

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

651. Mr D W Macpherson (DA) to ask the Minister of Trade and Industry:

With reference to product licences that fall under the authority of the SA Bureau of Standards, (a) what number of product licences has expired, (b) what steps has his department taken to eradicate the backlog, (c) (i) what is the name of each product that has an expired licence and (ii) on what date did each licence expire and (d) what is the cost to the economy with regard to expired licences?

Response:

The management of the SABS has provided the Department with the following information.

- a) The SABS does not issue product licences. Since the promulgation of new legislation, the SABS Act of 2008, the SABS Mark is a voluntary tool for quality assurance in the domestic and global market.
- b) The SABS Mark continues to be issued. Companies that hold an expired SABS Mark can continue to use it even if it has expired. A SABS Division was created in 2017 to deal with the backlog and provides access to laboratories all over the country to test products as well as provide the necessary governance and assurance oversight of these SABS conformity assessment services.
- c) The management of the SABS has not provided a satisfactory response containing the requisite information. I have written to the SABS management demanding that they do in fact provide an urgent response to the Department of Trade and Industry.
- d) No calculation of this cost has been undertaken.

The Department of Trade and Industry is the only shareholder of the SABS. In my capacity as the Minister of Trade and Industry, in the light of the above and with respect to ongoing concerns relating to the SABS Mark function, I recently gave instructions to the SABS Board to urgently oversee a detailed process to develop a turnaround strategy for SABS. This will, inter alia, include a full scope of all the existing SABS Mark functions and processes involved in developing the Mark; operational challenges and stakeholder engagements in order to strengthen this critical pillar of SA's industrialisation effort. I shall provide a full report to Parliament in this regard in due course.

PQ 651

With regard to the product licenses that fall under authority of the South African Bureau of Standards (SABS), (a) how many product licenses have expired, (b) what steps has his department taken to eradicate the backlog, (c)(i) what are the names of each product whose license has expired and (c)(ii) on what date the license expire, (d) what is the cost to the economy with regards to expired permits?

The Minister requested additional information:

(b) What steps has his department taken to eradicate the backlog?

The SABS does not issue licenses as that function migrated to the NRCS. The SABS, however provides a voluntary product permit, the SABS Mark. A project was implemented from May 2017 to address the 2 600 expired permits. The project was a risk based condonation process for the re-issuing of permits to clients for a period between 6-36 months depending on the risk profile of the product. The condonation project comprises two main phases:

Phase 1 - Submission and Approval of Condonations

The 1st Phase required the submission of condonations that address all expired permits per SANS or group of SANS which included the risk profile of the products. The primary objective of this phase was to establish the extent of non-compliance during the permit cycle and approve the renewal of the permit for a period between 6-18 months under defined conditions. Confirmation of testing capabilities was also a requirement of the condonation process,

Phase 2 - Preparation of client files for administration of Certification decisions

The 2nd Phase of the project was the compilation and submission of client files (for each permit holder) to the Accreditation department for the administration of the certification decision. This phase is nearing its completion as 12.2% of permits are still expired. The outstanding expired permits that are being processed by certification management is 12.2%. These outstanding submissions will be addressed within the next three months with expected completion by end June 2018.

(c)(i) What are the names of each product whose license has expired and (c)(ii) on what date the license expired?

Details as requested is found in **Annexure 3 – List of Expired Permits per product (SANS) with Expiry Dates**

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QUESTION FOR WRITTEN REPLY

653. Mr G K Y Cachalia (DA) to ask the Minister of Trade and Industry:

What is the (a) total number of customers that the SA Bureau of Standards (SABS) lost (i) in the (aa) 2015-16 and (bb) 2016-17 financial years and (ii) since 1 April 2017, (b) financial impact that the loss of the customers has had on SABS, (c) total number of customers that the SABS had to refund and (d) total monetary value of the amounts refunded?NW727E

Response:

The management of the SABS has not provided a satisfactory response containing the requisite information. I have written to the SABS management demanding that they do in fact provide an urgent response to the Department of Trade and Industry

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

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Response: SABS have now provided the following information:

- a) Total number of customers lost:
 - a. 2015/16 – 270
 - b. 2016/17 – 380
 - c. Since April 2018- 401
- b) Financial Impact:
 - a. 2015/16 - R8.9m
 - b. 2016/17 - R16.5m
 - c. Since April 2018 R24.4m
- c) Total customers refunded 41
- d) Total monetary refund R49.8m.

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Mr Garth Strachan
Deputy Director General: IDD
Date:....../...../2018

Recommended/Not recommended

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Mr Lionel October
Director General: the dti
Date:....../...../2018

Recommended/Not recommended

.....
Dr Rob Davies, MP
Minister: the dti
Date:....../...../2018

Approved/Not approved

Q 653

What are the total number of customers that the SABS lost in (i) in the (aa) 2015-16 and (bb) 2016-17 financial years and (ii) since 1 April 2017, (b) financial impact that the loss of customers has had on the SABS, (c) total number of customers that the SABS has had to refund and (d) total monetary value of the amounts refunded?

The Minister requested a full response to the question:

<i>(i) (aa) 2015/16</i>	
(a) What are the total number of customers that the SABS lost	270 cancellations
(b) financial impact that the loss of customers has had on the SABS*	R8.9 million
(c) total number of customers that the SABS has had to refund	12
(d) total monetary value of the amounts refunded	R128 000

<i>(i) (bb) 2016/17 financial years</i>	
(a) What are the total number of customers that the SABS lost	381 cancellations
(b) financial impact that the loss of customers has had on the SABS	R16.5 million
(c) total number of customers that the SABS has had to refund	13
(d) total monetary value of the amounts refunded	R229 000

The peak in customer losses (cancellations) in the 2016/17 financial year are due to customers cancelling their permits and certificates with the SABS. Reasons for the cancellations include:

- The SANAS suspension of the SABS (Sample of client letters attached as Annexure 4);
- Customers moving to competitors;
- Expired certificates and/or permits

(ii) since 1 April 2017,	
(a) What are the total number of customers that the SABS lost	401 cancellations
(b) financial impact that the loss of customers has had on the SABS,	R24.4 million
(c) total number of customers that the SABS has had to refund	16
(d) total monetary value of the amounts refunded	R672 000

THE NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY

650. Mr D W Macpherson (DA) to ask the Minister of Trade and Industry:

What (a) number of laboratories does the SA Bureau of Standards have, (b) number of the specified laboratories are conducting full testing of products, (c) are the names of the laboratories that are conducting partial testing of products, (d) would it cost to bring each partial testing laboratory up to standard so that full testing can be conducted at every laboratory and (e) equipment is needed at each laboratory?

Response:

According to information provided by the management of the South African Bureau of Standards (SABS):

- a) The SABS has 30 business units undertaking testing.
- b) The SABS conducts testing as part of conformity assessment in line with the prescripts of ISO 17 000. Testing falls into 3 categories as follows; Third Party Testing where a product complies fully with a standard and the testing activities were conducted by an independent third party (SABS); Second Part Testing where the SABS tests products on behalf of another institution which defines the required specification and First Party Testing where the SABS provides product development support to manufacturing companies.
- c) The management of the SABS has not provided a satisfactory response containing the requisite information. I have written to the SABS management demanding that they do in fact provide an urgent response to the Department of Trade and Industry.
- d) As above.
- e) As above.

The Department of Trade and Industry is the only shareholder of the SABS. In my capacity as the Minister of Trade and Industry, in the light of the above and with respect to ongoing concerns relating to the SABS testing function, I recently gave instructions to the SABS Board to urgently oversee a detailed process to develop a turnaround strategy for SABS. This will, inter alia, fully scope all the existing SABS testing facilities and their respective capabilities, those which are no longer functional or have been degraded; the cost of

maintaining and/or upgrading and reopening those facilities which are critical to SA's industrialisation effort; resolve any legal issues which may stand in the way of undertaking partial testing and conduct a review of the three technical infrastructure Acts. I shall provide a full report to Parliament in this regard in due course.

Additional Responses to Parliamentary Questions as specified in Letter from the Minister dated 13 March 2018

PQ 650

What (a) number of laboratories does the SA Bureau of Standards have, (b) number of specified laboratories that are conducting full testing of products, (c) are the names of laboratories that are conducting partial testing of products, (d) would it cost to bring each partial testing laboratory up to standard so that full testing can be conducted at every laboratory, (e) equipment is needed at each laboratory

The Minister requested additional information:

What (d) would it cost to bring each partial testing laboratory up to standard so that full testing can be conducted at every laboratory?

The SABS conducts testing as part of conformity assessment in line with the prescripts of ISO 17000. The testing conducted falls into one of 3 categories:

- Third party testing – this is the gold standards of testing and is the main revenue generation activity for the SABS. This area of testing is given priority as it is the main stay and support of the SABS.
An SABS Test report issued under third party testing conditions implies that a product complies fully with a standard and the testing activities were conducted by a party (the SABS) that is independent. An example of this is where tenderers are required to be SABS Mark Holders or have an SABS test report related specifically to the product being supplied.
- Second party testing – this area of testing is where the SABS tests products on behalf of large procurers (government departments, SOC's and regulators). Second party testing is conducted where a procuring entity e.g. Department of Health sets its specification for the product that it requires e.g. Condoms. The role of the SABS is to provide the procurer (the Department of Health) with assurance that that product that they are procuring meet the required specification. This is post the awarding of the tender.
- First party testing – this is a limited area of testing where the SABS provides support to manufacturers product developers within their R&D projects. Testing work in this category requires more stringent contracting conditions due to the risks associated with this service. Risks include conflicts of interest as well as the incorrect usage of an SABS test report.
First party testing presents a major conflict of interest with the provision of third party testing. We have attached a Eurolab Position paper on the issue and we are available to expand further (**Annexure 1 – Eurolab Position Paper**).

Table 3, page 38 of the Laboratory Equipment Analysis provides the details. An investment of the R1.6 billion is required to upgrade the current laboratories is R1.6 billion (**Annexure 2: Laboratory Equipment Analysis Report**). This is primarily based on current laboratories infrastructure and testing areas. Management has further included in this figure new test areas based on industry requests of which SABS currently lacks testing capabilities.

What (e) equipment is needed at each laboratory?

Table 2 on page 4 of the Laboratory Equipment Analysis report (**Annexure 2: Laboratory Equipment Analysis Report**) provides the detailed listing of equipment 10 years and older per business unit that needs to be replaced. The equipment analysis was completed by SABS management which confirms that the equipment profile throughout the SABS laboratories are on average well beyond the useful lifespan recommended for OEMs.