provide a platform for NRCS staff to collaborate with experts from industry, academia, government, and civil society, thereby strengthening the regulator's technical capacity to support local industry and contribute to the growth of South Africa's product market share.

RR&D staff members participate in TCs that focus on standards directly referenced in regulations, including those involving harmonisation to support technical alignment between countries. To facilitate trade, the NRCS often initiates the adoption of international standards or the modification of existing national standards to align with regional or international benchmarks. This proactive approach enables the NRCS to respond effectively to market developments and evolving consumer needs while ensuring robust regulation of products and services.

GOVERNMENT REGULATORY ENGAGEMENTS

The Business Unit engaged extensively with its Principal Department, the dtic, as well as other government departments and entities. In 2024/25, the BU either convened or participated in 130 meetings, aimed at fostering goodwill, strengthening relationships with government stakeholders, and exploring opportunities for strategic partnerships on matters of mutual interest.

During the reporting period, RR&D, the Food and Associated Industries Business Unit, and Legal Services represented the NRCS at NATJOINTS, which addresses food safety and security concerns in spaza shops and investigates incidents such as the tragic fatalities of children linked to suspected contaminated snacks. In January 2025, the NRCS participated in several workstream meetings to develop policy and action plans for entities involved in South Africa's food control system, as well as interdepartmental training initiatives across government. In addition, the NRCS contributed to food safety legislative and policy reviews and took part in training initiatives designed to empower local spaza shops and other food preparation businesses with safe food-handling methods and practices.

Another notable engagement was RR&D's participation in World Consumer Rights Day, organised by the National Consumer Commission (NCC) in partnership with the Competition Commission of South Africa and the Mpumalanga Department of Economic Development and Tourism, and hosted at the University of Mpumalanga.

DEVELOPMENT OF STRATEGIC PARTNERSHIPS WITH OTHER REGULATORS

RR&D facilitated the development of Memoranda of Understanding (MoUs) with other government entities to strengthen strategic partnerships and collaboration in mandated work areas.

The first MoU was concluded with the Council for Scientific and Industrial Research (CSIR) on 2 October 2024. Established under the Scientific Research Council Act (Act 46 of 1988, as amended by Act 71 of 1990), the CSIR is mandated to lead scientific and technological research, development, and innovation in South Africa. The MoU provides a framework for collaboration on industrial research to support the development and amendment of Compulsory Specifications (VCs) and Technical Regulations (TRs). This partnership enables the NRCS to leverage the CSIR's extensive research and development capabilities to address industry challenges, while the CSIR benefits from the NRCS's regulatory expertise and sector-specific knowledge.

The second MoU, with the South African Health Products Regulatory Authority (SAHPRA), is at an advanced stage of development. SAHPRA, an entity within the National Department of Health, regulates health products including medicines and medical devices in terms of the Medicines and Related Substances Act (MRS Act 101 of 1965). The agreement will establish mechanisms for collaboration on co-regulated products, particularly medical devices that fall within the mandates of both regulators. The aim is to reduce red tape for industries producing such products, which cut across multiple NRCS business units, notably Chemicals, Materials and Mechanical (CMM), Automotive, and Legal Metrology. The draft MoU with SAHPRA is expected to be finalised in 2025/26.

REGIONAL AND INTERNATIONAL INVOLVEMENT

The Business Unit actively participated in regional and international initiatives, contributing technical expertise, drafting inputs, and representing South Africa in key forums. In total, 74 regional and international engagements (including trips) were undertaken during the review period. The NRCS participated in bodies such as ISO, IEC, SACU, SADCTRLC, ARSO, OIML, UNECE, AfCFTA, Codex Alimentarius, and the WTO's TBT and SPS Committees. These engagements support South Africa's efforts to strengthen the harmonisation of standards, technical regulations, and conformity assessment procedures across the continent.

Participation in global and regional forums is essential, as most standards referenced in VCs and TRs are internationally adopted. By remaining actively involved, the NRCS ensures alignment with international best practices, facilitates trade with global partners, and builds technical expertise to support local implementation.

RR&D contributes significantly to reducing non-tariff barriers and facilitating trade through its involvement in sector-specific standardisation initiatives. It also promotes consumer-centred approaches in developing and applying technical regulations, ensuring products and services meet quality and safety requirements. These platforms further provide tools and capacity-building initiatives that strengthen conformity assessment practices, support mutual recognition of standards, and enhance intra-African trade.

In the Food Safety Sector, RR&D participates in ARSO's Technical Committee 234 (TC 234) and related Working Groups on Fisheries and Aquaculture. These initiatives focus on harmonising standards to improve product quality, market access, and the sustainable development of fisheries across Africa.

In the Automotive Sector, RR&D regularly engages in the United Nations World Forum for Harmonisation of Vehicle Regulations (WP.29) and its Working Groups, including the Informal Working Group (IWG) on Environmental and Propulsion Performance Requirements (EPPR) and the IWG on Safer Vehicles. Through this participation, the NRCS represents South Africa's national position and advances the harmonisation of global vehicle standards.

RR&D also contributed to the 45th Plenary Meeting of the ISO Committee on Consumer Policy (COPOLCO), held in Nairobi, Kenya, from 20–24 May 2024, hosted by the Kenya Bureau of Standards (KEBS). Under the theme "Building Circularity into Sustainable Trade: Standards as Solutions in Consumer Protection," the meeting brought together delegates from 36 countries. The NRCS, as a participating member of the SABS Technical Committee (TC 007) on Consumer Standards—South Africa's mirror committee to ISO COPOLCO—played an active role. COPOLCO acts as a global think tank, addressing emerging consumer needs and enabling regulators to respond effectively to risks, many of which are linked to the rapid growth of online trade. The meeting provided valuable insights into developing anticipatory responses to protect vulnerable consumers and adapt regulatory frameworks to evolving market dynamics.

THE PERFORMANCE OF THE NATIONAL BUILDING REGULATIONS UNIT

The National Building Regulations (NBR) Unit was established to carry out functions in line with the National Building Regulations and Building Standards Act, 1977 (Act No. 103 of 1977), as amended. Its role is to ensure consistent understanding, interpretation, and implementation of the Act and associated regulations.

Delays in publishing the revised NBR Bill have created uncertainty around the Unit's future, making it difficult to fully capacitate the section. In the meantime, the NRCS continues to engage municipalities on complaints and related matters through strong working relationships with building control officers (BCOs) and by hosting the National Building Control Officers Forum. This collaboration is mutually beneficial but does not grant the NRCS legal oversight over municipalities.

NBR PERFORMANCE HIGHLIGHTS

The NRCS co-hosted the 13th Annual Building Control Officers' (BCO) Convention in collaboration with the Overstrand Municipality on 28 November 2024. The event, held in hybrid format with in-person sessions at the Overstrand Municipality Auditorium in Hermanus and online participation, was well received. Feedback from Building Control Officers at the subsequent Quarterly National Building Control Forum (NBCF) meeting confirmed that the Convention was widely regarded as both successful and informative. The NRCS, together with the NBCF Executive Committee, was thanked for providing a developmental platform that equips BCOs with valuable knowledge to advance the objectives of the National Building Regulations and Building Standards Act, 1977 (Act 103 of 1977). The discussions highlighted the recognised importance of the BCO Convention and reinforced the ongoing need for the NRCS to assist municipalities nationwide with the implementation of the Act.

The NBR Unit also convened a meeting with the dtic and the NBCF Executive Committee to address issues affecting Building Control Officers at municipal level. The primary concern raised was the slow pace of amendments to the National Building Regulations and Building Standards Act. The dtic noted these concerns and undertook to develop an action plan in due course, in consultation with other government departments and stakeholders, including COGTA, DPW, DOEL, SALGA, and the relevant professional bodies.

In addition, the NBR Unit hosted quarterly NBCF meetings at various municipalities across the country. These engagements focused on ensuring uniform application of the Act and emphasised the importance of collaboration among NBCF members in addressing building control functions. Discussions also covered initiatives such as developing standard operating procedures and advancing the professionalisation of building inspectors.

On 3 June 2024, the dtic published a proposed amendment to the National Building Regulations on the Environmental Sustainability of Buildings. Section XA2 addresses the energy efficiency of buildings, with the proposed changes aimed at introducing technologically neutral requirements for energy usage. The NBR Unit circulated the proposed amendments to stakeholders to raise awareness and encourage submission of comments directly to the dtic for consideration in the finalisation process.

DEVELOPMENT OF A STRATEGIC PARTNERSHIP WITH AGRÉMENT SA

The NBR Unit is exploring the development of a Memorandum of Understanding (MoU) with Agrément South Africa (ASA), a Schedule 3A public entity of the Department of Public Works established under the Agrément South Africa Act No. 11 of 2015. ASA is mandated to certify non-standardised building materials and has recently launched an eco-labelling system for building materials and products that supports green buildings and advances the objectives of the NBR Part XA Regulations on Environmental Sustainability of Buildings, particularly energy efficiency.

The NRCS and ASA are considering collaboration on matters related to the National Building Regulations and Building Standards Act (Act 103 of 1977). To this end, the two entities have agreed to prepare a concept document outlining the scope of collaboration, the anticipated benefits, and the modalities of the proposed MoU. Once finalised, the concept will be jointly submitted to the dtic for discussion, with the aim of securing its support and potential participation in the arrangement.

TRAINING

RR&D Technical Specialists participated in numerous national and international training programmes during the reporting period to strengthen their skills and expertise. A total of 53 training sessions were either attended or presented by team members across the four quarters. These programmes covered diverse but interconnected themes such as socio-economic policy tools, food safety, chemicals management, and standards development. The training significantly enhanced technical knowledge and regulatory insight, enabling improved decision-making, standard-setting, and policy alignment with national and international best practices. Importantly, ongoing training has helped shift the Unit's approach from reactive to proactive regulatory strategies, with a strong focus on implementing requirements through harmonised standards and multilateral cooperation.

Staff also completed training on Quality Management Systems, including ISO (SANS) 17065 product certification and ISO 9001:2015, which deepened understanding of certification and quality assurance frameworks. In addition, a Technical Specialist attended the Presidency and National School of Government's programme Unpacking the Role of the Socio-Economic Impact Assessment System (SEIAS) in South Africa's Policy Making, which provided valuable insights into the integration of SEIAS into policy development.

Specialised training delivered by international standards agencies further broadened technical expertise. Highlights included:

- JECFA Toolbox for Veterinary Drug Residues Risk Assessment (27 February 2025), hosted by the Joint FAO/WHO Expert Committee on Food Additives.
- WTO SPS Thematic Session on Regulators' Approaches to MRLs and Veterinary Drug Residues, which explored comparative regulatory frameworks, risk assessment methodologies, and trade implications under the SPS Agreement.
- ARSO ASHAM Standards Development Process Training, facilitated by the African Organisation for Standardisation (ARSO), focusing on the harmonised African standards framework from proposal through to adoption.
- Globally Harmonised System of Classification and Labelling of Chemicals (GHS) training, hosted by UNITAR and the International Labour Organisation (ILO), which provided updates on hazard classification, safety data sheets, labelling requirements, and tools for national GHS implementation.

Beyond external training, RR&D staff also contributed as presenters at several national and international workshops and seminars. At the national level, the Unit engaged in extensive food safety regulatory compliance training delivered by SEDFA and municipal regulators, where the NRCS also provided input on relevant Compulsory Specifications. The Unit further participated in the Council for the Built Environment (CBE) Annual Built-Environment Climate Change Conference, presenting on the role of VCs and TRs as tools to achieve environmental performance outcomes in building materials, installations, and appliances. Internationally, RR&D representatives served as panel members at ISO and ARSO events, contributing perspectives on a wide range of regulatory issues.

Overall, the training and knowledge-sharing initiatives undertaken during the financial year strengthened RR&D's technical capacity, enhanced awareness of evolving regulatory environments, and reinforced the NRCS's role as a key contributor to both national and international regulatory frameworks. By actively presenting at seminars and workshops, the Unit not only shared internal expertise but also advanced awareness of the NRCS's mandate while fostering stronger collaboration with stakeholders.

CHALLENGES AND OPPORTUNITIES

The Unit continues to face several challenges that affect its overall performance, including the following.

Lengthy intragovernmental consultation processes
The primary challenge within RR&D lies in obtaining concurrence on proposed regulatory interventions. These consultations are often delayed due to limited or slow responses from relevant institutions, especially where matters require clearance to avoid duplication of regulatory effort or infringement into another institution's scope of work. As a result, regulatory decision-making processes are frequently prolonged.

Human resource capacity constraints
Despite the appointment of two new Technical Specialists in 2018/19, capacity challenges persist. The newly appointed specialists are still undergoing training, and while performance improvements are expected in the next financial year, the Unit continues to experience a backlog in reviewing VCs and TRs, owing to increasing workloads and demand for new regulatory interventions.

Delays in publishing VCs
Several VCs submitted to the dtic remain unpublished due to objections from industry members with differing positions on regulatory or technical requirements. Resolving these objections is time-consuming and delays the progress of other projects. Although the BU is engaging continuously with the dtic, a clear guideline for handling objections is needed to ensure resolution that is both legally sound and efficient.

Limited stakeholder participation
Weak participation in consultation processes, particularly from Small and Medium Enterprises (SMEs), continues to hinder progress. This is concerning, as SMEs are among the most affected by regulatory costs.

Technical competence and resource limitations
The Unit has limited technical expertise and resources to regulate complex and innovative products and to develop evidence-based regulations. Greater emphasis should be placed on performance-based regulatory frameworks that prioritise the purpose and outcomes of technological innovation rather than adhering strictly to traditional technical specifications. To remain relevant, RR&D must also address emerging regulatory concerns related to public health, safety, and environmental risks associated with complex products, disruptive technologies, e-commerce, and energy efficiency. These evolving technologies challenge established social, economic, and legal norms, while raising new privacy and safety concerns for consumers.

CONCLUSION

This report outlines the strategic objectives of the RR&D Business Unit, its alignment with the NRCS Strategy, and its performance against these objectives for the 2024/25 financial year. In the year ahead, RR&D will prioritise understanding the rapid pace of technological change in goods and services and develop strategies to ensure that VCs and TRs remain current and responsive to market needs. This will allow the Regulator to anticipate and adapt to new developments, safeguarding consumers while ensuring the continued relevance of regulation. An anticipatory approach is essential to address emerging trends in the regulatory landscape. To this end, the NRCS must strengthen multi-stakeholder collaboration to help shape regulatory frameworks and ethical solutions for technology, trade, and regulation.

Looking forward, the research function within RR&D must be enhanced to address the evolving global regulatory environment shaped by the Fourth Industrial Revolution. A robust research capability will position the NRCS to respond effectively to emerging regulatory challenges in a way that protects the public and the environment, while enabling industry to thrive within a fair and adaptive regulatory framework.

COMMUNICATIONS AND MARKETING

EXECUTIVE SUMMARY

The Marketing and Communications Business Unit at the NRCS is responsible for facilitating and coordinating a range of integrated communication solutions that align with the organisation's strategy and objectives. Its scope of work includes internal and external communication, public relations, media liaison, marketing, branding, and advertising—all aimed at promoting and enhancing the organisation's image among its stakeholders.

OVERVIEW

The Business Unit is responsible for delivering on NRCS's Strategic Goal 3: to inform and educate stakeholders about the NRCS. Its activities are fully aligned with this goal, as set out in the NRCS Strategic Plan and Annual Performance Plan.

PERFORMANCE

CONSUMER EDUCATION AND AWARENESS

During the period under review, the Marketing and Communications Business Unit conducted twenty-three consumer awareness programmes in partnership with various stakeholders, including government departments, state entities, and municipalities across the country. These initiatives, undertaken as part of the organisation's Annual Performance Plan, enabled the NRCS to expand its reach into communities, educating them about the organisation's mandate, its regulatory activities, and the risks associated with non-compliant products.

The 23 consumer education and awareness programmes were conducted in the following areas:
- Eastern Cape: Kouga Municipality, Clarkson, Motherwell, Qhurana A/A, Butterworth, and King William's Town.
- Gauteng: Atteridgeville, Phumula Gardens Primary School, Tembisa, and Mamelodi.
- Limpopo: Mashashane, Seshego, Moses Molelekwa Arts Centre, and Polokwane.
- North West: Molatedi and Mabeskraal.
- KwaZulu-Natal: Umlazi.
- Western Cape: Hermanus.
- Mpumalanga: Kwamaqekeza, Mashishing, and Mbombela.

In addition, the Business Unit participated in three exhibitions in Gauteng and KwaZulu-Natal, further strengthening its consumer engagement and outreach efforts.

STAKEHOLDER MANAGEMENT

During the period under review, the Business Unit developed and implemented the NRCS Stakeholder Strategy and Plan (2020–2025). As part of this, it participated in and coordinated a wide range of stakeholder engagements, including the following:
- CEC Special Planning Meeting,
- CEC Ordinary Meeting,
- CPF Meetings,
- Coordinated the Makhado and Thohoyandou raids in partnership with DEDET (Limpopo),
- WFSD celebration preparatory meetings,
- Organised a raid in Johannesburg in collaboration with SAPS,
- Coordinated the visit of the Portfolio Committee on Trade, Industry and Competition to the NRCS Cape Town office,
- Attended preparatory meetings for the dtic's annual seminar for women entrepreneurs, and the event in Sandton,
- Meeting with Quality Spaza Solutions Pty Ltd (QSS),
- National Compliance Committee Strategic Meeting,

- Coordinated a raid in Montana with SAPS,
- Coordinated a business compliance campaign in Tembisa with the Gauteng Department of Finance and Economic Development,
- Coordinated a raid in Pretoria West with SAPS,
- Attended the geyser raid in Johannesburg,
- Coordinated a raid in Germiston with SAPS,
- Coordinated a joint spaza shop inspection in Soweto,
- Attended the BCO Convention in Hermanus,
- CEC Special Meeting, and
- WCRD Preparatory Meeting with the Competition Commission.

Impact of these stakeholder engagements included:
- Increased media queries and referrals to the NRCS Call Centre,
- Greater speaking opportunities for the NRCS, and
- Expanded opportunities for joint initiatives, such as inspections and awareness workshops.

MEDIA LIAISON ACTIVITIES

MEDIA ALERTS, RELEASES AND STATEMENTS

The Business Unit communicates organisational messages and key activities through a range of media platforms. During the period under review, it issued several media releases highlighting the regulatory activities of the NRCS on topical matters.

The following media alerts, releases, and statements were distributed:
- 2024 World Food Safety Day Commemoration,
- NRCS partnership on World Food Safety Day in KwaZulu-Natal,
- NRCS and the Limpopo Consumer Affairs Office conduct surprise raids in rural towns of Vhembe, Limpopo,
- World Metrology Day celebration,
- NRCS confiscates sub-standard and non-compliant products worth over R255 000 in Germiston raid,
- Treated Timber Awareness Campaign, and
- Pre- and post-WCRD media releases.

CONSUMER ALERTS

The Business Unit issued two consumer alerts on the following issues:
- Non-pressure paraffin cooking stoves and heaters, and
- Safety Footwear.

OPINION PIECES

The Business Unit issued the following opinion pieces:
- An opinion piece on Mandela Day,
- Ensuring Safety Through Regulation and Awareness the Role of the NRCS,
- New regulations for electrical appliances aim to boost safety and sustainability, and
- Food Safety - Prepare for the Unexpected – A Call to Action on World Food Safety Day.

MEDIA ENGAGEMENTS

The Business Unit conducted media engagements and house visits with the following stations during the period under review:

- Jozi FM,
- Radio Kensel,
- Kwanza Media,
- Future Trucking and Logistics,
- Moretele Community Radio,
- Radio Pulpit,
- Caxton News, and
- SA Food Review.

MEDIA CONFERENCE

The Business Unit organised one media conference during the period under review - Beware of Purchasing Refurbished Domestic Geysers

MEDIA ENQUIRIES

The Business Unit received, and responded to, the following media enquiries during the period under review:

- Energize magazine, enquiring about the ban on sale of incandescent and fluorescent light bulbs,
- Moneyweb request for comment on the High Court judgment in the case between Sparepro (Pty) Ltd and the NRCS.
- The Citizen regarding the court case between NRCS and Sparepro.

The Business Unit received media requests regarding food safety from UNISA Community Radio, SABC News, ENCA, Phalaphala FM and Capricorn FM. All requests were deferred to the Department of Health.

MEDIA INTERVIEWS

The Business Unit facilitated media interviews with various radio and television stations on topics such as World Food Safety Day, illegal and non-compliant electronic products, the BCO Convention, World Consumer Rights Day, and the broader mandate of the organisation. Through these engagements, the NRCS reached millions of listeners and viewers across the country.

Most interviews were coordinated following the release of media statements, generating significant free publicity for the organisation. Coverage appeared across prominent media platforms, including Business Live, Times Live, Sowetan Live, SABC News, News24, EWN, The Citizen, Business Insider, Benoni City Times, and Engineering News, among others.

Radio and television stations engaged included:

- Lekoa FM,
- UCR FM,
- Pheli FM,
- Al Ansaar FM,
- Inanda FM,
- Ukhozi FM,
- Gagasi FM,
- Makhado FM,
- Jozi FM,
- 011 Radio,
- Musina FM,
- Moletsi FM,
- Munghana Lonene FM,
- Energy FM,
- SABC TV News,
- Power FM,
- UNISA Community Radio,
- eNCA Crime Watch, and
- Rise FM.

INTERNAL COMMUNICATIONS

INFORMATION-SHARING SESSIONS

The Business Unit organised seven information-sharing sessions during the period under review:

- Fraud and Hotline Awareness Session,
- Records Management Policy,
- CSP 123-01: Compilation and Approval of NRCS Corporate Policies and Procedures,
- National Treasury Revised Cost Containment Measures and National Travel Guidelines,
- Information-sharing session on Organisational Compliance,
- Information-Sharing Session on PAIA (Promotion of Access to Information Act), and
- Conflict of Interest Policy, Risk Management Policy and Strategy, Anti-Fraud and Corruption Policy And Fraud Prevention as well as Whistle-Blowing Policy Performance Information Management.

INTERNAL COMMUNICATIONS

The Business Unit organised:

- Four internal communications forums during the period under review, and
- Quarterly staff meetings.

CEO COMMUNIQUÉS

The Business Unit issued the following nine CEO communiqués during the period under review:

- Easter Holidays,
- Worker's Day,
- National Election Day,
- Comrades Marathon Runners,
- Commemorating Youth Day,
- Mandela Day,
- Women's Day,
- Heritage Day, and
- Welcome Message.

SOCIAL MEDIA

As part of its integrated communication plan, the Business Unit developed the Social Media Strategy and Plan that saw the establishment of various social media platforms such as Facebook, X, LinkedIn and Google Account. These platforms were implemented to market the organisation and create easy access to NRCS information. As a result of the implementation of the Strategy, the NRCS experienced an increase in the number of followers and interaction on all platforms.

The Business Unit developed and issued information graphics on paraffin stoves, safety shoes and Automotive LOA applications.

PUBLICATIONS

INDUSTRY PUBLICATIONS

The Business Unit contributed articles to the following publications.

Municipal Focus
- Title: NRCS continues to play a pivotal role in shaping the future of automotive standards and the regulatory framework in Africa
- Reach: 10 000 hard copies and 1.5 million electronic versions

Retail Motor Industry Magazine
- Title: NRCS continues to shape the future of automotive standards and the regulatory framework in Africa
- Reach: 18 000

Imali Matters
- Title: Empowering consumers and ensuring fair trade: NRCS's role in consumer rights
- Reach: 300 000

INTERNAL AND EXTERNAL PUBLICATIONS

The Business Unit also compiled six internal newsletters to keep employees informed about organisational developments. In addition, it developed and issued two external publications during the period under review to strengthen communication with industry stakeholders.

ADVERTISEMENT

The Business Unit circulated and promoted the levy collection advert across multiple platforms, including Facebook, Twitter, LinkedIn, and the NRCS website.

DONATIONS

During the period under review, the Business Unit made donations in the following areas:

- Tembisa, Gauteng,
- Maabeskraal, North West,
- Phumula Gardens Primary School, Gauteng,
- Phalaborwa, Limpopo, and Tzaneen, Limpopo.

CONCLUSION

Despite financial constraints and capacity challenges, the Business Unit successfully achieved all its targets for the year under review. It continues to make significant progress in marketing and promoting the NRCS, while fostering greater understanding of its role and mandate among stakeholders and the broader public.

PART C

GOVERNANCE REPORT

INTRODUCTION

The NRCS was established on 1 September 2008 through the promulgation of the NRCS Act. As a public entity, it is governed by the principles of good corporate governance as outlined in the Public Finance Management Act, Act No. 1 of 1999 (PFMA). In carrying out its mandate, the organisation is committed to transparency, accountability, efficiency, and the effective use of resources.

EXECUTIVE AUTHORITY

The NRCS is a Schedule 3(A) entity in terms of the PFMA. As an entity of the dtic, the Minister of Trade, Industry and Competition serves as the Executive Authority. In line with the Public Finance Management Act (PFMA), the organisation complied fully with its obligations and met the shareholder expectations of the Executive Authority.

ACCOUNTING AUTHORITY

The NRCS governance structure was amended with the promulgation of the Legal Metrology Act No. 9 of 2014. From that time, the NRCS does not have a Board and the CEO is the Accounting Authority of the NRCS.

GOVERNANCE COMMITTEES

Audit and Risk Committee
The role and report of the Audit and Risk Committee are discussed on page xx .

Technical Committee
The Technical Committee serves as a management committee, assisting the Accounting Authority in carrying out corporate governance responsibilities relating to technical and related matters. In brief, the committee was responsible for:

- The Committee provided advice to the CEO on proposed compulsory specifications (VCs) and amendments to VCs in terms of Section 13 of the NRCS Act.
- It recommended appropriate actions to address non-compliant products, in accordance with Section 15(3) of the NRCS Act.
- The Committee considered and advised the CEO on regulations published in Government Notice R924, in terms of Section 36 of the NRCS Act.
- It provided guidance to the CEO on technical and related matters as set out in the Trade Metrology Act.
- The Committee addressed matters of public interest referred by the Executive Authority.
- The committee met its obligations and played a significant role in the administration of non-compliant products during the financial year.

RISK MANAGEMENT

The NRCS is committed to effective risk management, with its Enterprise Risk Management (ERM) Framework aligned to the principles of good corporate governance. The risk management system integrates the culture, processes, and structures that enable the organisation to address both opportunities and threats affecting its operations. Strategic risk management is regarded as a core element of decision-making, supporting effective planning, performance evaluation, and fostering confidence in innovation and change. To ensure the successful execution of its mandate, the NRCS has embedded risk management into its daily operations.

Oversight of risk management is exercised by the Audit and Risk Committee. The NRCS has implemented a system of internal controls covering all aspects of its operations, including financial management and information and communication technology. This system is designed to meet the requirements of the NRCS Governance Framework and ensures that risks are identified, prioritised, and addressed in line with the organisation's objectives.

The NRCS has a risk management policy, risk management strategy, and related procedures forming the foundation of its ERM approach. Through this system, management identifies threats that may negatively affect the organisation's ability to achieve its objectives, while also recognising opportunities. Risks are prioritised and addressed through the development of a Risk Response Strategy in accordance with the NRCS Materiality Framework. The Accounting Authority remains responsible for ensuring that internal controls are effective, efficient, and transparent.

During the year under review, management reviewed the organisation's strategic risks. Both strategic and operational risk registers set out the mitigation measures to manage identified risks. The top two strategic risks currently faced by the NRCS are inadequate ICT systems and infrastructure, and financial sustainability. Strategic, operational, and project risk registers are monitored on a regular basis by internal committees and reported quarterly to the Audit and Risk Committee.

The Audit and Risk Committee plays a central role in ensuring compliance with corporate governance principles and supporting the Accounting Authority in managing organisational risks. It also contributes to identifying strategic areas of concern. Internal audit findings identified during the year continue to receive close attention from management.

INTERNAL CONTROL

The system of internal control is designed to provide cost-effective assurance that assets are safeguarded, and that liabilities and working capital are managed efficiently. The Audit and Risk Committee noted findings relating to policy reviews and weaknesses in the internal control environment. In response, the Accounting Authority is implementing measures to ensure that policies are reviewed in a timely manner.

INTERNAL AUDIT

Key activities and objectives

The NRCS regards compliance with applicable laws, regulations, codes, ethical standards, and internal policies as an integral part of its business culture. To support this, the Internal Audit Unit provides independent and objective assurance as well as consulting services designed to add value and strengthen the organisation's operations. The Unit adopts a systematic and disciplined approach to evaluating and enhancing the effectiveness of risk management, control, and governance processes.

Its primary responsibilities include conducting operational, compliance, performance, financial, IT, and forensic audits, along with ad hoc assignments as required. The Unit currently consists of four employees and is further supported by a co-sourced internal audit partner.

AUDIT WORK DURING THE YEAR

During the year under review, the Internal Audit Unit planned eleven risk-based audit engagements, most of which were successfully concluded. These engagements included reviews of:

Annual Financial Statements,
- Auditor-General follow-ups,
- Assurance of levy revenue,
- Performance information,
- ERP applications and general controls,
- Risk and governance, and
- Follow-up reviews of previously reported findings relating to internal financial controls, supply chain management, ICT compliance, and human capital management and payroll

In consultation with the Audit and Risk Committee, the Unit also delivered the following:

- A three-year rolling Strategic Internal Audit Plan, based on an assessment of key organisational risk areas, with consideration of both current and planned operations as outlined in the Strategic Plan and Risk Management Strategy,
- A risk-based Annual Internal Audit Plan,
- The scope, cost, and timelines for each audit in the Annual Plan, and
- Audit reports submitted to the Audit and Risk Committee, enabling oversight of performance against the plan and timely interventions when required

Where appropriate, audits were coordinated with the Auditor-General of South Africa (AGSA) to ensure comprehensive coverage and avoid duplication of effort. The Unit further supported the Accounting Authority by evaluating internal controls and making recommendations for improvement. The overall conclusion of internal audit activities for the year was that controls were partially adequate but not yet effective in providing reasonable assurance that organisational objectives would be achieved.

In assisting the Accounting Authority to achieve NRCS objectives, the Internal Audit Unit focused on evaluating internal processes to ensure that:

- Organisational objectives and values are clearly established and communicated,
- Achievement of objectives is consistently monitored,
- Accountability is enforced across all levels,
- Corporate values are preserved,
- The adequacy and effectiveness of internal controls are reviewed and appraised,
- The relevance, reliability, and integrity of management, financial, and operational data are assessed,
- Systems ensure compliance with policies, procedures, statutory requirements, and regulations with material impact on operations,
- Assets are safeguarded and their existence verified where necessary,
- Resources are employed economically, efficiently, and effectively,
- Programmes and operations deliver results consistent with NRCS objectives and are implemented as planned, and
- Systems and procedures remain adequate and fit for purpose.

FRAUD AND CORRUPTION

The NRCS is committed to a zero-tolerance approach to fraud and corruption. To support this, an independent hotline is available for reporting suspected fraud and related allegations. During the financial year, the organisation implemented its approved three-year Risk Management Plan, which incorporates specific anti-fraud and corruption interventions aimed at reducing the potential for such activities.

In addition, the NRCS has adopted a Fraud and Corruption Prevention Policy and a Whistle-Blowing Policy, both of which promote a culture of transparency and accountability while encouraging the reporting of unethical conduct. Employees and stakeholders are urged to make use of the independent hotline to report any suspected acts of fraud and corruption.

Customer complaints that did not fall within the scope of fraud and corruption were managed in line with the NRCS Customer Complaints Handling Procedure.

MINIMISING CONFLICT OF INTEREST

The NRCS has a Conflict of Interest Policy that guides employees in managing potential conflicts of interest, including the acceptance of gifts. The policy sets out clear expectations regarding employees' relationships with suppliers and regulated organisations. All employees are required to declare their financial interests annually, during governance or management meetings, and for each project requiring a decision—particularly where financial matters are involved.

In addition, all gifts must be declared and recorded in the official Gifts Register. To further reduce the risk of conflicts of interest, NRCS employees are prohibited from undertaking remunerative work outside the organisation or conducting business with any other state institution without prior approval.

CODE OF ETHICS

The NRCS has a Code of Ethics Policy that guides and commits all employees to high ethical standards of conduct. The full suite of NRCS policies is available to all employees and provides clear guidance on expected conduct when engaging with stakeholders.

HEALTH, SAFETY AND THE ENVIRONMENT

The NRCS operates in compliance with the Occupational Health and Safety Act (Act No. 181 of 1993) and the Compensation for Occupational Injuries and Diseases Act (Act No. 61 of 1997). No serious injuries were recorded during the reporting period. Regular safety audits are conducted to identify, assess, and mitigate risks.

INJURY ON DUTY

Table 24 Injury on duty 1 April 2024 to 31 March 2025

Nature of injury	Number	% of total
Required basic medical attention only	1	20%
Temporary Total Disablement	2	80%
Permanent Disablement	0	
Fatal	0	
Total	**3**	**100%**

PROCUREMENT/SUPPLY CHAIN INFORMATION

PROCUREMENT BY OTHER MEANS:

Table 25 Procurement by other means

Number of Contracts	Amount
None	R0.00

VARIATION ORDERS 2024/25 FINANCIAL YEAR

Table 26 Variation orders 2025/24 Financial Year

Number of Variation Orders	Number of Contracts Varied	ORIGINAL CONTRACT AMOUNT	VARIATION ORDER AMOUNT	REVISED CONTRACT AMOUNT
6	5	R26 608 430.68	R18 154 018.07 (68%)	R44 762 448.75

IRREGULAR EXPENDITURE

RECONCILIATION OF IRREGULAR EXPENDITURE

Table 27 Reconciliation of irregular expenditure

Description	2024/25	2023/24
Opening balance	43 602 120	42 956 327
Add: Irregular expenditure confirmed	8 740	645 793
Less: Irregular Expenditure Approved for Removal by the Accounting Authority	43 602 120	0.00
Closing balance	8 740	43 602 120

IRREGULAR EXPENDITURE 2024/25

Table 28 Irregular expenditure 2025/24

Description	2024/2025	2023/2024
Irregular expenditure for the current year	8 740	645 793
Total	**8 740**	**645 793**

IRREGULAR EXPENDITURE UNDER DETERMINATION

Table 29 Irregular Expenditure under Determination

Description	2024/2025 R'000	2023/2024 R'000
Irregular expenditure under assessment		
Total	**-**	**-**

FRUITLESS AND WASTEFUL EXPENDITURE

RECONCILIATION OF FRUITLESS AND WASTEFUL EXPENDITURE

Table 30 Reconciliation of fruitless and wasteful expenditure

Description	2024/25	2023/24
Opening balance	3 715 195	3 715 195
Add: Fruitless and Wasteful Expenditure confirmed	493	-
Add: Fruitless and Wasteful Expenditure restated	-	-
Closing balance	3 715 688	3 715 195

DETAILS OF CURRENT AND PREVIOUS YEAR'S EXPENDITURE (INVESTIGATION)

Table 31 Details of current and previous year's expenditure (investigation)

Description	2024/25	2023/24
Fruitless and Wasteful Expenditure under investigation	0	3 474 774
Total	**0**	**3 474 774**

NRCS B-BBEE REPORT

Section 10 of the Broad-Based Black Economic Empowerment (B-BBEE) Act obliges government to apply B-BBEE principles when procuring goods and services. It requires every organ of state and public entity to apply the relevant codes of good practice issued in terms of the Act when:

- Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity under any law,
- Developing and implementing a preferential procurement policy,
- Determining qualification criteria for the sale of state-owned enterprises,
- Developing criteria for entering into partnerships with the private sector,
- Determining criteria for awarding incentives, grants, and investment schemes in support of B-BBEE.

In addition, the Act mandates that every government institution must annually report on how it has implemented Section 10. Accordingly, this report sets out the initiatives undertaken by the NRCS during the 2024/25 financial year to ensure compliance with these requirements.

PREFERENTIAL PROCUREMENT

The organisation fully supports economic transformation and inclusivity in all its procurement activities. Its policies have been amended and fully implemented to ensure compliance with the Preferential Procurement Policy Framework Act (PPPFA).

REPORTING BY ORGANS OF STATE AND PUBLIC ENTITIES IN TERMS OF SECTION 13(G)(1) OF THE BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT NO. 53 OF 2003 AS AMENDED BY ACT NO. 46 OF 2013.

Name of sphere of government/public entity/ organ of state	Public Entity	
Registration number (if applicable)	N/A	
Physical address	SABS Campus, 1 Dr Lategan Road, Groenkloof, Brooklyn, 0075	
Type of sphere of government/public entity/ organ of state	Public Entity (Schedule 3A)	
Organisation industry/sector	National Regulator for Compulsory Specifications (NRCS)	
Has the sphere of government/public entity/organ of state applied any relevant code of good practice B-BBEE Certificate level 1-8) regarding the following:		
Criteria	**Circle relevant answer**	**Attachment**
Determining the qualification criteria for issuing licences, concessions, or other authorisations related to economic activity in terms of applicable law	Yes	In line with the Regulations to the Legal Metrology Act, the NRCS implemented the B-BBEE requirements. The organisation may designate private laboratories to perform verification or repair activities, as provided for in Section 7 (verification bodies) and Section 9 (repair bodies) of the Act. Such designations must be made in the prescribed manner and in accordance with the criteria set out in the regulations for verification and repair bodies.
Developing and implementing a preferential procurement policy	Yes	The NRCS is implementing the government policy on preferential procurement and has aligned its supply chain policy with the policy.
Determining qualification criteria for the sale of state-owned enterprise.	No	The NRCS has no land available for sale.
Developing criteria for entering a partnership with the private sector	No	The NRCS has not entered into any partnership with the private sector.
Determining the criteria for awarding incentives, grants, and investment schemes in support of Broad-Based Black Economic Empowerment (B-BBEE)	No	Not applicable to the NRCS

AUDIT AND RISK COMMITTEE REPORT

The Committee is pleased to present its report for the financial year ended 31 March 2025.

COMMITTEE MEMBERS AND ATTENDANCE

In line with its terms of reference, the Committee is required to comprise three independent members. During the year under review, x Audit and Risk Committee meetings were held. The Chief Executive Officer, Chief Financial Officer, Internal Audit Manager, other executives, and the external auditor attended meetings regularly by invitation. The names, tenure periods, and qualifications of the Audit and Risk Committee members were as follows.

Table 32 Audit and Risk Committee members and meetings

Name and surname	Qualifications	Tenure Period	No. of meetings attended	Special Meetings
Ms M Lepele, Representative of the dtic	BCom (Hons)	N/A	4/6	1/2
Mr Suleman Badat, Chairperson	BAcc, CA (SA), CD(SA)	28 January 2019 – 27 January 2022 28 January 2022 – 27 January 2025	6/6	2/2
Ms Sizo Mzizi	BCom (Hons), ACMA, CGMA, ACIS	28 January 2019 – 27 January 2022 28 January 2022 – 27 January 2025	6/6	2/2
Adv. Johannes Weapond	BJuris, LLB, BCom (Hons), B.Tech	25 March 2019 – 24 March 2022 25 March 2022 – 24 March 2025	6/6	2/2

AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Audit and Risk Committee confirms that it has complied with its responsibilities in terms of Section 51(1)(a)(ii) of the Public Finance Management Act (PFMA) and National Treasury Regulation 27.1. The Committee adopted formal terms of reference, set out in its Audit and Risk Committee Charter, and conducted its affairs in full compliance with this Charter. It has duly discharged all responsibilities as prescribed therein.

THE EFFECTIVENESS OF INTERNAL CONTROL AND RISK MANAGEMENT

Based on its review of the reports of the Internal Auditors, the Audit Report on the Annual Financial Statements, and the Independent Auditor's Management Report, the Committee concludes that the overall system of internal control—covering both financial and non-financial matters as well as enterprise risk management—is partially adequate and partially effective, with significant areas requiring improvement. This assessment is consistent with the previous year's findings. Management is in the process of implementing corrective measures to address deficiencies in governance, internal controls, risk management, and compliance. The Committee has noted Management's commitment to these improvements and will continue to monitor progress closely.

Internal audit reviews completed during the year included:

- Annual Financial Statements,
- Follow-up reviews on Auditor-General findings,
- Assurance of levy revenue,
- Performance information,
- ERP applications and general controls,
- Risk and governance, and
- Follow-up reviews of previously reported Internal Audit findings relating to internal financial controls, supply chain management, ICT governance, human capital management, and payroll.

An Enterprise Risk Management (ERM) Framework is in place, supported by the ERM Strategy, the Fraud Prevention Plan and Policy, and the Fraud Hotline. Key strategic risks highlighted in the risk register were actively monitored and discussed at both EXCO and Audit and Risk Committee meetings.

INTERNAL AUDIT

We are satisfied that the internal audit function operated effectively during the year under review. It addressed the key risks facing the NRCS through its audit engagements and delivered value-adding services that contributed to the achievement of both financial and operational objectives.

The External Quality Assurance Review of the Internal Audit function, originally scheduled for the current year, was deferred to the following year owing to financial constraints.

CORPORATE GOVERNANCE

Several of the entity's policies were not reviewed and updated in a timely manner. In addition, the Committee expressed concern regarding instability in the CEO position, as no permanent appointment had been made following the expiry of the former CEO's contract on 31 August 2023.

IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

The Accounting Authority submitted the in-year management reports as well as the monthly and quarterly reports to the Minister and to the Committee, in line with the requirements of the PFMA and Treasury Regulations. The Committee is satisfied with the content and quality of these reports, based on assurances received from Internal Audit and Management. However, it was noted that in most instances the reports were tabled before the Committee only after being submitted to the Minister.

EVALUATION OF FINANCIAL STATEMENTS

The Audit and Risk Committee carried out its responsibilities in accordance with its mandate and reports as follows:

- It reviewed and discussed the audited Annual Financial Statements, to be included in the Annual Report, with both the independent auditors and management.
- It considered the Independent Auditor's Management Report along with the audit findings.
- It reviewed any changes to accounting policies and practices as reflected in the Annual Financial Statements.
- It assessed the NRCS's processes for compliance with applicable legal and regulatory requirements.
- It reviewed the information on predetermined objectives as presented in the Annual Report.
- It considered material adjustments arising from the audit.

INDEPENDENT AUDITOR'S REPORT.

On a quarterly basis, the Committee reviewed the NRCS's implementation plan for audit findings raised in the previous year. It noted with concern that certain findings raised previously by the auditors recurred in the current year. The Committee engaged with the Independent Auditor to ensure that no unresolved matters remained arising from the audit.

The Audit and Risk Committee accepts the Independent Auditor's opinion on the Annual Financial Statements, which is unqualified with no findings ("clean audit"), and recommends that the Audited Annual Financial Statements be approved and read together with the Independent Auditor's Report.
Appreciation

The Committee congratulates management on achieving a "clean audit" outcome and acknowledges the dedication and hard work of the Accounting Authority, governance structures, and management in attaining this result. The Audit and Risk Committee also extends its appreciation to the Independent Auditors and the Internal Audit Unit for their cooperation and the information provided, which has enabled the compilation of this report.
On behalf of the Audit and Risk Committee.

Mr Suleman Badat
Chairperson of the Audit & Risk Committee
31 July 2025

PART D
HR MANAGEMENT

OVERVIEW

The Human Capital Management (HCM) Business Unit supports the achievement of Strategic Goal Four: ensuring an optimally capacitated institution. Its focus is on enabling the NRCS to utilise its human capital effectively and efficiently.

The Unit continues to strengthen the organisation's ability to attract and retain highly engaged, skilled, and competent employees. Its primary objective is to ensure that the NRCS is equipped with the right talent—adequate in number, effective in delivery, and competent in capability—so that the organisation's mandate can be executed with excellence.

HR PRIORITIES FOR THE YEAR

The HCM Business Unit focused on the following key areas, with specific activities designed to optimise the use of limited resources in pursuit of the NRCS's strategic goals and objectives:

- Recruitment of Competent Employees – to source and appoint candidates with the requisite skills and expertise aligned to the NRCS's business and mandate.
- Human Capital Management and Administrative Services – to ensure the effective administration and management of employee information.
- Remuneration and Benefits Administration – to implement and manage the NRCS's remuneration system effectively and equitably.
- Organisational Development and Transformation – to drive business optimisation, transformation, and continuous improvement.
- Learning and Development – to design and implement training initiatives through the Workplace Skills Plan and Competency Development Programmes, ensuring the development of capacity to deliver on the NRCS mandate.

Employee Relations – to foster a conducive labour environment that supports the NRCS in executing its mandate effectively.

WORKFORCE-PLANNING FRAMEWORK

A long-term Human Capital Strategy is under review to align with the organisational strategy and updated annual plan to ensure that the organisation is resourced with the correct skills and employees are motivated to be productive as well as stay within the organisation. The BU also conducts workforce-planning through the Employment Equity Plan and annual reporting.

EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

The NRCS has been implementing the performance management framework to improve performance within the organisation and ensure that performance is monitored and measured accordingly.

EMPLOYEE WELLNESS PROGRAMME

The Business Unit continues to implement the wellness programme. The aim is to enhance NRCS employee wellness and address workplace psychosocial challenges through empowering employees with health education and lifestyle skills that enable them to achieve their best possible health, which positively impacts employee morale and job satisfaction, and optimises performance and productivity.

ACHIEVEMENT HIGHLIGHTS AND CHALLENGES FACED

The HCM Business Unit successfully submitted the Workplace Skills Plan, the Annual Training Report, and the Employment Equity Report, in compliance with the legislative requirements for skills development and the Employment Equity Act. The Unit also implemented the internship programme, with 22 interns appointed and placed across various Business Units within the NRCS.

As part of system improvements, HCM introduced employee self-service and manager self-service functionalities through the ERP platform. This has resulted in notable efficiencies, particularly in leave management and other processes dependent on employee self-service.

Despite these achievements, the vacancy rate remains a concern, standing at 18% against the target of 10%. This challenge stems from the organisation's financial constraints, which necessitated a moratorium on recruitment. In addition, the 2024/25 Cost of Living Adjustment for both bargaining unit and management employees was suspended due to the financial position of the organisation. This suspension led to a deadlock in negotiations with organised labour, culminating in industrial action from 20 November 2024 to 3 January 2025, which negatively affected organisational productivity.

FUTURE HCM PLANS/GOALS

In the year ahead, the HCM Business Unit will continue digitalising its processes through the implementation of additional ERP modules, while also finalising outstanding labour matters and the 2024/25 negotiations. Efforts will be directed at further realigning HCM policies, people, and processes to address evolving human resource demands, alongside a comprehensive review of the Human Capital Strategy to ensure alignment with organisational priorities.

HUMAN RESOURCES OVERSIGHT STATISTICS

HUMAN RESOURCES EXPENDITURE

Table 33 Human Resources expenditure

Programme	Total Expenditure	Personnel Expenditure	Performance Bonus	Training Expenditure	Professional and Special Services	Number of Employees	Personnel cost as a percent of total expenditure
Develop, maintain, and administer VCs and TRs	8 303	8 001	0	71	0	5	1.60%
Maximise compliance with all specifications and TRs	331 430	304 357	0	2 481	0	241	60.81%
Inform and educate our stakeholders about the NRCS	6 743	6 467	0	57	0	7	1.29%
Ensure an optimally capacitated institution.	96 887	66 624	0	1 513	0	46	13.31%
Administration	57 120	23 929	0	209	0	23	4.78%
Total	500 483	409 378	0	4 530	0	322	81.80%

STAFF COST BY SALARY BAND 2024/2025

Table 34 Personnel cost by salary band 2024/2025

Salary Bands	Staff cost Including, SDL, training, Bonus and Overtime Expenditure	Staff cost Excluding SDL and training	Staff cost Excluding SDL, Training, overtime, and Bonus Expenditure	% of total Staff cost	Average Staff cost Excluding SDL, Training, overtime, and Bonus Expenditure	Average Staff cost excluding SDL and Training	Average Staff cost Including, SDL, training, Bonus and Overtime Expenditure
Interns (22)	1 775 359	1 744 713	1 744713	0.43%	79 305	79 305	80 698
Lower-level skill including contractors (6) P16	1 809 465	1 793 843	1 793 843	0.44%	298 974	298 974	301 578
Skilled including contractors (69) P10,11,12	59,608,230	59,113,867	58,878,859	14.38%	853,317	856,723	863,887
Professional (177) P7,8,9	265 378 317	262 627 174	262 074 028	64 02%	1 480 644	1 483 769	1 499 313
Senior Management (46) P4,5,6	76 279 785	75 079 982	74 987 788	18.32%	1 630 169	1 632 174	1 658 256
Top Management (2) P2,3	4 526 991	4 488 838	4 488 838	1.10%	2 244 419	2 244 419	2 263 496
	409 378 147	404 848 417	403 968 069	81.80%	1 254 559	1 257 293	1 271 361

SALARY, PERFORMANCE BONUS OVERTIME AND ALLOWANCES BY PROGRAMME

Table 35 Salary, performance bonus overtime and allowances oy programme

Programme	Staff Expen-diture	Basic Salaries		Overtime		13th cheque		Homeowners Allow-ance		Vehicle Allowance and Travel Claims		Medical Assistance		Pension		Training	
	Amount (000)	Amount (000)	Salaries as a % of staff cost	Amount (000)	Overtime as a % of staff cost	Amount (000)	13th as a % of staff cost	Amount (000)	HOA as a % of staff cost	Amount (000)	% of staff cost	Amount (000)	Medical as a % of staff cost	Amount (000)	pension as a % of staff cost	Amount (000)	Training as a % of staff cost
Develop, maintain, and administer VCs and TRs	**8 001**	6 602	1.61%	21	0.01%	87	0.02%	48	0.01%	96	0.02%	478	0.12%	598	0.15%	71	0.02%
Maximise compliance with all specifications and TRs	**304 357**	229 009	55.94%	576	0.14%	16 257	3.97%	4 762	1.16%	12 634	3.09%	16,149	3.94%	22 290	5.44%	2,680	0.65%
Inform and educate our stakeholders about the NRCS	**6 467**	5 272	1.29%	-	0.00%	203	0.05%	120	0.03%	-	0.00%	356	0.09%	459	0.11%	57	0.01%
Ensure an optimally capacitated institution	**66 624**	52 441	12.81%	283	0.07%	2 597	0.63%	932	0.23%	2 293	0.56%	2,295	0.56%	4 270	1.04%	1,513	0.37%
Administration	**23 929**	20 084	4.91%	-	0.00%	618	0.15%	212	0.05%		0.00%	1,044	0.26%	1 762	0.43%	209	0.05%
Total	**409 378**	**313 408**	**76.56%**	**880**	**0.21%**	**19 762**	**4.83%**	**6 074**	**1.48%**	**15 023**	**3.67%**	**20,322**	**4.96%**	**29 379**	**7.18%**	**4,530**	**1.11%**

Note: No performance bonus was paid during the 2024/25 financial year.

SALARY, PERFORMANCE BONUS, OVERTIME AND ALLOWANCES BY SALARY BAND

Table 36 Salary, performance bonus, overtime and allowances by salary band

Programme	Staff Expenditure	Basic Salaries		Overtime		13th cheque		Vehicle Allowance and Travel Claims		Homeowners Allowance		Medical Assistance		Pension		Training	
	Amount (R000)	Amount (000)	Salaries as a % of personnel cost	Amount (000)	Overtime as a % personnel cost	Amount (000)	13th as a % of staff cost	Amount (000)	Vehicle & travel claims as % staff cost	Amount (000)	HOA as a % of staff cost	Amount (000)	Medical as a % of staff cost	Amount (000)	Pension as a % of staff cost	Amount (000)	Training as a % of staff cost
Interns (22)	1 775 359	1 744 713	0.43%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%	30 646	0.01%
Lower-level skill including Contractors (6)	1 809 465	1 170 296	0.29%		0.00%	95,323	0.02%		0.00%	124,721	0.03%	296,555	0.07%	106,948	0.03%	15 622	0.00%
Skilled including contractors (69)	59 608 230	45 008 238	10.99%	235,008	0.06%	3,424,791	0.84%	681,137	0.17%	1,654,634	0.40%	4,175,781	1.02%	3,934,278	0.96%	494 363	0.12%
Professional (177)	265 378 317	194 902 053	47.61%	553,146	0.14%	16,242,145	3.97%	14,341,720	3.50%	4,294,565	1.05%	13,230,439	3.23%	19,063,106	4.66%	2 751 143	0.67%
Senior Management (46)	76 279 785	66 497 495	16.24%	92,194	0.02%		0.00%		0.00%		0.00%	2,533,128	0.62%	5,957,165	1.46%	1 199 803	0.29%
Top management (2)	4,526,991	4 085 146	1.00%		0.00%		0.00%		0.00%		0.00%	85,638	0.02%	318,054	0.08%	38 153	0.01%
Total (322)	409,378,147	313 407 941	76.56%	880,348	0.22%	19,762,259	4.83%	15,022,857	3.67%	6,073,920	1.48%	20,321,541	4.96%	29,379,551	7.18%	4 529 730	1.11%

EMPLOYMENT AND VACANCIES

Table 37 Employment and vacancies by programme, 1 April 2024 -31 March 2025

Programme (Business Units)	Number of Posts	Number of Posts Filled	Number of Vacant Budgeted Posts	Positions Not Budgeted for/ On Hold	Vacancy Rate for Budgeted	Vacancy Rate For Budget and Unbudgeted
Automotive	46	43	3	0	7%	7%
CMM	35	32	3	0	9%	9%
Comms & Marketing	7	7	0	0	0%	0%
Electro- Technical	49	45	4	0	8%	8%
Executive Business	2	2	0	0	0%	0%
Facilities	8	7	1	0	13%	13%
FAI	78	58	8	12	10%	26%
Finance	28	20 (3)	7	1	25%	29%
HCM	12	9 (22 interns)	3	0	25%	25%
ICT Services	9	7	1	1	11%	22%
Internal Audit	4	3	1	0	25%	25%
Legal Metrology	64	50	12	2	19%	22%
Legal Services	5	5	0	0	0%	0%
QMS	3	2	1	0	33%	33%
Regulatory Services	3	1	1	1	33%	67%
Risk and Strategy	2	1	1	0	50%	50%
RR&D	8	5	2	1	25%	38%
Total	**363**	**322 (Including 3 temps)**	**48**	**18**	**13%**	**18%**

Table 38 Employment and vacancies by salary bands 1 April 2024 to 31 March 2025

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate Budget and Unbudgeted	Number of Posts Filled Additional to the Staff Establishment
Top Management (P2-3)	4 (2)	2	50%	
Senior Management & High-Level Specialists (P4-6)	69 (23)	46	33%	
Middle Management superintendents and lower-level specialists (P7-9)	188 (10)	177	5%	
Supervisors and high-level skilled/ clerical (P10-12)	96 (30)	69 (incl. 3 temps)	31%	3 temps
Lower-level skilled/clerical (P13- 16)	6	6	0%	
Unskilled (Interns)	-	22	0%	
Total	**363 (65)**	**322 (incl. 3 temps)**	**18%**	

Table 39 Annual turnover rates, by salary band for the period 1 April 2024 to 31 March 2025

Salary Band	Number of Employees per Band as on 31 March 2023	Appointments and Transfers into the NRCS	Terminations/ Transfers out of the NRCS	Turnover Rate
Top Management (P2-3)	2	0	0	0%
Senior Management & High-Level Specialists (P4-6)	46	0	4	9%
Middle Management superintendents and lower-level specialists (P7-9)	177	0	6	3%
Supervisors and high-level skilled/ clerical (P10-12)	69	1	5	7%
Lower-level skilled/clerical (P13- 16)	6	0	0	0%
Unskilled	22	25	3	14%
Total (including interns & contractors)	**322**	**26**	**18**	**6%**

Table 40 Annual turnover rates by critical occupation, 1 April 2024 to 31 March 2025

Occupation	Number of Employees per	Appointments and Transfers into the NRCS	Terminations/ Transfers out of the NRCS	Turnover Rate
Top Management (P2-3)	2	0	0	0%
Senior Management & High-Level Specialists (P4-6)	46	0	4	9%
Total	**48**	**0**	**4**	**8%**

Table 41 Reasons why staff are leaving the NRCS

Reason for Leaving the NRCS	Number	% of total
Death	0	0%
Resignation	8	44,44%
Expiry of Contract	4	22%
Dismissal – operational changes	0	0%
Dismissal – misconduct	0	0%
Dismissal – inefficiency	0	0%
Discharged owing to ill-health	0	0%
Retirement	6	33,33%
Transfers to other Business unit Departments	0	0%
Other – Mutual separation	0	0%
Total	**18**	**100%**
Total number of employees who left as a % of the total employment		**6%**

EMPLOYMENT AND VACANCIES

Table 42 Total number of employees (including employees with disabilities) in each of the following occupational categories as from 1 April 2024 to 31 March 2025

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (P1 - P3)	1	0	0	0	0	1	0	0	2
Senior Management (P4 - P6)	20	4	0	3	16	1	0	2	46
Professionally qualified and experienced specialists and mid-management, supervisors, foremen, and superintendent (P7 - P9)	69	15	7	10	69	3	2	2	177
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (P10 - P12)	17	5	0	0	31	5	2	6	66
Semi-skilled and discretionary decision (P13 - P16)	1	0	0	0	5	0	0	0	6
Unskilled and defined decision-making (Interns)	18	0	0	0	4	0	0	0	22
Total	**126**	**24**	**7**	**13**	**125**	**10**	**4**	**10**	**319**
Temporary employees	2	0	0	0	0	1	0	0	3
Total	**128**	**24**	**7**	**13**	**121**	**11**	**4**	**10**	**322**

*Total is including disabled employees

Table 43 Total number of employees with disabilities only in each of the following occupational bands as on 1 April 2024 to 31 March 2025

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (P1 - P3)	0	0	0	0	0	0	0	0	0
Senior Management (P4 - P6)	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management, supervisors, foremen, and superintendent (P7 - P9)	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (P10 - P12)	0	0	0	0	0	0		1	1
Semi-skilled and discretionary decision (P13 - P16)	0	0	0	0	1	0	0	0	1
Unskilled and defined decision-making (Interns)	1	0	0	0	0	0	0	0	1
Total	**1**	**0**	**0**	**0**	**1**	**0**	**0**	**1**	**3**

Table 44 Total number of employees with disabilities only in each of the following occupational bands as on 1 April 2024 to 31 March 2025

No	No. of employees with disability (indefinite)	Gender	Level
1	2	Female	Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (P10 - P12)
2	1	Male	Unskilled and defined decision-making (Interns)

Table 45 Recruitment for the period 1 April 2024 to 31 March 2025 (inclusive of interns)

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (P1 - P3)	0	0	0	0	0	0	0	0	0
Senior Management (P4 - P6)	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management, supervisors, foremen, and superintendent (P7 - P9)	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (P10 - P12)	0	0	0	0	0	1	0	0	1
Semi-skilled and discretionary decision (P13 - P16)	0	0	0	0	0	0	0	0	0
Unskilled and defined decision-making (Interns)	18	0	0	0	4	1	0	0	23
Total (including Interns /Contractors)	**18**	**0**	**0**	**0**	**4**	**2**	**0**	**0**	**24**
Employees with disabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Overall Total	**18**	**0**	**0**	**0**	**4**	**2**	**0**	**0**	**24**

Table 46 Terminations for the period 1 April 2024 to 31 March 2025 (inclusive of interns)

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (P1 - P3)	0	0	0	0	0	0	0	0	0
Senior Management (P4 - P6)	2	0	0	2	0	0	0	0	4
Professionally qualified and experienced specialists and mid-management, supervisors, foremen, and superintendent (P7 - P9)	3	1	0	0	1	1	0	0	6
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (P10 - P12)	3	0	0	0	3	1	0	0	7
Semi-skilled and discretionary decision (P13 - P16)	3	0	0	0	0	0	0	0	3
Unskilled and defined decision-making (Interns)	0	0	0	0	0	0	0	0	0
Total	**11**	**1**	**0**	**2**	**4**	**2**	**0**	**0**	**20**

Table 47 Skills development for the period 1 April 2024 to 31 March 2025

Occupational Categories	Gender	No. of employees as at 31 March 2023	Training needs identified at start of reporting period			
			Learnerships/ Internships	Skills Programmes & Other Short Courses	Other forms of training	Total
Top Management (P1 - P3)	Female	1	0	1	0	1
	Male	1	0	1	0	1
Senior Management (P4 - P6)	Female	19	0	19	0	19
	Male	31	0	31	0	31
Professionally qualified and experienced specialists and mid-management, supervisors, foremen, and superintendent (P7 - P9)	Female	79	0	79	0	79
	Male	104	0	104	0	104
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (P10 - P12)	Female	49	0	49	0	49
	Male	28	0	28	0	28
Semi-skilled and discretionary decision (P13 - P16)	Female	5	0	5	0	5
	Male	1	0	1	0	1
Unskilled and defined decision-making (Interns)	Female	0	0	0	0	0
	Male	0	0	0	0	0
Total		**318**	**0**	**318**	**0**	**318**

Table 48 Training provided 1 April 2024 to 31 March 2025

Occupational Categories	Gender	Number of employees as of 1 April 2025	Training provided within the reporting period			
			Interns	Programmes & other short courses	Other forms of training	Total
Top management	Female	0	0	0	0	0
	Male	0	0	0	0	0
Senior management	Female	1	0	1	0	1
		2	0	2	0	2
Professionally qualified	Female	3	0	3	0	3
	Male	7	0	7	0	7
Skilled technical	Female	1	0	1	0	1
	Male	1	0	1	0	1
Semi-skilled	Female	0	0	0	0	0
	Male	0	0	0	0	0
Unskilled	Female	3	0	0	3	3
	Male	20	0	0	20	20
Sub Total	Female	5	0	0	0	5
	Male	33	0	15	23	33
Total		**38 (including interns)**	**0**	**15**	**23**	**38**

LEAVE UTILISATION, 1 APRIL 2024 TO 31 MARCH 2025

Table 49 Sick Leave 1 April 2024 to 31 March 2025

Salary Band	Total days	% days with medical certification	Number of Employees using Sick Leave	% of total Employees Using Sick Leave
Top	2	0	0	0%
Management (P2 - 3)	2	50% (1)	2	50% (1)
Senior Management & High-Level specialists (P4 - 6)	197	45% (88)	50	100% (52)
Middle Management superintendents and lower-level specialists (P7 - 9)	279	36% (100)	183	94% (166)
Supervisors and high-level skilled/ clerical (P10 - 12)	401	34% (135)	68	100% (74)
Lower-level skilled/clerical (P13 - 15)	22	45% (10)	6	100% (25)
Unskilled and defined decision making (P16- 18)	**0**	**0**	**9**	
Total	**901**	**37% (334)**	**300**	**99%**

Incapacity - As at the end of the financial year, the NRCS did not have any employee on incapacity (temporary and permanent), 1 April 2023 to 31 March 2024

Table 50 Leave pay-outs for the period 1 April 2024 to 31 March 2025

Categoty (Reason)	Total Amount (R'000)	Number of Employees	Average Payment Per Employee
Leave pay-out owing to non-utilisation of leave for the previous cycle (2 377.05)	R0	0	0
Capped leave & current leave pay-out on termination of service, leave pay-out on termination of service and extension of contracts	R1 042 810.07	24	43.45
Total	**R1 042 810.07**	**24**	**43.45**

LABOUR RELATIONS

MISCONDUCT AND DISCIPLINARY HEARINGS FINALISED, 1 APRIL 2024 TO 31 MARCH 2025

NO MISCONDUCT ADDRESSED AT DISCIPLINARY HEARINGS, 1 APRIL 2024 TO 31 MARCH 2025

Table 51 Grievances lodged for the period 1 April 2024 to 31 March 2025

	Number	% of Total
Number of grievances resolved	6	86%
Number of grievances not resolved	**1**	**14%**
Total number of grievances lodged	**7**	**100%**

Table 52 Disputes lodged with Councils for the period 1 April 2024 to 31 March 2025

	Number	% of Total
Number of disputes upheld	1	20
Number of disputes dismissed	4	80
Total number of disputes lodged	**5**	**100**

Table 53 Precautionary suspensions for the period 1 April 2024 to 31 March 2025

Number of People Suspended	1
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	16 (calendar days)
Cost (R'000) of suspensions	R 142,868

Table 54 Strike actions for the period 1 April 2024 to 31 March 2025

Total no. of people working days lost	214	
Total cost (R'000) of working da ys lost	26	
Amount (R'000) recovered because of no work, no pay. (Annual /12/21.67 x3)	R7 207 638.45	

EMPLOYEE WELLNESS PROGRAMME

The NRCS employee wellness programme is structured into two components: one managed internally by the HCM Business Unit and another outsourced to an independent service provider offering professional support to employees on matters related to their wellbeing. During the reporting period, monthly articles on health, wellness, and safety topics were published, while a series of wellness webinars were made available to employees across all NRCS regions.

HIV AND AIDS & HEALTH PROMOTION PROGRAMMES (P119)

Table 55 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
No occupational exposure is experienced in the NRCS.	HIV testing and counselling available in Pretoria office.

Table 56 Details of health promotion and HIV and AIDE programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the entity designated a member of the SMS to implement the provisions of Part VI E, Chapter 1 of the Public Service Regulations, 2001? If yes, please provide his/her name and position.?	X		Head of Human Resources
2. Does the NRCS have a dedicated unit, or has it designated specific staff members, to promote the health and well-being of its employees? If yes, please indicate the number of employees assigned to this function and the annual budget allocated for this purpose?	X		OHS & W Committee (19) members in all offices
3. Has the NRCS introduced an Employee Assistance or Health Promotion Programme for its employees? If yes, please outline the key elements and services of the programme?	x		The NRCS conducted 24 wellness workshops/events External Wellness provided counselling & information promotion of all areas.
4. Has the NRCS established committee(s) as contemplated in Part VI E.5(e), Chapter 1 of the Public Service Regulations, 2001? If yes, please provide the names of the committee members and the stakeholders they represent.?	x		OHS& W Committee: CEO, management, Union members and OHS representatives
5. Has the NRCS reviewed its employment policies and practices to ensure that they do not unfairly discriminate against employees on the basis of HIV status? If yes, please list the policies and practices that were reviewed?		X	Policies under review
6. Has the NRCS introduced measures to protect HIV-positive employees, or those perceived to be HIV-positive, from discrimination? If yes, please outline the key elements of these measures?	X		Confidential medical care with strict non-disclosure of personal information.
7. Does the NRCS encourage its employees to undergo voluntary counselling and testing? If yes, please provide the results achieved?	X		Yes. No new positive cases tested or reported .
8. Has the NRCS developed measures or indicators to monitor and evaluate the impact of its health promotion programme? If yes, please list these measures or indicators?	X		Support and regular check-ins with sick employees, along with feedback following online wellness sessions.

PART E

ANNUAL FINANCIAL STATEMENTS

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON NATIONAL REGULATOR FOR COMPULSORY SPECIFICATIONS

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the niational Regulator for Compulsory Specifications set out on pages 123 to 162, which comprise the statement of financial position as at 31 March 2025, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Regulator for Compulsory Specifications as at 31 March 2025 and financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants:' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the accounting officer for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA and Dora and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 199, forms part of my auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

11. I selected the following, material performance indicators related to (Strategic goal 2 - To maximise compliance with all specifications and technical regulations) presented in the annual performance report for the year ended 31 March 2025. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant, national, community or public interest

- Number of Inspections conducted as per the NRCS Risk Based Approach to monitor compliance to regulation within the Automotive, Chemicals Materials and Mechanicals (CMM), Electro-technical and Legal Metrology Sectors.
- Percentage of Inspections conducted on locally produced, imported and exported canned fishery and meat product consignments in accordance with the compulsory specification and procedures.
- Number of inspections conducted on locally produced fishery products (live, chilled and.frozen), processed meat products, retalil, fishery and meat processing factories and vessels as well as fishery and meat retail inspections, in accordance with the compulsory specification and procedures.
- Trade Facilitation: Facilitate exportation of canned meat, fish and fishery products.
- Percentage.of approval applications finalised (approved or rejected or closed) within the set timeframes in Automotive, Electrotechnical, Chemical Materials and Mechanicals. Improve the ease of doing business.
- Identify and sanction noncompliant products and services enable compliant business to trade fairly.
- Collaborate with SARS, SAPS, BMA and other regulators to reduce prevalence of ilit trade/ non-compliant goods entering South Africa through targeted group raids/blitz inspections.

12. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework , as defined in the general notice. When an annual performance report is prepared using these criteria , it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

13. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy ta understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated

- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

14. I performed the procedures to report material findings only, and not to express an assurance opinion or conclusion.

Other matters

15. I draw attention to the matter below.

Achievement of planned targets

16. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements. This information should be considered in the context of the material findings on the reported performance information.

17. The table that follow provide information on the achievement of planned targets and list the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 124 to 126.

Strategic goal 2 - To maximise compliance with all specifications and technical regulations

Targets achieved: 70%

Budget spent: 99%

Key indicator not achieved	Planned target	Reported achievement
Number of Inspections conducted as per the NRCS Risk Based Approach to monitor compliance to regulations within the Automotive, Chemicals Materials and Mechanicals (CMM). Electro-technical and Legal Metrology Sectors	20 875	19 582
Percentage of approval applications finalised (approved or rejected or closed) within the set timeframes in Automotive, Electrotechnical, Chemicals Materials and Mechanicals Improve the ease of doing business	95% of all approval applications processed within 90 calendar days	88% of all approval applications processed within 90 calendar days
Collaborate with SARS, SAPS, BMA and other regulators to reduce prevalence of illicit trade/non-compliant goods entering South Africa through targeted group raids/blitz inspections	Conduct 6 Joint\Blitz Inspections	0

Material misstatements

18. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Strategic goal 2 - To maximise compliance with all specifications and techncal regulations. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

REPORT ON COMPLIANCE WITH LEGISLATION

19. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the department's compliance with legislation.

20. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

21. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the department clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

22. I did not identify any material non-compliance with the selected legislative requirements.

OTHER INFORMATION IN THE ANNUAL REPORT

23. The accounting authority is responsible for the other information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.

24. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

25. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

26. The other information I obtained prior to the date of this auditor's report is the information on irregular and fruitless and wasteful expenditure , and the general information (including a report of the accounting authority), governance information (including the audit.committee report) and human resource management information are expected to. be made available to us after 31 July 2025.

27. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, ! conclude that there is a material misstatement of this other information, Iam required to report that fact. 1 have nothing to report in this regard.

28. When I do receive and read this information the general information (including a report of the accounting authority). Governance information including the audit committee report and human resource management information, if I conclude that there is a material misstalement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected If the other information is not corrected, 1 may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

29. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

30. I did not identify any significant deficiencies in internal control.

OTHER REPORTS

31. I draw attention to the following engagements conducted by various parties These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

21. There is a forensic investigation regarding the NRCS retention surplus for the 2022/23 financial year and concerns about the financial matters of the entity. The investigation covers the 2022/23 financial year. The investigation was still in progress at the date of the audit report.

Auditor General

Pretoria
31 July 2025

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the department's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the department to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Legislation Public Finance Management Act 1 of 1999	Section 51(1)(b)(); 51(1)(b)(i); 51(1)(e)(i); 53(4); 54(2)(c); 54(2)d); 55(1)(a); 55(1)(b); 55(1)(C)0); 56(1); 57(b); 66(3)(c) 66(5)
Treasury Regulation, 2005	Regulation 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A7.1; 16A7.3; 16A7.6; 16A8.3; 16A8.4;16A9.1(b)(i); 16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2(a)(ii); 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); |30.2.1; 31.2.1; 31.2.1; 31.3.3; 31.2.5; 31.2.7(a); 32.1,(a); 32.1.1(b); 32.1.1(c); 33.1.1; 33.1.3
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Preferential Procurement Policy Framework Act 5 of 2005	Section 1; 2.1(a); 2.1(0)
Preferential Procurement Regulations, 2017	Regulation 4.1 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.6; 6.8; 7.1; 7.2; 7.3; 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4:|5.1; 5.2; 5.3; 5.4
National Treasury SCM Instruction No. 03 2021/22	Paragraph 4.1: 4.2(b): 4.3; 4.4: 4.4(a); 4.17: 7.2; 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a);[3.4(b);|3.9
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.3.1
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
Second amendment of National Treasury Instruction 05 of 2020/21	Paragraph 1
Erratum National Treasury of 202/21	Paragraph 2
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury instruction Na 5 of 2020/21	Paragraph 4.8; 4.9; 5.3

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The NRCS's mandate includes promoting public health and safety, environmental protection and ensuring fair trade. This mandate is achieved through the development and administration of technical regulations and compulsory specifications as well as through market surveillance to ensure compliance with the requirements of the compulsory specifications and technical regulations. NRCS stakeholders include the South African Government, industry and the citizens.
Registered office	1 Dr Lategan Rd Groenkloof 358-Jr Pretoria 0181
Business address	1 Dr Lategan Rd Groenkloof 358-Jr Pretoria 0181
Controlling entity	Department of Trade, Industry and Competition
Bankers	ABSA
Auditors	Auditor-General South Africa

TABLE OF CONTENTS

The reports and statements set out below comprise the annual financial statements presented to the Executive Authority:

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the accuracy, validity and completeness of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the annual financial statements fairly present the state of affairs of the NRCS as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and are given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Authority acknowledges that he is ultimately responsible and accountable for the system of internal financial control established by the NRCS and place considerable importance on maintaining a strong control environment. To enable the Accounting Authority to meet these responsibilities, the Accounting Authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the NRCS and all employees are required to maintain the highest ethical standards in ensuring the NRCS's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the NRCS is on identifying, assessing, managing and monitoring all known forms of risk across the NRCS. While operating risk cannot be fully eliminated, the NRCS endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Authority is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Authority has reviewed the NRCS's cash flow forecast for the year to 31 March 2026 and, in light of this review and the current financial position, he is satisfied that the NRCS has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the Accounting Authority is primarily responsible for the financial affairs of the NRCS, assurance is provided by the entity's external auditors.

The external auditors are responsible for independently auditing and reporting on the NRCS's annual financial statements. The annual financial statements set out on pages 123-161, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 July 2025 and were signed on its behalf by:

Duncan Mutengwe
Acting Chief Executive Officer

Pretoria
31 July 2025

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025

Figures in Rand	Note	2025	2024 Restated
Assets			
Current assets			
Receivables from exchange transactions	7	18,822,478	15,095,612
Receivables from non-exchange transactions	8	35,539,818	31,776,063
Deposits	6	-	152,200
Cash and cash equivalents	9	60,930,450	36,693,583
		115,292,746	**83,717,458**
Non-current assets			
Property, plant and equipment	3	14,397,868	18,732,097
Intangible assets	4	14,066,982	14,477,258
Deposits	6	562,172	568,438
		29,027,022	33,777,793
Total assets		**144,319,768**	**117,495,251**
Liabilities			
Current liabilities			
Payables from exchange transactions	12	49,972,498	54,128,497
Payable from non-exchange transactions	13	15,401,000	15,401,000
Post retirement medical obligation	5	622,000	671,000
Provisions	10	34,620,622	17,586,987
Long service awards	11	620,000	705,000
		101,236,120	88,492,484
Non-Current Liabilities			
Post retirement medical obligation	5	7,476,002	7,767,000
Long service awards	11	3,859,000	3,317,000
		11,335,002	11,084,000
Total liabilities		**112,571,122**	**99,576,484**
Net assets		**31,748,646**	**17,918,767**
Accumulated surplus		31,748,646	17,918,767

STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 31 MARCH 2025

Figures in Rand	Note	2025	2024 Restated
REVENUE			
Revenue from exchange transactions			
Rendering of services	15	28,029,420	25,369,670
Approval application fee income	14	59,092,851	57,306,888
Recovery of bad debts and Decrease in doubtful debts		8,292,077	850,195
Sundry income	14	3,968,188	1,033,903
Interest income from exchange	14	7,818,753	11,385,212
Actuarial gains		279,114	-
Total revenue from exchange transactions		**107,480,403**	**95,945,868**
Revenue from non-exchange transactions			
Decrease in doubtful debts		11,801,385	-
Levies for compulsory specifications	14	240,632,134	211,736,161
Registration fee income		2,010,572	2,327,200
Government grants and core funding		145,734,000	138,611,000
Interest income from non exchange		6,654,425	8,771,782
Total revenue from non-exchange transactions		**406,832,516**	**361,446,143**
Total revenue	14	**514,312,919**	**457,392,011**
EXPENDITURE			
Expenditure			
Employee related costs	16	(409,378,148)	(401,251,963)
Depreciation and amortisation	17	(4,843,373)	(5,860,063)
Finance costs	18	(1,360,493)	(1,010,579)
Lease rentals on operating lease		(17,679,031)	(17,382,876)
Debt Impairment	19	-	(50,293,795)
Bad debts written off		(13,026,262)	-
Advertising and marketing expenses		(41,029)	(2,978,225)
Testing and sampling		(4,920,148)	(10,976,256)
Contracted services		(7,056,311)	(14,559,529)
Travel expenditure		(13,295,830)	(27,412,379)
Actuarial losses		-	(69,074)
General Expenses	20	(22,457,990)	(30,590,159)
Auditors remuneration	21	(6,424,425)	(5,164,452)
Total expenditure		**(500,483,040)**	**(567,549,350)**
Surplus (deficit) for the year		**13,829,879**	**(110,157,339)**

STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED 31 MARCH 2025

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 April 2023	**128,076,106**	**128,076,106**
Changes in net assets		
Deficit for the year	(110,157,339)	(110,157,339)
Total changes	(110,157,339)	(110,157,339)
Balance at 01 April 2023	**17,918,767**	**17,918,767**
Changes in net assets		
Surplus for the year	13,829,879	13,829,879
Total changes	13,829,879	13,829,879
Balance at 31 March 2025	**31,748,646**	**31,748,646**

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2025

Figures in Rand	Note(s)	2025	2024
Cash flows from operating activities			
Receipts			
Cash received from rendering of services*		333,747,324	327,850,138
Grants		145,734,000	138,611,000
Interest received*		14,473,178	6,341,296
		493,954,502	472,802,434
Payments			
Cash paid to employees		(388,895,360)	(423,927,299)
Cash paid to suppliers		(80,593,396)	(97,141,466)
		(469,488,756)	(521,068,765)
Net cash flows from operating activities	22	**24,465,746**	**(48,266,331)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	-	(8,395,081)
Purchase of other intangible assets	4	(228,879)	(1,030,216)
Net cash flows from investing activities		**(228,879)**	**(9,425,297)**
Net increase/(decrease) in cash and cash equivalents		**24,236,867**	**(57,691,628)**
Cash and cash equivalents at the beginning of the year		36,693,583	94,385,211
Cash and cash equivalents at the end of the year	9	**60,930,450**	**36,693,583**

*Interest on outstanding debts is included in the total amounts outstanding by debtors. It is currently not practical to separate the interest portion from the debt outstanding from customers. For this reason, the total debt outstanding has been included in the movements from cash received from customers.To avoid duplication and due to the impracticality mentioned above, the movement from interest from debtors is not included in interest received.Interest received does include all interest for the year including interest from investments.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue from exchange transactions						
Revenue before revenue from exchange transactions						
Rendering of services	21,111,758	-	**21,111,758**	28,029,420	**6,917,662**	A note 33
Approval application fee income	60,113,242	-	**60,113,242**	59,092,851	**(1,020,391)**	B note 33
Decrease in doubtful debts	-	-	**-**	8,292,077	**8,292,077**	C note 33
Sundry income	1,550,482	-	**1,550,482**	3,968,188	**2,417,706**	D note 33
Interest received	7,797,180	-	**7,797,180**	7,818,753	**21,573**	
Total revenue from exchange transactions	**90,572,662**	**-**	**90,572,662**	**107,201,289**	**16,628,627**	
Revenue from non-exchange transactions						
Decrease in doubtful debts	-	-	**-**	11,801,385	**11,801,385**	E note 33
Interest income from non- exchange	7,918,820	-	**7,918,820**	6,654,425	**(1,264,395)**	F Note 33
Levies for compulsory specifications	267,166,000	(3,100,000)	**264,066,000**	240,632,134	**(23,433,866)**	G note 33
Registration fee income	57,000	2,000,000	**2,057,000**	2,010,572	**(46,428)**	
Government grants and core funding	144,634,000	1,100,000	**145,734,000**	145,734,000	**-**	
Total revenue from non-exchange transactions	**419,775,820**	**-**	**419,775,820**	**406,832,516**	**(12,943,304)**	
Total revenue	**510,348,482**	**-**	**510,348,482**	**514,033,805**	**3,685,323**	
Expenditure						
Employee related costs	(428,093,000)	14,713,455	**(413,379,545)**	(409,378,148)	**4,001,397**	H note 33
Depreciation and amortisation	(6,460,000)	154,077	**(6,305,923)**	(4,843,373)	**1,462,550**	I note 33
Finance costs	(293,000)	(1,107,000)	**(1,400,000)**	(1,360,493)	**39,507**	
Lease rentals on operating lease	(19,196,922)	1,000,000	**(18,196,922)**	(17,679,031)	**517,891**	J note 33
Bad debts written off	-	(13,050,000)	**(13,050,000)**	(13,026,262)	**23,738**	
Advertising and marketing expenditure	(500,000)	400,000	**(100,000)**	(41,029)	**58,971**	
Testing and sampling	(9,670,000)	4,500,000	**(5,170,000)**	(4,920,148)	**249,852**	
Contracted Services	(9,349,000)	1,822,770	**(7,526,230)**	(7,056,311)	**469,919**	K note 33
Travel expenditure	(15,989,000)	1,306,700	**(14,682,300)**	(13,295,830)	**1,386,470**	L note 33
General expenses	(15,583,560)	(8,520,002)	**(24,103,562)**	(22,457,990)	**1,645,572**	M note 33
Auditors remuneration	(5,214,000)	(1,220,000)	**(6,434,000)**	(6,424,425)	**9,575**	
Total expenditure	**(510,348,482)**	**-**	**(510,348,482**	**(500,483,040)**	**9,865,442**	
Operating surplus	**-**	**-**	**-**	**13,550,765**	**13,550,765**	
Actuarial gains/losses	-	-	**-**	279,114	**279,114**	
Surplus	**-**	**-**	**-**	**13,829,879**	**13,829,879**	
Actual Amount Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**13,829,879**	**13,829,879**	

All variances above 10 % are explained in Note 33.

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the NRCS will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Trade receivables impairment

The NRCS assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated based on customers owing more than 120 days and other indicators present at the reporting date that correlate with defaults on the customer or industry.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 10 - Provisions.

Useful lives of property,plant and equipment

The NRCS's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment . This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

ACCOUNTING POLICIES

1.3 Significant judgements and sources of estimation uncertainty (continued)

The NRCS determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the NRCS considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 5.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the NRCS; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment.

Any remaining inspection costs from the previous inspection are derecognised.

ACCOUNTING POLICIES

1.4 Property, plant and equipment (continued)

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

All assets costing less than R5 000 will be classified as 'minor assets'. These assets must be recorded in the asset register but will be fully depreciated/written-off in the year of acquisition and not over its useful life, as is the case with assets costing R5 000 and more.

It is required that all assets are classified and recorded,both minor and major assets. The assets costing less than R5 000 will be included under "current expenditure" on the income statement.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight-line	30 years
Plant and machinery	Straight-line	15 years
Furniture and fixtures	Straight-line	2-50 years
Trucks and vehicles	Straight-line	10-23 years
Leasehold improvements	Straight-line	Lease term
Office equipment	Straight-line	2-50 years
Laboratory equipment	Straight-line	8-40 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the NRCS. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The NRCS assesses at each reporting date whether there is any indication that the NRCS expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the NRCS revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised.

The entity assesses its property,plant and equipment for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the value of property,plant and equipment.

The NRCS separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 3).

ACCOUNTING POLICIES

1.4 Property, plant and equipment (continued)

The NRCS discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 3).

1.5 Intangible assets

An asset is identifiable if it either:
- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the NRCS or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the NRCS; and
- the cost or fair value of the asset can be measured reliably.

The NRCS assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Item	Amortisation method	Average useful life
Computer software	Straight-line	2-5 years

The NRCS discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 4).

ACCOUNTING POLICIES

1.5 Intangible assets (continued)

The NRCS assesses its intangible assets for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the value of intangible assets.

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectable.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an NRCS's statement of financial position.

A financial asset is:

- cash;
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the NRCS.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the NRCS.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by the NRCS in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

ACCOUNTING POLICIES

1.6 Financial instruments (continued)

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the NRCS had not acquired, issued or disposed of the financial instrument.

Classification

The NRCS has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange and non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalent	Financial asset measured at amortised cost

The NRCS has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payable from exchange transactions	Financial liability measured at amortised cost
Payable from non-exchange transactions	Financial liability measured at amortised cost

Receivables from exchange and non-exchange transactions

Trade receivables are initially recognised at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor probability that the debtor will enter bankruptcy of financial reorganisation, and default or delinquency in payments (more than 120 days overdue) are considered indicators that the trade receivable is impaired.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within the operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent receivables of amounts previously written off are credited against operating expenses in surplus or deficit.

Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method if they are expected to be settled after 12 months.

Payables from non-exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost using effective interest rate method except for unconditional grants which are measured at cost.

1.7 Cash and cash equivalents

Cash and cash equivalents consist of the following
i) cash
ii) cash in current bank accounts
iii) cash in interest bearing bank accounts or money market accounts where the funds are available immediately; and

These are initially measured at fair value and subsequently measured at cost.

ACCOUNTING POLICIES

1.8 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The NRCS recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The NRCS initially measures statutory receivables at their transaction amount.

Subsequent measurement

The NRCS measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

Where the NRCS levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the NRCS is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

Impairment losses

The NRCS assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

ACCOUNTING POLICIES

1.8 Statutory receivables (continued)

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the NRCS considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The NRCS derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the NRCS transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the NRCS, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognise the receivable; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

ACCOUNTING POLICIES

1.9 Leases (continued)

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Long Service Awards

The NRCS provides long service awards to permanent employees with uninterrupted or unbroken services of five years and longer within NRCS.

The award to employees is in form of a monetary award and certificate that an employee will receive after being loyal to the NRCS for a predetermined period.

Where an employee has a broken service, only continuous service since the most recent date of engagement will be considered for a long service award, unless if the broken service was less than a year as stated in the Basic Conditions of Employment Act.

The long service monetary award and ceremony will be processed and implemented yearly at the end of the financial year (end March).

The value of long service awards may be revised from time to time at NRCS's discretion, taking into account factors such as cost of living and the financial position of NRCS.

The present value of the long service awards depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of long service awards.

The entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the long service award. In determining the appropriate discount rate, the entity considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related long service award.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

ACCOUNTING POLICIES

1.10 Employee benefits (continued)

The NRCS recognises the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

Post retirement medical obligations

The NRCS provides post-retirement health care benefits to some retirees. The NRCS contributes towards medical aid contribitions after retirement of employees, subject to the following:

- The employee was employed before 01 September 1998 (within SABS)
- The employee participated in the Bestmed medical aid scheme for at least ten years and
- The employee retired after the age of 64.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations.

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post retirement medical obligations. In determining the appropriate discount rate, the entity considers the interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related post retirement medical liability.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity recognises the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

1.11 Provisions and contingencies

Provisions are recognised when:

- the NRCS has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

ACCOUNTING POLICIES

1.11 Provisions and contingencies (continued)

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Leave day accruals were raised and management determined an estimate based on the information available. In each leave cycle, an employee shall take 50% of their uninterrupted annual leave, the remainder thereof shall be taken within the same leave cycle. Any annual leave not utilised from the previous cycle shall be given a grace period of 6 months to utilise, otherwise they will be forfeited. It is impractical to determine the exact number of days that will be forfeited upon calculation of leave pay accrual.

A contingent liability is defined as

a.) a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

b.) a present obligation that arises from past events but is not recognised because:
  - (i) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - (ii) the amount of the obligation cannot be measured with sufficient reliability.

The amount of the contingent liability is measured at the best estimate required to settle the possible obligation at the reporting date.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 24.

1.12 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.13 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

ACCOUNTING POLICIES

1.13 Revenue from exchange transactions (continued)

An exchange transaction is one in which the NRCS receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the NRCS;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.
NRCS as a regulator render services for premarket approval of products in terms of the NRCS Act or the Legal Metrology Act

Non refundable application fees

The NRCS gazettes application fee for premarket approval of products.These service include approval applications in Electrotechnical, Automotive, Chemicals Materials and Mechanicals and Gaming approval applications in Legal Metrology

Application fees are measured at the fair value of the consideration received

Recognition

Revenue arising from non-exchange transactions is only recognised if:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the amount of the revenue can be measured reliably.

Taxes requires that an entity recognises an asset in respect of taxes when the taxable events occur and the asset recognition criteria is met

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

Interest Income

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non- exchange transactions is classified based on the nature of the underlying transaction.

ACCOUNTING POLICIES

1.14 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an NRCS, which represents an increase in net assets, other than increases relating to contributions from owners.

Control of an asset arise when the NRCS can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an NRCS either receives value from another NRCS without directly giving approximately equal value in exchange, or gives value to another NRCS without directly receiving approximately equal value in exchange.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Taxes

The NRCS recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the NRCS controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The NRCS analyses the taxation laws to determine what the taxable events are for the various taxes levied.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law

The income from levy is treated as taxes in terms of GRAP interpretation.

Levies

Levies for compulsory specifications are based on declarations of volumes of regulated products manufactured or imported.

The recognition of the levy debtor is initially measured at the transaction amount which is determined by reference to published tariff per unit on regulated products multiply by units declared.If it is deemed reliable levy debtors maybe estimated with reference to historical declarations.

The NRCS does not have an obligation that arises in respect of levies for compulsory specifications and therefore the levy revenue is recognised at the amount of the levy debtor, or if earlier, the cash received with levy declaration. Levy revenue is then only recognised once it becomes due and payable.

ACCOUNTING POLICIES

Registration fees income

Transport annual registration fees are collected in terms of the National Road Traffic Act, No 93 of 1996 for all registered manufacturers, importers and builders (MIB) of motor vehicles.

Transport annual registration fees are levied annually on the date of first registration. An adjustment is made for annual registration fees that have not accrued to the NRCS yet.

Transport and registration fees are measured at the fair value of the consideration received or receivable.

Government grants

Grants without any conditions attached are recognised as revenue in full when the asset is recognised, at an amount equalling the fair value of the asset received.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met.

1.15 Comparative figures

When the presentation or classification of items in the annual financial statements is amended, prior period comparatives amounts are also reclassified and restated, unless such reclassification and/or restatement is not required by a standard of GRAP. The nature and reason of such reclassification and restatements are also disclosed. where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

Where there has been a change is accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior periods except where stated.

1.16 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance. Fruitless and wasteful expenditure when incurred and confirmed is recorded in the annual financial statements disclosure. This relates to fruitless and wasteful expenditure incurred in the current financial year, with a one previous financial year comparative analysis.

Fruitless and wasteful expenditure for previous financial year (comparative amounts) must be recognised in the period in which they occurred as follows:

(a.) fruitless and wasteful expenditure incurred and confirmed in the previous financial year;
(b.) fruitless and wasteful expenditure that was under assessment in the previous financial year and confirmed in the current financial year; and
(c.) fruitless and wasteful expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year.

Additional information relating to fruitless and wasteful expenditure under assessment, determination, investigations, narratives and a process of dealing with the concerned fruitless and wasteful expenditure must be recorded in the annual report of the entity.

ACCOUNTING POLICIES

1.17 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including

(a.) this Act; or
(b.) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
(c.) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury instruction note no. 4.of 2022/2023 which was issued in terms of sections 76(2)(e) to 76(4)(a) of the PFMA requires the following (effective from 3 January 2023):

Irregular expenditure when incurred and confirmed is recorded in the annual financial statements disclosure. This relates to irregular expenditure incurred in the current financial year, with a one financial year comparative analysis.

Additional information relating to irregular expenditure under assessment, determination, investigation, narratives, and the process of dealing with the irregular expenditure is recorded in the annual report of the entity.

1.18 Segment information

A segment is an activity of an entity:

(a.) that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
(b.) whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
(c.) for which separate financial information is available.

NRCS does not prepare segment reports because it does not have separate financial information.

1.19 Budget information

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/04/2024 to 31/03/2025

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

A difference of 10% or more between budget and actual amounts is regarded as material. All material differences are explained in the notes to the Annual Financial Statements.

1.20 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

ACCOUNTING POLICIES

1.20 Related parties (continued)

Management are those persons responsible for planning, directing and controlling the activities of the NRCS, including those charged with the governance of the NRCS in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the NRCS.

The NRCS is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the NRCS to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the NRCS is exempt from the disclosures in accordance with the above, the NRCS discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.21 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:
- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The NRCS will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The NRCS will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2025	2024

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2025 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Amendments to GRAP 103	Not yet effective	Unlikely there will be a material impact
Amendments to GRAP 105	Not yet effective	Unlikely there will be a material impact
Amendments to GRAP 106	Not yet effective	Unlikely there will be a material impact
Amendments to GRAP 1 on Presentation of financial statements	Not yet effective	Not expected to impact results but may result in additional disclosure
Amended GRAP 104 on Financial Instruments	01 April 2025	Not expected to impact results but may result in additional disclosure

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2025	2024

3. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	3,000,000	-	3,000,000	3,000,000	-	3,000,000
Buildings	5,000,000	(5,000,000)	-	5,000,000	(5,000,000)	-
Leasehold property	131,723	(131,719)	4	131,723	(131,718)	5
Plant and machinery	184,578	(184,577)	1	184,578	(184,577)	1
Motor vehicles	6,921,450	(6,229,729)	691,721	6,921,450	(6,069,143)	852,307
Office equipment	38,123,631	(34,210,369)	3,913,262	38,614,209	(32,455,334)	6,158,875
Laboratory equipment	18,934,299	(12,141,419)	6,792,880	18,980,646	(10,259,737)	8,720,909
Total	**72,295,681**	**(57,897,813)**	**14,397,868**	**72,832,606**	**(54,100,509)**	**18,732,097**

Impairment relates to the main building in Port Elizabeth which was destroyed by fire.The building which include work in progress was devalued to nil after the assessments by professional valuators.

Reconciliation of property, plant and equipment - 2025

	Opening balance	Disposals	Depreciation	Total
Land	3,000,000	-	-	3,000,000
Leasehold property	5	-	(1)	4
Plant and machinery	1	-	-	1
Motor vehicles	852,307	-	(160,586)	691,721
Office equipment	6,158,875	(130,005)	(2,115,608)	3,913,262
Laboratory equipment	8,720,909	(6)	(1,928,023)	6,792,880
	18,732,097	**(130,011)**	**(4,204,218)**	**14,397,868**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Minor assets write off	Adjustment	Depreciation	Total
Land	3,000,000	-	-	-	-	3,000,000
Leasehold property	4,846	-	-	-	(4,841)	5
Plant and machinery	8,586	-	-	-	(8,585)	1
Motor vehicles	346,200	651,102	-	-	(144,995)	852,307
Office equipment	6,232,174	3,631,231	(35,339)	34,591	(3,703,782)	6,158,875
Laboratory equipment	5,978,758	4,112,748	-	-	(1,370,597)	8,720,909
	15,570,564	**8,395,081**	**(35,339)**	**34,591**	**(5,232,800)**	**18,732,097**

Pledged as security

No assets that were pledged as security

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

	2025	2024
General expenses	590,086	580,076

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2025	2024

4. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	8,767,479	(7,572,424)	1,195,055	8,767,479	(6,933,269)	1,834,210
Intangible assets under development	12,871,927	-	12,871,927	12,643,048	-	12,643,048
Total	**21,639,406**	**(7,572,424)**	**14,066,982**	**21,410,527**	**(6,933,269)**	**14,477,258**

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Amortisation	Total
Computer software	1,834,210	-	(639,155)	1,195,055
Intangible assets under development*	12,643,048	228,879	-	12,871,927
	14,477,258	**228,879**	**(639,155)**	**14,066,982**

*NRCS is in the process of developing an Enterprise Resource Planning(ERP) system.

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software	2,461,469	-	(627,258)	1,834,211
Intangible assets under development	11,612,832	1,030,216	-	12,643,048
	14,074,301	**1,030,216**	**(627,258)**	**14,477,259**

Pledged as security

No assets that were pledged as security

There were no intangible assets pledged as security

Cumulative expenditure recognised in the carrying value of Intangible assets

Accumulated expenditure as at 01 April 2022	13,154,794
Additional expenditure for 2022/23	1,793,441
Transferred to intangibles (Intangibles brought into use)	(3,335,403)
Carrying value of accumulated expenditure as at 31 March 2023	11,612,832
Additional expenditure for 2023/2024	1,030,216
Carrying value of accumulated expenditure as at 31 March 2024	12,643,048
Additional expenditure for 2024/2025	228,879
	12,871,928

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2025	2024

5. Post retirement medical obligation

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(7,476,002)	(7,767,000)
Present value of the defined benefit obligation-partly or wholly funded	(622,000)	(671,000)
	(8,098,002)	**(8,438,000)**

Opening balance	8,438,000	8,176,000
Current service cost	69,000	71,000
Interest	1,001,000	877,000
Actuaries (gains)/loss	(800,114)	(89,926)
Benefits paid	(609,886)	(596,074)
	8,098,000	**8,438,000**

The NRCS contributes towards medical aid contributions after retirement of employees, subject to the following conditions:

- The employee was employed before 1 September 1998 (within the SABS);
- The employee participated in the Bestmed medical aid scheme for at least ten years and
- The employee retired after the age of 64.

Valuations of these obligations are carried out annually by independent qualified actuaries.The most recent valuation was done as at 31 March 2025.

Key assumptions used (expressed as weighted averages) are as follows:

Discounted rate per annum	10.80 %	12.34 %
Medical aid inflation	5.00 %	6.43 %
Average retirement age	64	64
Active members expected to continue after retirement	100.00 %	100.00 %

Sensitivity analysis

Opening balance	(1,739,262)	(2,001,262)
Net expense recognised in the statement of financial performance	(340,000)	262,000
	(2,079,262)	**(1,739,262)**

The effects on the central basis liability results for 2025 when the medical aid inflation rate is increased or decreased by 1%.

	Liability	Change in liability	Liability	Change in liability
+1%	8,915,000	817,000	9,265,000	827,000
Central	8,098,000	-	8,438,000	-
-1%	7,394,000	(1,521,000)	7,721,000	(1,544,000)

The effects on the central basis liability results for 2025 when the medical aid discount rate is increased or decreased by 1%.

	Liability	Change in liability	Liability	Change in liability
+1%	7,417,000	(681,000)	7,745,000	(693,000)
Central	8,098,000	-	8,438,000	-
-1%	8,897,000	1,480,000	9,246,000	1,501,000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2025	2024

5. Post retirement medical obligation (continued)

Net expense recognised in the statement of financial performance: Post-retirement medical obligation

Current service cost	69,000	71,000
Interest cost	1,001,000	877,000
Actuarial (gains) losses	(800,114)	(89,926)
Benefits vesting	(609,886)	(596,074)
	(340,000)	**262,000**

6. Deposits

Deposits are for property held under an operating lease, fleet card services and for municipality services. These are accounted for at cost.

Current portion	-	152,200
Non-current portion	562,172	568,438
	562,172	720,638
	562,172	**720,638**

Broken down as follows:		
Operating Leases	552,172	704,372
Fleet cards	10,000	10,000
Municipality	-	6,266
	562,172	**720,638**

7. Receivables from exchange transactions

Trade debtors	63,026,919	62,668,224
Impairment related to receivables	(48,999,068)	(52,792,780)
Employee advances- subsistence and travel allowances	4,783,165	5,092,386
Sundry debtors	11,462	127,782
	18,822,478	**15,095,612**

Statutory receivables included in receivables from exchange transactions:
Statutory receivables as at 31 March 2025 R63 026 919 (2024: R62 668 224).

Receivables from exchange transactions past due but not impaired

Trade and other receivables which are less than 4 months past due are not considered to be impaired. At 31 March 2025, R14 027 851 (2024: R9 875 444) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 months past due	10,514,842	4,572,907
2 months past due	2,059,335	1,190,786
3 months past due	1,004,383	2,272,224
4 months past due	449,291	1,839,527
	14,027,851	**9,875,444**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2025	2024

Receivables from exchange transactions impaired

The amount of the impairment was R48 999 068 as of 31 March 2025 (2024: R52 792 780).

The ageing of these receivables is as follows:

Over 6 months	48,999,068	52,792,780

Reconciliation of provision for impairment of trade and other receivables

Opening balance	52,792,780	21,514,516
Provision for impairment	(3,793,713)	31,278,264
	48,999,067	**52,792,780**

Receivables are impaired on an individual basis. The impairment of trade receivables has been determined with reference to past default experience and the current economic environment in which these entities trade.

8. Receivables from non-exchange transactions

Levies	95,652,171	103,689,801
Impairment	(60,112,353)	(76,412,102)
Other debtors: non-exchange revenue	-	4,498,364
	35,539,818	**31,776,063**

Statutory receivables included in receivables from non-exchange transactions:
Statutory receivables as at 31 March 2025 R95 652 171 (2024: R103 689 801).

Trade receivables from non-exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 4 months past due are not considered to be impaired. At 31 March 2025, R35 539 818 (2024: R31 776 068) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	25,375,954	15,167,652
2 months past due	5,314,107	4,802,571
3 month past due	4,016,798	6,689,407
4 month past due	832,959	5,116,438
	35,539,818	**31,776,068**

Trade receivables from non-exchange transactions impaired

The amount of the impairment is R60 112 353 as of 31 March 2025 (2024: R 76 412 102).

The ageing of these trade receivables from non exchange are as follows:

Over 6 months	60,112,353	76,412,102

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	76,412,102	57,396,571
Provision for impairment	(16,299,749)	19,015,531
	60,112,353	**76,412,102**

Trade receivables are impaired on an individual basis. The impairment of trade receivables has been determined with reference to past default experience and the current economic environment in which these entities trade.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2025	2024

9. Cash and cash equivalents

Cash and cash equivalents consist of:		
Cash on hand	15,233	11,050
Bank balances	52,739,149	35,883,538
Short-term deposits	8,176,068	798,995
	60,930,450	**36,693,583**

10. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Additions	Utilised during the year	Total
Leave pay	17,586,987	4,089,880	(1,042,810)	20,634,057
Provision for backpay salary	-	13,986,565	-	13,986,565
	17,586,987	**18,076,445**	**(1,042,810)**	**34,620,622**

Reconciliation of provisions - 2024

	Opening Balance	Additions	Utilised during the year	Total
Leave pay	16,068,963	3,934,861	(2,416,837)	17,586,987
Provision for performance bonus	16,800,000	-	(16,800,000)	-
Provision for backpay salary	8,422,833	-	(8,422,833)	-
	41,291,796	**3,934,861**	**(27,639,670)**	**17,586,987**

The performance bonus is estimated on the results of staffs performance evaluations.The payout is limited to the available budget and has been provided for on that basis.

The leave provision is provided for in terms of NRCS leave policy which allows for forfieture of leave balances that are not utilised within 6 months after a leave cycle.

Provision for backpay salary is provided for in terms of the NRCS policy which allows for the entity to have annual salary increases. These increases are cost of living adjustments.

11. Long service awards

The NRCS has a long service award policy.This relates to awarding employees a monetory amount for each 5 years of service worked.

Amount recognised in the statement of financial position

Current liability	620,000	705,000
Non-Current liability	3,859,000	3,317,000
	4,479,000	**4,022,000**

Opening balance*	4,022,000	4,370,000
Current service cost	317,000	339,000
Interest cost	359,000	374,000
Benefits vesting	(740,000)	(1,220,000)
Actuaries loss/(gains) on assumptions	521,000	159,000
	4,479,000	**4,022,000**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2025	2024

11. Long service awards (continued)

Key assumptions used

Discount rates used	9.6%	10.9.%
Average Retirement Age: Males (years)	64	64
Average Retirement Age: Females (years)	64	64

The assumptions used are based on statistics and market data as at 31 March 2025.

Discount rate

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the employee benefit liabilities. However,where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 9.6% per annum has been used. This yield was obtained by calculating the duration of the liability and then taking the yield from the yield curve at that duration using an iterative process (because the yield depends on the duration, which in turn depends on the liability). This rate does not reflect any adjustment for taxation, and was deduced from the interest rate data obtained from the JSE after the market close on 31 March 2025. The duration of the total liability was estimated to be 7.00 years.

Withdrawal rates

The table below used reflect a sample of the rates of withdrawal used to value the liabilities for males and females. We have used the same withdrawal rate with that used in the entity's post employment medical aid GRAP 25 valuation.

Age		Age	
20 - 24	9%	40 - 44	5%
25 - 29	8%	45 - 49	4%
30 - 34	6%	50 - 54	3%
35 - 39	5%	55+	0%

Average Retirement Age

The normal retirement age of employees is 64. It has been assumed that employees will retire at age 64 on average, which thus assumes that expected rates of ill-health and early retirement are nil. Employees who have passed the assumed average retirement age, have been assumed to retire at their next birthday.

Sensitivity analysis

The effects on the liability results for 2025 when the discount rate is increased or decreased by 1%.

	Liability	Change in liability	Liability	Change in liability
+1%	4,268,000	(211,000)	3,835,000	(187,000)
Central	4,479,000	-	4,022,000	-
-1%	4,708,000	229,000	4,226,000	204,000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2025	2024

11. Long service awards (continued)

The effects on the liability results for 2025 when the retirement age is increased or decreased by 1 year.

	Liability	Change in liability	Liability	Change in liability
65 years	4,890,000	411,000	4,426,000	404,000
64 years	4,479,000	-	4,022,000	-
63 years	4,022,000	(457,000)	3,652,000	(370,000)

Amount recognised in the statement of financial performance

	2025	2024
Net expense recognised in the statement of financial performance	1,197,000	872,000

12. Payables from exchange transactions

	2025	2024
Trade payables	8,947,145	12,637,558
Trade debtors with credit balances	19,370,146	21,599,569
Unallocated Deposits	6,726,505	8,125,163
Other payables	-	(1)
Salary related accruals	11,529,445	8,197,294
Operating lease payables	3,399,257	3,568,914
	49,972,498	**54,128,497**

13. Payable from non-exchange transactions

	2025	2024
Current laibility	15,401,000	15,401,000

The **dtic** had reduced the original allocation of the NRCS by 10% in the 2023/24 financial year. This amounted to R15 401 000. In order to meet the in-year shortfall due to significant and unforeseeable economic and financial events affecting the fiscal targets set by the annual budget, the NRCS budget allocation for the 2023/24 was revised down during the 2023 Adjusted Estimates of National Expenditure (AENE) budget process. The reduction is in terms of Section 30(2)(a) of the PFMA. This amount is still due and payable to the **dtic**.

14. Revenue

The amount included in revenue arising from exchanges of goods or services are as follows:

	2025	2024
Rendering of services	28,029,420	25,369,670
Approval application fee income	59,092,851	57,306,888
Recovery of bad debts and increase in doubtful debts	8,292,077	850,195
Sundry income	3,968,188	1,033,903
*Interest income	7,818,753	11,385,212
	107,201,289	**95,945,868**

*Interest Income includes interest from investment and interest from debtors.

The recovery of bad debts and decrease in doubtful debts relates to the decrease in the provision of doubtful debts for the 2024/25 financial year amounting to R8 292 077. There was no recovery of bad debts for 2024/25 and no decrease in doubtful debts for 2023/24. The recovery of bad debts for 2023/24 was R850 195.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2025	2024

14. Revenue (continued)

Included in sundry income is income received from SETA, parking, unallocated deposits older than 5 years and any reimbursement received.

Interest from investment	2,947,206	5,439,239
Interest from exchange debtors	4,871,547	5,945,973
	7,818,753	**11,385,212**

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Decrease in doubtful debts	11,801,385	-
Interest income from non exchange	6,654,425	8,771,782
Levies for compulsory specifications	240,632,134	211,736,161
Registration fee	2,010,572	2,327,200
Government grants and core funding	145,734,000	138,611,000
Transfer revenue	**406,832,516**	**361,446,143**

The decrease in doubtful debts of R11 801 835 relates to a decrease in the provision for doubtful debts from receivables from non-exchange transactions.

15. Rendering of services (Exchange)

Test and services	11,124,254	11,457,153
Export certification	6,316,395	4,354,545
Vehicle homologation	8,528,569	6,977,183
Electrical compliance certificate	1,073,439	1,415,305
Gaming: Letter of compliance	986,763	1,165,484
	28,029,420	**25,369,670**

16. Employee related costs

Basic salary and performance bonus	334,973,067	330,038,851
13th Cheques	19,762,260	18,525,280
Medical aid	20,252,541	18,487,644
Long-service awards	412,000	367,000
Training and SDL	4,529,730	5,549,222
Pension costs	29,379,551	28,212,966
Post-employment medical benefits	69,000	71,000
	409,378,149	**401,251,963**

Staff members affiliated to NEHAWU embarked on industrial action from 20 November 2024 to 04 January 2025. The no work no pay principle was applied and this resulted in staff members that participated in the strike not being paid for some of the days not worked.

17. Depreciation and amortisation

Property, plant and equipment	4,204,218	5,232,803
Intangible assets	639,155	627,260
	4,843,373	**5,860,063**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2025	2024

18. Finance costs

Finance cost	1,360,493	1,010,579

Finance cost includes interest cost relating to actuaries valuations for long service awards and post retirement benefits. The balance relates to interest charged for overdue payment. (Refer to note 31).

19. Debt impairment

Debt impairment	-	50,293,79

20. General expenses

Office and administration expenses	4,612,099	3,675,550
Bank charges	186,708	168,474
Consulting services	2,089,646	7,434,008
IT Services	664,920	3,053,442
Legal fees	2,164,691	2,716,307
Consumables	79,893	56,285
Insurance	1,416,588	762,105
Loss on asset disposals and other writes offs	130,011	222,575
Motor vehicle expenses	374,754	840,983
Repairs and maintenance	599,280	580,076
Software expenses	4,813,353	4,488,695
Staff welfare	648,109	1,866,853
Accreditation services	786,802	672,099
Municipal services	2,923,816	2,589,738
Casual labour	208,135	130,795
Storage of siezed goods	168,708	348,748
Staff recruitment costs	25,608	85,804
Foreign exchange loss	14,069	15,046
Non- executive committee fees	550,800	882,576
	22,457,990	**30,590,159**

21. Auditors' remuneration

Fees	6,424,425	5,164,452

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2025	2024

22. Cash generated from (used in) operations

Surplus (deficit)	13,829,879	(110,157,339)
Adjustments for:		
Depreciation and amortisation	4,843,373	5,860,063
Debt impairment	-	50,293,795
Bad debts written off	13,026,262	-
Assets adjustment/Loss on assets written off	130,011	744
Movements in employee benefit-Post retirement medical	(60,884)	262,000
Movements in provisions	17,033,635	(23,704,809)
Decrease in doubtful debts	(20,093,462)	-
Movement in employee benefit-Long service awards	457,000	(348,000)
Actuarial gain	(279,114)	-
Changes in working capital:		
Receivables from exchange transactions	(903,187)	(31,191,201)
Receivables from non exchange	486,032	46,601,624
Payables from exchange transactions	(4,155,999)	(1,284,208)
Payable from non-exchange transactions	-	15,401,000
Movement in deposits	152,200	-
	24,465,746	**(48,266,331)**

23. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	61,111	-
• Intangible assets	2,908,009	6,548,142
	2,969,120	**6,548,142**

Total capital commitments

Already contracted for but not provided for	2,969,120	6,548,142

Approved capital expenditure relates to the computer related equipment and implementation of the ERP project.

Total commitments

Authorised capital expenditure	2,969,120	6,548,142

Operating leases - as lessee (expense)

• within one year	11,543,801	16,115,045
• in second to fifth year inclusive	17,384,759	25,891,523
	28,928,560	**42,006,568**

Operating lease payments represent rentals payable by the entity for certain of its office properties. The operating lease is straight-lined in terms of the lease agreement.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2025	2024

24. Contingencies

List of cases against NRCS	Amount (R)	Amount (R)
1. Contingent liability. The employee was charged and subsequently dismissed. The employee is challenging the dismissal, citing unfair dismissal. The applicant had failed to file required records to the Labour Court. The matter is projected to die naturally	-	758,770
2. Contingent liability. The Employee was charged with allegations of misconduct pertaining to the audit findings. The matter has been reverted to the CCMA de novo.	572,064	572,064
3. Contingent asset. Matter between the applicant and NRCS relating to the building that NRCS used to occupy in Durban in which the applicant intends on referring the dispute relating to alleged outstanding rentals/damages and costs relating to the air-conditioning system to Arbitration. The matter has been settled.	-	250,000
4. Contingent asset. Some employees had approached the Labour Court on an unfair labour practice matter relating to no work no pay. The Court rejected the application with costs. Taxing is currently in progress to determine the amount payable for costs by the applicants.	-	-
	572,064	**1,580,834**

5. Accumulated Surplus

   In terms of the section 53(3) of the PFMA the entity at the end of financial year needs to declare surplus to the National Treasury.The National Treasury may apply such surplus to reduce any proposed allocation to the entity; or require that all or part of it be surrendered to National Treasury

   Accumulated surplus for 2024/25 financial year is R14,056,626 after taking into account the National Treasury formula to calculating cash surpluses as per Instruction No. 12 of 2021. These funds are required by the NRCS as working capital and repay the outstanding debt to the dtic including other committments.

   The NRCS is still in discussions with the National Treasury regarding the retention of surplus for the 2022/23 financial year. The amount of the calculated surplus as per National Treausry instruction no 12 of 2020/21 was R109,785,836. An investigation had been commissioned by the dtic regarding the utilisation of these funds. A report has not been submitted to the entity as yet.

6. A possible contingent liability may exist where a customer is claiming a refund for a prior year declaration that was not done correctly amounting to approximately R23 million.

7. Contingent liabilities. There are two ongoing matters wherein the applicants are seeking an order declaring certain sections of the NRCS act unlawful and setting aside certain NRCS directives.

25. Related parties

Relationships	Department of Trade , Industry and Competition
Controlling entity	South African Bureau of Standards (SABS)
Entities controlled by the dtic	South African National Accreditation System (SANAS)
	Companies and Intellectual Property (CIPC)
	Companies Tribunal (CT)
	National Empowerment Fund (NEF)
	Export Credit Insurance Corporation of South Africa(ECIC)
	National Credit Regulator (NCR)
	National Gambling Board (NGB)
	National Consumer Tribunal (NCT)
	National Metrology Institute of South Africa (NMISA)
	International Trade Administration Commission (ITAC)
	Competition Commission (CT)
	Industrial Development Corporation (IDC)
	National Consumer Commission (NCC)
	National Lotteries Commission (NLC)
	Competition Tribunal (CT)
	Takeover Regulation Panel (TRP)

Related party transactions

Payables from exchange transactions:related parties		
South African Bureau of Standards (SABS)	2,755,749	2,534,686
South African National Accreditation System (SANAS)	-	82,431
Payables from non-exchange transactions:related parties		
Department of Trade, Industry and Competition (the dtic)	15,401,000	15,401,000
Non-exchange revenue from related party		
Government grants and core funding (the dtic)	145,734,000	138,611,000
Receivables from exchange transactions:related parties		
Department of Trade, Industry and Competition (the dtic)	279,177	-

The NRCS is leasing offices from SABS. This is a 5 year lease agreement subject to 5,3% increase annually. SABS also performs various testing for NRCS.The amount above is testing services.

As per the Grap 20, if the transactions occur within normal supplier and /or client relationships only outstanding balances need to be disclosed as per the above.

Remuneration of Commitee members

Non-executive: Audit and Risk Committee

2025

Name	Fees for services as a member of non-executive management	Total
S Badat (Chairperson) Appointed 31 January 2019	179,626	179,626
JC Weapond (Appointed 31 January 2019)	174,710	174,710
SP Mzizi (Appointed 31 January 2019)	176,485	176,485
M Ramatla*	-	-
	530,821	**530,821**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2025	2024

25. Related parties (continued)

2024

Name	Fees for services as a member of non-executive management	Total
S Badat (Chairperson) Appointed 31 January 2019	222,581	222,581
JC Weapond (Appointed 31 January 2019)	189,791	189,791
SP Mzizi (Appointed 31 January 2019)	358,061	358,061
M Ramatla*	-	-
	770,433	**770,433**

*DTIC representatives are not remunerated by NRCS.

Non - Executive ICT Steering Committee
2025

Name	Fees for services as a member of non-executive management	Total
A Latchu**	19,980	19,980

2024

Name	Fees for services as a member of non-executive management	Total
Norman Baloyi*	23,847	23,847
CG de Kock	57,361	57,361
A Latchu**	30,936	30,936
	112,144	**112,144**

*Normal Baloyi was appointed as ICT member on 1 November 2021 and his contract expired in October 2024. The member did not claim for all the meetings attended.

CG de Kock's contract expired.

**A Latchu was appointed as ICT member on 1 November 2021 and his contract expired in October 2024

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2025	2024

25. Related parties (continued)

Management class: Executive management
2025

Name	Basic salary	Retirement and medical aid	Other benefits (Cellphone allowances/ Travel, Acting all)	Total
MD Mutengwe - ACEO*	1,557,351	224,230	226,372	2,007,953
MT Madzivhe - COO	2,079,270	242,691	10,519	2,332,480
N Thomas -CFO	1,789,017	129,740	10,519	1,929,276
KJO Kgasago -CIO	1,707,002	257,727	10,519	1,975,248
MN Katz - GM Foods	1,742,024	160,893	10,519	1,913,436
J Marneweck - Acting GM Legal Metrology**	1,413,274	157,719	169,081	1,740,074
T Modiba - Acting GM Legal Metrology***	1,183,618	263,554	9,915	1,457,087
Mr T Mokolokolo-Acting GM Automotive****	1,197,928	143,334	87,505	1,428,767
Mr KR Moloi - Acting GM Automotive*****	1,270,285	172,214	87,505	1,530,004
T. Ntlhane - GM Electrotech	1,548,017	112,228	10,519	1,670,764
Ms R Masupye - Acting GM CMM********	1,256,140	147,422	87,505	1,491,067
Mr SF Odendaal - Acting GM CMM********	1,261,700	201,047	87,505	1,550,252
	18,005,626	**2,212,799**	**807,983**	**21,026,408**

2025

Name	Basic salary	Bonuses and performance related payments	Retirement and medical aid	Other benefits (Cellphone allowances/ Travel, Acting all)	Total
E Mamadise CEO*	859,981	222,730	88,184	12,887	1,183,782
MD Mutengwe - ACEO**	1,531,765	90,527	212,367	151,886	1,986,545
MT Madzivhe - COO***	1,890,640	99,089	219,901	81,083	2,290,713
M Mokoena - ACFO****	496,523	52,078	45,335	73,026	666,962
N Thomas - CFO*****	1,031,277	-	83,332	6,136	1,120,745
KJO Kgasago - CIO	1,683,115	97,662	245,729	10,516	2,037,022
MN Katz -GM Foods	1,639,493	96,235	223,134	15,242	1,974,104
J Marneweck -AGM Legal Metrology*******	112,221	85,085	19,021	13,455	229,782
T Modiba -Acting GM Legal Metrology********	1,073,991	74,044	229,963	152,518	1,530,516
A Mkondo - Acting GM Automotive********	1,251,362	74,044	177,982	101,021	1,604,409
T Ntlhane - GM Electrotech*********	516,009	-	37,406	3,506	556,921
T Mabena -Acting GM Electrotech***********	822,049	74,044	119,575	110,744	1,126,412
D Cicero - Acting GM CMM******************	592,405	86,131	93,540	90,826	862,902
	13,500,831	**1,051,669**	**1,795,469**	**822,846**	**17,170,815**

*Mr D Mutengwe commenced acting in the CEO position as at 01 September 2023.
**Mr J Marneweck commenced acting as the GM:Legal Metrology (LM) on the 01 May 2024.
***Mr T Modiba commenced acted as the GM:LM on the 01 April 2024.
****Mr T Mokolokolo commenced acting as the GM:Automotive on the 01 October 2024 until 31 March 2025.
*****Mr KR Moloi commenced acting as the GM:Automotive on the 01 April 2024 to 30 September 2024.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2025	2024

26. Change in estimate

Property, plant and equipment

During the period under review, management had re-assessed the remaining useful lives of property,plant and equipment. The effect of this revision has resulted in a decreased depreciation charge for the period under review and increased depreciation charge for the future periods by R315 324.

Intangible assets

During the period under review, management had re-assessed the remaining useful lives of intangible assets. The effect of this revision has resulted in a decreased amortisation charge for the period under review and increased amortisation charge for the future periods by R150 870.

Impact on depreciation/amortisation	Before change in estimate	After change in estimate	Change
Intangibles assets	488,285	639,155	150,870
Laboratory equipment	1,505,077	1,928,023	422,946
Vehicles	178,186	160,586	(17,600)
Office furniture and equipment	2,205,631	2,115,609	(90,022)
	4,377,179	**4,843,373**	**466,194**

Effect on statement of financial performance	2025
Depreciation	315,324
Amortisation	150,870
	466,194

Effect on statement of financial position	2025
Accumulated depreciation	315,324
Accumulated amortisation	150,870
	466,194

27. Prior-year adjustments

The NRCS's annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP). The basis is consistent with the prior year except for restatements reflected below.

Long service awards disclosure

The split between the current and non-current liabilities was identified by the Actuaries who previously performed the valuation exercise as not correct. The actuaries corrected their error.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2025	2024

27. Prior-year adjustments (continued)

Statement of financial position

2024

Impact on depreciation/amortisation	As previously reported	Correction of error	
Long service awards-Current liabilities	(1,480,000)	775,000	(705,000)
Long service awards- Non-Current liabilities	(2,542,000)	(775,000)	(3,317,000)
	(4,022,000)	**-**	**(4,022,000)**

Statement of financial performance

Errors

The error relates to the disclosure of long service awards under current and non-current liabilities

Prior year adjustments on surplus/deficit	2024 (Increase)/ Decrease	Accumulated Surplus (increase)/ Decrease	Total
Current liabilities	(775,000)	-	(775,000)
Non-Current liabilities	775,000	-	775,000
	-	**-**	**-**

28. Risk management

Financial risk management

Liquidity risk

The entity manages liquidity risk through the compilation and monitoring of cash flow forecasts as well as ensuring that there are adequate banking facilities.

The data for this analysis is determined from internal reports presented to key management personnel. It is based on information that is managed internally on the entity's financial management system. NRCS has adequate resources to meet obligations as they become due.

The following are the contractual maturities of the financial liabilities including interest payments and excluding the impact of netting agreements:

At 31 March 2025	Carrying amount	Contractual cashflows	1 year or less	> 1 year
Payables from exchange transaction	49,972,498	49,972,498	49,972,498	-
	49,972,498	**49,972,498**	**49,972,498**	**-**

At 31 March 2024	Carrying amount	Contractual cashflows	1 year or less	> 1 year
Payables from exchange transaction	54,128,497	54,128,497	54,128,497	-
	54,128,497	**54,128,497**	**54,128,497**	**-**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2025	2024

28. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Surplus funds are invested with the Reserve Bank of South Africa in compliance with the Treasury Regulations.

Trade receivables comprise a large number of customers, dispersed across different industries and geographical areas. All new customers must pay in advance for tests and services rendered. Trade and other receivables are shown net of impairment.

The NRCS did not consider there to be any significant concentration of credit risk which had not been insured or adequately provided for at the reporting date. The amount in the Statement of Financial Position is the maximum exposure to credit risk.

Financial assets exposed to credit risk at year end were as follows:

Receivables from exchange transactions	18,822,478	15,095,611
Cash and bank	60,930,450	36,693,583

Market risk

Interest rate risk

The entity is exposed to interest rate risk as it places funds in the current and investment account at floating interest rates. Interest rate risk is managed through effective cash management.

The interest rate re-pricing profile at 31 March 2025 is summarised as follows:

Cash and cash equivalents	60,930,450	36,693,583

29. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The entity's financial results has significantly improved in the 2024/25 financial year resulting in the positive going concern status. The entity has incurred a surplus amount of R13.8 million as at 31 March 2025. The financial ratios are positive with current assets exceeding the current liabilities, and total assets exceeding total liabilities.

30. Events after the reporting date

NRCS is not aware of any material matters or significant circumstances arising after the reporting date that were not adjusted or disclosed in the Annual financial statements.

31. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	493	-

The fruitless and wasteful expenditure relates to the interest paid on overdue account,

There are three instance of possible fruitless and wasteful expenditure amounting to R69 760 that still need to be assessed.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2025	2024
32. Irregular expenditure		
Irregular Expenditure	8,740	645,793

Irregular expenditure relates to the SCM processes not followed

An investigation is underway regarding the retention of surplus for the 2022/23 financial year. Based on the outcome of the investigation, all projects where expenditure had been incurred prior to the approval of the National Treasury to proceed with such expenditure, will be assessed to determine if the expenditure incurred was irregular.

33. Budget differences

Material differences between budget and actual amounts

A. Actual rendering of services revenue is higher than budget to an increase in services requests from the customers.

B. NRCS received less than pre-market approval applications compared to the budgeted amount.

C. The provision of bad debts decreased compared to the prior year provision resulting in the recovery of bad debts which is not budgeted for.

D. Sundry income is more than budgeted and is attributable to more reimbursements received from SITA and reallocation to income of unallocated deposits older than 5 years.

E. The provision of bad debts decreases comapred to the prior year provision resulting in the recovery of bad debs which os not budgeted for.

F. Interest charged on debtors is less than the budget amount due to customers paying the long outstanding debts.

G. The entity received lower than expected levies declarations compared to the budgeted levies amount

H. The lower spending is attributable to cost containment measures put in place resulting in the freezing of posts and onlu focus on critical ones.

I. Depreciation and amortisation is lower than budgeted is as result of less assets purchased in the current year.

J. The lease rentals expenditure is less than budgeted amount.

K. The contractual expenditure is less than the budgeted amounts due to cost containment measures implemented within the NRCS.

L. The travel expenditure were less than budgeted due less travels having taken place as a result of the industrial action and the cost containment measures implemented.

M. The lower spending in general expenses is attributable to cost containment measure put in place.