

CCMA

COMMISSION FOR CONCILIATION, MEDIATION & ARBITRATION

'Revolutionising Workplace Relations'



CCMA

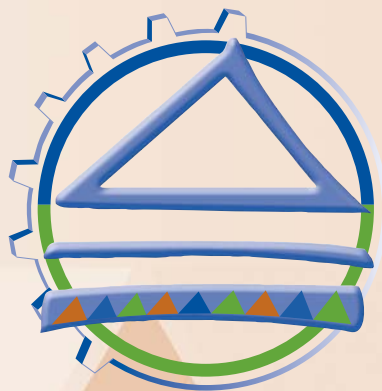
Annual Report 2008|2009



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CCMA

COMMISSION FOR CONCILIATION, MEDIATION & ARBITRATION

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► VISION, MISSION AND FUNCTIONS

Vision

We will be trusted by our social partners to lead and facilitate the transformation of labour relations in South Africa. We will be evaluated by the quality of our processes and the value of our mediation, judgements and decisions, as well as our ability to resolve disputes fairly.

Our ideals of social justice, equity and shared prosperity are principles that will govern everything that we do. We will be proudly South African, and will be willing to learn and in turn to share our knowledge, skills and experience with our other African partners.

We will hold dear the principles of professionalism, integrity, service and the value of sharing trustworthy relationships – our employees and associates will be proud to build careers that are associated with the Commission for Conciliation, Mediation and Arbitration (CCMA).

Mission

The purpose of the CCMA is to promote social justice and fairness in the workplace. This will be done through the delivery of ethical, quality, innovative and cost-effective dispute management and dispute resolution services that are in accordance with the law.

Functions of the CCMA

The CCMA's statutory functions as set out in the Labour Relations Act, Number 66 of 1995 (the LRA), are divided into those which are compulsory and those which are discretionary.

The CCMA's compulsory statutory functions are to –

- conciliate workplace disputes;
- arbitrate certain categories of disputes that remain unresolved after conciliation;
- establish picketing rules;
- facilitate the establishment of workplace forums and statutory councils;
- compile and publish information and statistics about our activities;
- accredit and consider applications for subsidy by bargaining councils and private agencies; and
- provide support for the Essential Services Committee.

The CCMA's discretionary statutory functions are to –

- supervise ballots for unions and employer organisations;
- provide training and information relating to the primary objective of the LRA;
- advise a party to a dispute about the procedures to follow;
- offer to resolve a dispute that has not been referred to the CCMA; and
- publish guidelines on any aspect of the LRA and to make rules.

MESSAGE FROM THE GOVERNING BODY CHAIRPERSON



Ms Tanya Cohen
Interim Governing Body Chairperson

The 2008/2009 financial year saw the Commission for Conciliation, Mediation and Arbitration (CCMA) make substantial progress as it endeavoured to meet its targets and to deal with unforeseen developments in the labour market.

Despite all the challenges, overall the CCMA achieved the goals and targets set out in its three-year 'Tsoso' (meaning "Revive or Re-awaken" in Sesotho) strategy for the 2008/2009 financial year. The 'Tsoso' strategy which was a product of vigorous deliberation between the social partners gave the CCMA the edge in dealing with the unforeseen economic events that took place during the year.

The CCMA lived up to its vision ***'to be trusted by our social partners to lead and facilitate the transformation of labour relations in South Africa'***. The CCMA's vision was successfully tested when all social partners came together in response to the need to curb job losses and save jobs that would otherwise be lost. This demonstrated the quality of CCMA mediation processes. It was also a good opportunity

to further assess the progress made in terms of fulfilling the CCMA vision, part of which entails, ***'to be evaluated by the quality of our processes and the value of our mediation, judgements and decisions, as well as our ability to resolve disputes fairly'***. A number of improvements were made to the mediation techniques in response to the labour market demands and significant results were attained.

The 2008/2009 financial year performance report by the CCMA Director, Nerine Kahn, indicates that there was also a strong focus on the organisation's mandate from the social partners ***'to promote social justice and fairness in the workplace, through ethical, quality, innovative and cost effective dispute prevention and dispute resolution services that are in line with the law'***. It is encouraging to note that, despite the caseload increase compared to the previous years, the quality of service delivery and processes was not compromised.

The pivotal role of strong relations between social partners in bringing about labour market stability became evident during the year. I trust that the co-operation and strong relations between the social partners and the CCMA will continue in the coming years.

Towards the end of the financial year, the longest serving member of the Governing Body, Mr Ebrahim Patel, was appointed as Minister of Economic Development. The social partners and members of the Governing Body wish him well in his new portfolio. He will be missed for his vigorous inputs and role in the Governing Body and his contribution in shaping the CCMA.

I would like to thank fellow members of the Governing Body and its sub-committees for their hard work and commitment. While the Governing Body and sub-committee members often engage in robust and challenging debates, they do so with the best interests of the CCMA in mind. Their dedication and commitment to the CCMA is commendable.

On behalf of the Governing Body I extend my gratitude to all CCMA stakeholders for their support. I wish to particularly acknowledge the CCMA Director, Nerine Kahn, who always goes beyond the call of duty and has led the organisation capably during very challenging conditions. To the Director, the strong and committed Senior Management Team, Commissioners and staff of the CCMA, I wish to thank you all for your contribution and hard work during the financial year.

A handwritten signature in black ink, appearing to read 'Tanya Cohen'.

Ms Tanya Cohen
Interim Governing Body Chairperson

▶ CCMA GOVERNANCE

The CCMA subscribes to the principles of openness, integrity, accountability and responsibility to stakeholders. This entails ensuring that all CCMA processes and practices are reviewed on an ongoing basis to ensure compliance with legal obligations, utilisation of funds in an efficient manner, and adherence to good corporate governance practices that are benchmarked with international best practices.

The CCMA complies with the King Report on Corporate Governance (2001), the Protocol of Corporate Governance in the Public Sector (1997), the Public Finance Management Act of 1999 (the PFMA) and the Labour Relations Act, 66 of 1995 (the LRA). Incorporation and implementation of the draft King III Report (2009) recommendations is in progress.

CCMA Ownership

The ownership of the CCMA vests in the South African government.

Shareholder Compact

A shareholder compact between the CCMA and the Minister of Labour as shareholder will be signed by 30 September 2009. The shareholder compact sets out the key performance objectives and key performance indicators (KPIs) for the CCMA and provides an effective framework to guide the relationship between the CCMA and its shareholder. It further serves to promote and encourage good governance practices within the CCMA.

CCMA Governance

The tripartite Governing Body is the supreme policy making and strategic executive of the CCMA. The Governing Body consists of a chairperson and nine other members, each nominated by the National Economic Development and Labour Council (NEDLAC) and appointed by the Minister of Labour.

The members comprise three representatives from each of the following: government, organised labour and organised business. The Director of the CCMA is an ex-officio member of the Governing Body. The Governing Body meets on a quarterly basis for its usual meetings. These meetings are supplemented on an ad hoc basis where required.

Governing Body Meetings

Meeting Dates	Governing Body Attendees		Management
22 May 2008	Ms Tanya Cohen Mr Borence Moabi Ms Mary Malete Mr Narius Moloto	Mr Ebrahim Patel Mr Ian Macun Mr Thembinkosi Mkalipi Mr Stephen Rathai	Ms Nerine Kahn Mr Nersan Govender Mr Obed Sekgololo Ms Jenny Lang
28 August 2008	Ms Tanya Cohen Mr David Carson Mr Elias Monage Mr Borence Moabi Ms Thuli Tabudi	Ms Mary Malete Mr Narius Moloto Mr Ian Macun Mr Stephen Rathai	Ms Nerine Kahn Mr Nersan Govender Mr Obed Sekgololo Ms Jenny Lang
9 December 2008	Ms Tanya Cohen Mr Elias Monage Ms Mary Malete	Mr Narius Moloto Mr Ian Macun	Ms Nerine Kahn Mr Nersan Govender Mr Obed Sekgololo Ms Jenny Lang
19 March 2009	Ms Tanya Cohen Mr David Carson Mr Elias Monage Ms Mary Malete	Mr Narius Moloto Mr Thembinkosi Mkalipi Mr Ian Macun Ms Ntsoaki Mamashela	Ms Nerine Kahn Mr Nersan Govender Mr Obed Sekgololo Mr Itumeleng Masege Mr Ronald Bernickow



Three sub-committees comprising at least one duly nominated member from each of the three stakeholder groups namely: the Human Resource Sub-Committee, the Finance Sub-Committee and the Accreditation and Subsidy Sub-Committee, assisted the work of the Governing Body during the 2008/2009 financial year.

Human Resources Sub-Committee

The Human Resources Sub-Committee oversees compliance with human resources policies and procedures, which includes recruitment of commissioners and management of remuneration. It also takes interest in employee development, well-being and conduct. During the year under review, Ms Tanya Cohen chaired the sub-committee. Mr Thembinkosi Mkalipi representing government, Ms Thuli Tabudi representing organised business (office term end - 31 August 2008) and Mr Rudi Dicks representing organised labour (office term end - 31 August 2008) comprised the other members of the sub-committee. Mr Sifiso Lukhele and Mr Narius Moloto were appointed as organised business and organised labour representatives respectively, with effect from 1 September 2008. The sub-committee met on 8 May 2008, 31 July 2008, 17 November 2008 and 12 March 2009.

Finance and Risk Sub-Committee

Risk management, as set out in King II, Commission of Sponsoring Organisations (COSO) of Threadway and the PFMA, is the responsibility of the CCMA Governing Body. Previously, the Audit Committee had responsibility for the Governing Body's governance oversight of risk management in the CCMA. However, when the Governing Body approved the Enterprise Risk Management Framework it reviewed the efficacy of this governance arrangement and determined that a separate Governing Body committee, the new Finance and Risk Sub-Committee focusing on risk management, should be established.

The role of the Finance and Risk Sub-Committee is to review and ensure that the annual budget of the CCMA is appropriately accounted for in terms of National Treasury Regulations. It also has oversight of proper implementation of finance policies and enterprise Risk Management Policy. During the year under review, Ms Mary Malete chaired the sub-committee. Mr Thembinkosi Mkalipi and Mr David Lakay representing government and organised business respectively, comprised the other members of the sub-committee. The sub-committee met on 6 May 2008, 31 July 2008, 10 November 2008 and 27 February 2009.

Accreditation and Subsidy Sub-Committee

The Accreditation and Subsidy Sub-Committee is responsible for the accreditation of bargaining councils and their panelists as well as ratifying the payment of subsidies to councils. Mr Thembinkosi Mkalipi chaired the sub-committee for the year under review. Mr Lucio Trentini and Mr Narius Moloto, representing organised business and organised labour respectively, comprised the other members of the sub-committee. Mr Borence Moabi's term ended on 31 August 2009. The sub-committee met on 21 April 2008 and 6 November 2008.

Audit Committee

An independent Audit Committee comprising representatives of government, organised labour and organised business is appointed by the Governing Body to assist it in its work. Mr Kevin Cowley, a representative of organised business, chaired the Audit Committee until 31 August 2008. He was succeeded by Mr Sello Hlalele from 1 September 2008 as Chairperson. Other members during the year under review were Mr Freddie Petersen representing government, Mr John Maluleke and Mr Moose Burger representing organised labour until 31 August 2008, Ms Mary Malete representing organised labour pending the appointment of a new member and Ms Mary Vilakazi representing organised business.

The Audit Committee's primary role is to review the effectiveness of the internal control systems and the internal audit function of the CCMA. The office of the Auditor-General also plays an important role in this committee.

Audit Committee Meetings

Meeting Dates	Governing Body Attendees	Management
21 May 2008	Mr Kevin Cowley Mr Sello Hlalele Mr Freddie Petersen	Ms Nerine Kahn Mr Nersan Govender Mr Obed Sekgololo Mr Nelson Reddy
13 August 2008	Mr Sello Hlalele Mr Freddie Petersen Ms Mary Vilakazi Ms Mary Malete	Ms Nerine Kahn Mr Nersan Govender Mr Obed Sekgololo Mr Nelson Reddy
31 March 2009	Mr Sello Hlalele Mr Freddie Petersen Ms Mary Vilakazi Ms Mary Malete	Ms Nerine Kahn Mr Nersan Govender Mr Obed Sekgololo Mr Nelson Reddy

Public Finance Management Act

The PFMA became effective on 1 April 2000 replacing the Reporting by Public Entities Act of 1992. There is an ongoing process of awareness, education, instruction and advice on the PFMA to the business. Processes were put in place to report on material losses caused by criminal conduct and by irregular, fruitless and wasteful expenditure.

The Director, Senior Management and Governing Body members comply with their fiduciary duties as set out in the PFMA. The Governing Body is the accounting authority of the CCMA. Responsibilities of the accounting authority in terms of the PFMA and other regulations include taking appropriate measures to ensure –

- Implementing effective and appropriate measures to prevent unauthorised, irregular, wasteful and fruitless expenditure;
- Managing available working capital economically and efficiently; and
- Defining objectives and allocation of resources in an economic, efficient, effective and transparent manner.

Annual Financial Statements

The CCMA Governing Body is responsible for the preparation and integrity of the annual financial statements and related financial information included in this annual report. The external auditors are responsible for independently auditing and reporting on the financial statements in conformity with generally accepted auditing standards.

The financial statements are prepared in accordance with generally accepted accounting practice and incorporate full and meaningful disclosure in line with the CCMA's reporting philosophy. The financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

Reporting

More emphasis is being placed by the CCMA on reporting in a manner that takes into account non-financial as well as financial issues. This report covers social, economic as well as financial issues as the CCMA recognises the importance of effective disclosure to all stakeholders. Non-financial issues can no longer be regarded as secondary to other business imperatives, and the CCMA is continually striving to ensure that its reporting and disclosure to stakeholders is relevant, clear and effective.



Governing Body Members



Commission for Conciliation, Mediation and Arbitration Governing Body Member appointed as Minister of Economic Development of South Africa

"The newly appointed Minister of Economic Development, Mr Ebrahim Patel has been the longest serving member of the CCMA Governing Body. Patel has been one of the organised labour representatives in the CCMA Governing Body, since the establishment of the CCMA. Over the years he has promoted social dialogue which has played an enormous role in ensuring that the interests of the organisation are appropriately balanced and maintained such that the needs of stakeholders both internal and external are met."

The CCMA Governing Body and its Director, Ms Nerine Kahn, acknowledge Patel's valuable contribution in terms of the progress and the success that the CCMA has attained thus far. From the modest projection of 36 000 cases per annum anticipated in 1996 when the CCMA first opened its doors to the South African public, to the CCMA which now hears over 100 000 cases per annum, Patel has played a notable role in guiding the organisation."

"We believe that his new position will enlarge his sphere of influence in carrying out his vision of ensuring that the economic interests of all citizens are catered for. We owe it to him to sustain the legacy that is now the CCMA which he has been so instrumental in creating, and whose service delivery improvements he has been so determined to achieve. As Gavin Brown said at the CCMA's tenth anniversary "The institution will always owe a debt of gratitude to the integrity, optimism and perseverance of those who attended at its birth". Ebrahim Patel ranks as one of those people."

The Governing Body, Director and staff wish him the best of success in his new position."

Press statement issued: 12 May 2009

► DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2009



Ms Nerine Kahn
CCMA Director

The Commission for Conciliation, Mediation and Arbitration (CCMA) continued to improve and make impact in the South African labour landscape.

Significant strides were made in terms of delivery against the organisation's strategic objectives, as set out in the three-year 'Tsoso' strategy, despite the impact of the global economic downturn on the caseload and resources. Some adjustments were made on some of the standard LRA procedures to help parties deal with large scale retrenchments and other challenges in the labour market.

The CCMA's performance for the year was based on the 2008/2009, second-year of the 'Tsoso' strategy, targets set in line with the three-year strategic goals (targets outlined in the score card on page 12 to 13).

The strategic goals are as follows –

- Promote social justice through the professional delivery of services, while ensuring compliance with legislation at all times;
- Ensure user-friendly, quality services that are delivered with speed; and
- Maintain operational effectiveness while ensuring services are cost effective.

Overall, significant progress was made in terms of delivery against the goals. The CCMA continued to grow and build on its previous successes. As will be seen in this report, despite a significant change in the circumstances in the labour market, the CCMA continued to maintain or improve upon its stated goals.

Media coverage analysis during the year indicated positive improvement in the media and public's perception of CCMA services. There was a marked increase in parties consenting to assistance offered in disputes of national interest. Among other things, this is attributed to improved perceptions about the quality of CCMA services.

During the year the CCMA moved towards defining its role in Labour Relations Practice (LRP) by determining its involvement in the Labour Relations Field regarding the delivery of certified dispute resolution qualifications for commissioners and bargaining council panelists. Progress was made in the production of certified materials and training courses for commissioners and bargaining council panelists. As part of the identified step for improving quality, particular focus was placed on the quality of bargaining councils' dispute resolution services, by the drafting of a performance driven accreditation criteria, and supporting councils to begin achieving quality dispute resolution.

The year under review saw an encouraging increase in the settlement rate of disputes attributable to the continuing focus of putting 'Mediation' first and emphasis on settlement quality. About 62% of disputes were settled at conciliation, 3% less than the target set for the year. The target for cases reviewed at the Labour Court was set at 21% and a total of 2 084 out of 23 433 awards were taken on review out of which 150 were deemed to be successfully reviewed. Focus was also placed on ensuring a reduction in the non-compliance by stakeholders with arbitration awards. A total of 6 532 out of 23 433 awards were initially not complied with, leading to section 143 enforcement proceedings. This means the CCMA Director was required to certify awards for enforcement at the Labour Court.

The statutory turnaround times for conciliation and arbitration processes were adhered to, with conciliations remaining consistent at 28 days and arbitrations at 41 days. A total of 24 433 awards were rendered (an average of 96 per working day), 5% more than the previous year. Of the total awards rendered, some 1% were deemed to be late representing a noticeable improvement over the previous financial year. A total of 48 disputes of national interest were heard, representing over 50% increase compared to the previous year, with 54% of these interventions being settled.



DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2009

Some of the successfully resolved matters included significant interventions in the Construction and Retail Sector.

Accessibility to users was enhanced, this amongst other things included the opening of two satellite offices in North West and Western Cape provinces. This impacted on the unit cost for delivery of compulsory services but it was partially compensated for by achieving reductions in other cost areas. Accessibility was further improved through the linking of all Department of Labour offices to the CCMA Case Management System.

It is evident that the direction set for the organisation through its strategic goals as set out in the three-year strategy has enabled the organisation to make significant strides in delivering social justice. Relations with social partners were strengthened and the organisation's systems and operations were tested and enhanced for supreme quality service delivery. However, there are still challenges that the organisation faces and will continue to deal with. These include handling the increasing caseload with current resources particularly if the current market conditions do not improve. Various avenues are being explored to make contingency plans for this.

Settlement of disputes of national interest also remained a challenge as it is often difficult to resolve these matters due to the broad range of complexities that sometimes influence them. Parties not honouring awards, thereby hindering speedy resolution of disputes, also remained an area of concern although the enforcement process, to a great extent, helped to curb this problem.

On the international front the CCMA had an opportunity to demonstrate its achievements by hosting the International Dispute Resolution Agencies Conference during the year.

In conclusion, the CCMA will continue to endeavour to further strengthen relations with social partners in the coming years and to seek ways of ensuring that it delivers according to its primary mandate of delivering social justice and fairness. We hope to make the necessary adjustments to meet our social partners' demands in line with their changing requirements as driven by market demands.

I am confident that with the Governing Body's guidance, input from all social partners, the Senior Management and staff's efforts we are well positioned to make a difference in the South African labour market and a significant impact in the rapidly changing labour market economic arena. I would like to thank the Governing Body, Senior Management and the dedicated staff for bringing the CCMA to this point.

I would particularly like to use this platform to acknowledge the role of Mr Ebrahim Patel in the CCMA's history. His role was both persuasive and influential. He was certainly a source of tremendous encouragement, ideas and support to me as the Director. His loss will be sorely felt and I am extremely grateful for having had the benefit of his guidance and leadership.

Lastly, my special thanks to Ms Tanya Cohen for continuing to play the Interim Chairperson role. Her support and commitment to the role have added to the organisation's success.

Ms Nerine Kahn
CCMA Director

International Perspectives: Workplace Dispute Resolution Conference Cape Town, 22 - 23 October 2008

South Africa hosted the International Agencies, "International Perspectives: Workplace Dispute Resolution Conference". The conference commenced with an open conference and culminated in a two - day closed meeting which focused on the importance of agencies like the CCMA in times of economic uncertainty.



Back row from left: Bill Paterson-CEO: Labour Relations Agency Northern Ireland; Jeremy Daphne- National Senior Commissioner CCMA; Guy Baron- Director General, Federal Mediation and Conciliation Service, United States of America; James Wilson- Chief of the Employment Relations Authority New Zealand; Craig Smith – Chief Adviser, Workplace Relationships, Department of Labour, New Zealand.

Middle row from left: Justice Geoff Giudice- President, Australian Industrial Relations Commission, Australia; Nerine Kahn – CCMA Director; Moe Ally – CCMA Senior Commissioner; Maurice Cashell – Chairman, Labour Relations Commission, Ireland.

Front row from left: Scott Beckenbauer - United States of America; Kieran Mulvey- Chief Executive, Labour Relations Commission, Ireland; John Taylor- Chief Executive, Advisory, Conciliation and Arbitration Service, United Kingdom; Advocate Afzal Mosam.



Nerine Kahn (back) with CCMA Team at the International Dispute Resolution Agencies Conference.
From left: Danielle Martin; Shelley Rousseau; Bongzi Ndlovu; Phillippine Mkize; Shurainah Harris.

Best Performing Part-time Commissioner: Shiraz Osman

**Best Performing Dispute Management Province:
Northern Cape Region**
From right: Jeremy Daphne, Carmen Ward and Chitane Soza



Best Performing Province: KwaZulu Natal Region
Nerine Kahn: Director (centre) with (from left) Raj Shanker, Merlie Benjamin and Eugene van Zuydam



Most Improved Province: Tshwane Region
Nerine Kahn: Director (centre) presenting award to
Arnause Mohlala (left) and Winnie Everett (right) of Tshwane Office



**Best Performing Mediation Province:
Eastern Cape Region**
From left: Floors Brand, Afzul Soobedaar, Marius Kotze and Chez Milani

ANNUAL COMMISSIONERS' INDABA 19-21 NOVEMBER 2008

The theme of the 2008 Commissioners' Indaba (conference) was 'Reviving the Bench-marks'. The conference was officially opened by CCMA Director, Nerine Kahn, followed by presentations from guest speakers Advocate Anton Myburgh and Professor Haroon Borat. More presentations were conducted on the second day and Convening Senior Commissioners: Prince Kekana (Johannesburg) and Winnie Everette (Tshwane) facilitated the workshops on 'Substantive Fairness' and 'Procedural Fairness'.












Awards were issued under the following categories: Best Performing Full-time / Part-time Commissioner; Best Performing Mediation / Dispute Management Province; Most Improved Province; and Best Performing Province.













Best Performing Full-time Commissioner: Bongumusa Khumalo
Nerine Kahn: Director with Bongumusa Khumalo

PERFORMANCE REPORT

The Score Card below reflects the CCMA's overall performance during the 2008/2009 financial year.

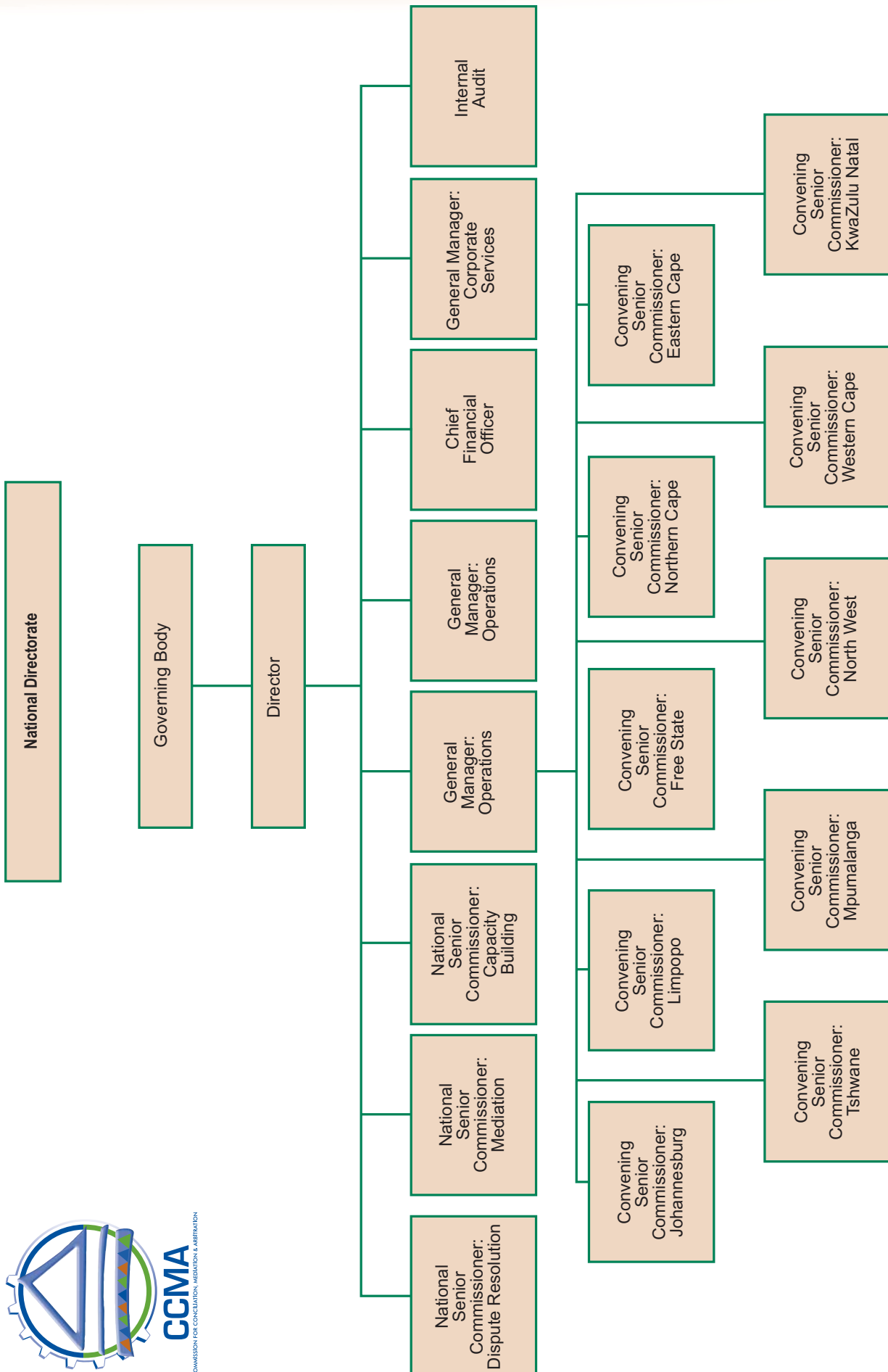
GOAL 1: Promote social justice through the professional delivery of services, while ensuring compliance with legislation at all times.					
#	Measure	Target 2010	Target 2008/2009	Achieved 2008/2009	Status
1.1	By 2010, the external perception of the services delivered by the CCMA will have improved - from [baseline] plus x%	Baseline plus x%	88% (Baseline 68% plus 20%)	In process of appointing service provider to measure customer perception	
1.2	By 2010, the CCMA will be recognised as a market leader in the field of Continuous Professional Development in the field of Labour Law. This will include defining standards for training, certifying providers of training and conducting training	To be defined	Define CCMA role re-Labour Relations Practice (skills qualification process) [NQF Certified] Materials and [accredited] training course developed for commissioners/panelists	Progress made in determining the CCMA's role, with short-term role established. Progress made in the process to produce certified materials and training courses	 
GOAL 2: Ensure user – friendly, quality services that are delivered with speed					
#	Measure	Target 2010	Target 2008/2009	Achieved 2008/2009	Status
2.1	By 2010, 70% of all disputes will be settled at conciliation phase	70%	65%	62%	
2.2.1	By 2010, there will be a material reduction in CCMA cases referred to the Labour Court (the target will be set once the 2007/2008 baseline has been measured)	Baseline less 21%	Number of cases reviewed at the Labour Court (confidence) less than 21% Number of successful reviews at the Labour Court (need to determine baseline in 2008/2009)	1. 7.7% 2. 0.6%	 
2.2.2	By 2010, there will be a material reduction in the non-compliance of arbitration awards	Baseline less X%	Number of applications for S143's (awards and settlement agreements) (need to determine baseline in 2008/2009)	1. 24%	
2.3	By 2010, all administrative rework will be 0% (relating to data integrity errors)	0%	5%	6%	
2.4	By 2010, all process rework will be reduced by x% from the baseline set in 2007 (the target will be set once the 2007/2008 baseline has been measured)	Baseline determined at 11% Less 3%	8%	10%	
2.5.1	By 2010, all conciliations will be conducted within the statutory time frame (30 days)	30 days	30 days	28 days	
2.5.2	By 2010, the average time to process an arbitration (from date of request to date closed) will be 60 days	60 days	60 days	41 days	

GOAL 2: Ensure user – friendly, quality services that are delivered with speed (continued)					
#	Measure	Target 2010	Target 2008/2009	Achieved 2008/2009	Status 
2.6	By 2010, there will be no late awards (0%)	0%	0%	1% (reduced from 3% to 1%)	
2.7.1	By 2010, 70% of all disputes of national interest where offers of assistance are made will be settled	70%	60%	54%	
2.7.2	By 2010, 75% of all offers of assistance in disputes of national interest will be accepted by parties	75%	60%	68%	
GOAL 3: Maintain operational effectiveness while ensuring services are cost effective					
#	Measure	Target 2010	Target 2008/2009	Achieved 2008/2009	Status 
3.1	By 2010, staff turnover will be halved from the 2006/2007 baseline	4.15%	8%	5%	
3.2	By 2010, key skills loss will not exceed 7%	7%	7%	13%	
3.3	By 2010, we will be able to meet case management demands with 'normal' resource levels. This means that the case management administration will be completed with a variance of no more than 5% of planned workload	5% variance	5%	11%	
3.4	By 2010, a budget model will be in place that will enable funding from government based on unit cost per projected number of services. Funding to be 100% of projected services to be rendered	100% funding	100%	88%	
3.5	By 2010, the 'unit cost' for delivery of compulsory services will have stabilised to ensure that there is not more than a 5% variance from budget allocation	5% variance	5%	14%	

Summary of Regional Operational Performance

% of Efficiencies met	CCMA Office
>90%	Durban
80% to 90%	Free State Tshwane Pietermaritzburg Northern Cape
70% to 79%	Richards Bay Western Cape
60% to 69%	Limpopo
50% to 59%	East London Port Elizabeth Johannesburg Mpumalanga
40% to 49%	North West
<39%	-

► ORGANISATIONAL STRUCTURE





CCMA OUTREACH

Telling Stories of CCMA Users... in Different Communities

The CCMA outreach work entails visits to different outlying areas of South Africa. Following are extracts from Senior Commissioner Carmen Ward's visit to the Unemployment Insurance Fund (UIF) pay points in Carnavon and Colesberg in Northern Cape.

Date: 21 January 2009
Town: Carnavon (10 hours travel)
Venue: UIF pay point
Number of participants: 70 people
Constituency: Unemployed, rural workers

Backdrop: The hall was really big, it was easier to speak to people in groups about the CCMA. There was some interest shown but not many referrals. I completed the referral forms for those that wanted to refer cases. They generally seemed illiterate or semi-literate.

The story: There was a lady crying, she had her baby with her. I called her over to see if I could be of assistance, where after she told me her sad story. She worked at an old age home and everything was fine until she told her employer her HIV/AIDS status. The next day she was dismissed (verbally) for her positive HIV/AIDS status as the staff did not want to eat from the same plate as her and the matron was worried that she would cough on the elderly.

She went to the Department of Labour six months ago and she was given a referral form but as she is illiterate she did not understand that she had to complete it and thought it was the employer's duty – of which the employer refused. She thought that was the end of the road for her. She produced the referral form which was crumpled and dirty from being in a packet (her make-shift hand bag). I completed a new form for her with condonation application.

She survives on the R200,00 monthly grant for her child from social welfare.

Discussion: Each person was given a CCMA pamphlet. The audience asked basic questions about what the CCMA does and how they can get help from the CCMA. They wanted to know if CCMA referral forms are readily available in Carnavon. There were also a few queries on DoL issues.

Presentation duration: 3 hours



Story 1

Story 2

Date: 3 March 2009
Town: Colesberg (6 hours travel)
Venue: UIF pay point
Constituency: Unemployed, farm workers, contract workers, supermarket workers

Backdrop: There were about 150 people queuing. I set myself up with a table and chair next to the DoL officials. I had a stream of queries and I assisted a few (illiterate) people in completing the (LRA 7.11 forms) but mainly handed the forms out to those who needed them.

Discussion: What came out of the discussion was the contract workers' lack of understanding as to what it means to sign a "fixed-term contract" and that once the contract expires the job is finished. The fixed-term contractors I dealt with were mainly for the completion of a project (no reasonable expectation of renewal). Farm workers were fairly reluctant to speak to me. I handed out CCMA pamphlets which stirred up questions as to what the CCMA does and how it could help them.

Way forward: I then visited Mr Makhaya Boo, Chairperson of the Thusong Service Centre in Colesberg. We made arrangements for setting up a Best Practice Workshop as part of further training that would benefit the local community helpers and constituency offices in the area.

Visit duration: 4 hours



► PERFORMANCE REPORT

During the financial year under review the work of the CCMA was mainly carried out through the following key departments –

- Operations;
- Dispute Resolution;
- Mediation Services;
- Finance;
- Corporate Services; and
- Capacity Building and Outreach.

The following four Strategic Focus Areas, set in line with the CCMA's strategic goals, provided the service delivery structure for all the departments –

- Reposition the CCMA in the Labour Market (intensifying and broadening outreach), where social justice and restoring dignity are a focus of our processes;
- High performance, high impact delivery of compliant services, where there is a balance between quality and quantity;
- Reposition the organisation to meet the future strategic needs of the organisation; and
- Enhance and entrench internal processes and systems to ensure effective deployment of resources.

The heads of these departments together with the Director form the Executive Committee of the organisation.



Back row from left: Gugulethu Zilwa – Acting CSC: Western Cape; Fred Sauls – CSC: Eastern Cape; Carmen Ward – Senior Commissioner: Northern Cape; Lesley Ntuli – CSC: Mpumalanga; Piet Shai – CSC: Limpopo; Eugene van Zuydam – CSC: KwaZulu Natal.

Front row from left: Elias Hlongwane – CSC: North West; Hlalele Molotsi – CSC: Free State; Winnie Everett – CSC: Tshwane; Bheki Khumalo – CSC: Johannesburg.

* CSC – Convening Senior Commissioner

CCMA Arbitration Guidelines

A project was initiated for re-drafting the CCMA Arbitration Guidelines. The process involved consultation with the Governing Body, gathering inputs from commissioners, various experts and users. The guidelines will be gazetted once the Governing Body gives final approval.

The guidelines are issued in terms of section 115(2)(g) of the LRA.

- The commissioners **must** take the Guidelines into account-
- To promote consistent decision-making in misconduct dismissals.
- Guidelines are CCMA policy and should be applied unless the commissioner has good reason for deviating, and should then give reasons.

PERFORMANCE REPORT - OPERATIONS



Nersan Govender- General Manager: Operations

The Operations Department provides technical and regional support to all CCMA offices. Some of the key responsibilities of the Operations Department include ensuring that regions are well resourced and have appropriate systems in place to provide speedy cost effective and efficient dispute resolution services to users.

The Operations Department also monitors regional operational efficiencies and maintains the CCMA's electronic Case Management System, Call Centre and electronic mail query services.

The following table summarises the national operational targets and objectives set for the 2008/2009 financial year and compares them to the two previous financial years.

Summary of National Operational Performance

Operational Focus	Target / Objective	2006/2007	2007/2008	2008/2009
Pre-conciliations heard	Hear 10% or more of all jurisdictional referrals using the pre-conciliation process	16%	13%	13%
Pre-conciliations settled	Settle 7% or more of all jurisdictional referrals using the pre-conciliation process	7%	7%	6%
Con/arbs heard	Hear 50% or more of all jurisdictional referrals using the con/arb process	38%	45%	43%
Con/arbs finalised	Finalise 80% or more of con/arbs heard	82%	83%	83%
Conciliations heard and closed	Close 90% or more of conciliations heard (includes all 'con' type processes)	92%	93%	93%
Conciliations heard outside 30 days	Statutory requirement to attempt to hear all conciliations within 30 days	0%	0%	0%
Settlement rate	Settle 70% or more cases across all processes	63%	67%	67%
Arbitrations finalised	Finalise 90% or more of arbitrations heard	89%	91%	92%
Late awards	Statutory requirement to issue arbitration awards within 14 days	6%	3%	1%
Postponements/adjournments	Allow for a maximum of 6% postponements / adjournments of all processes heard	8%	7%	7%
Average turnaround time – conciliation	Conciliation process to take place from 'activation' to 'closed' within a maximum of 30 days	30%	28	28
Average turnaround time – arbitration	Arbitration process to take place from arbitration referral date to 'closed' within a maximum of 60 days	48%	42	41

Some key facts to note -

Caseload increased by 6%
 Jurisdictional cases increased by 17%
 13% more cases were heard utilising the con/arb process
 17% more cases were settled
 99% of awards were submitted on time

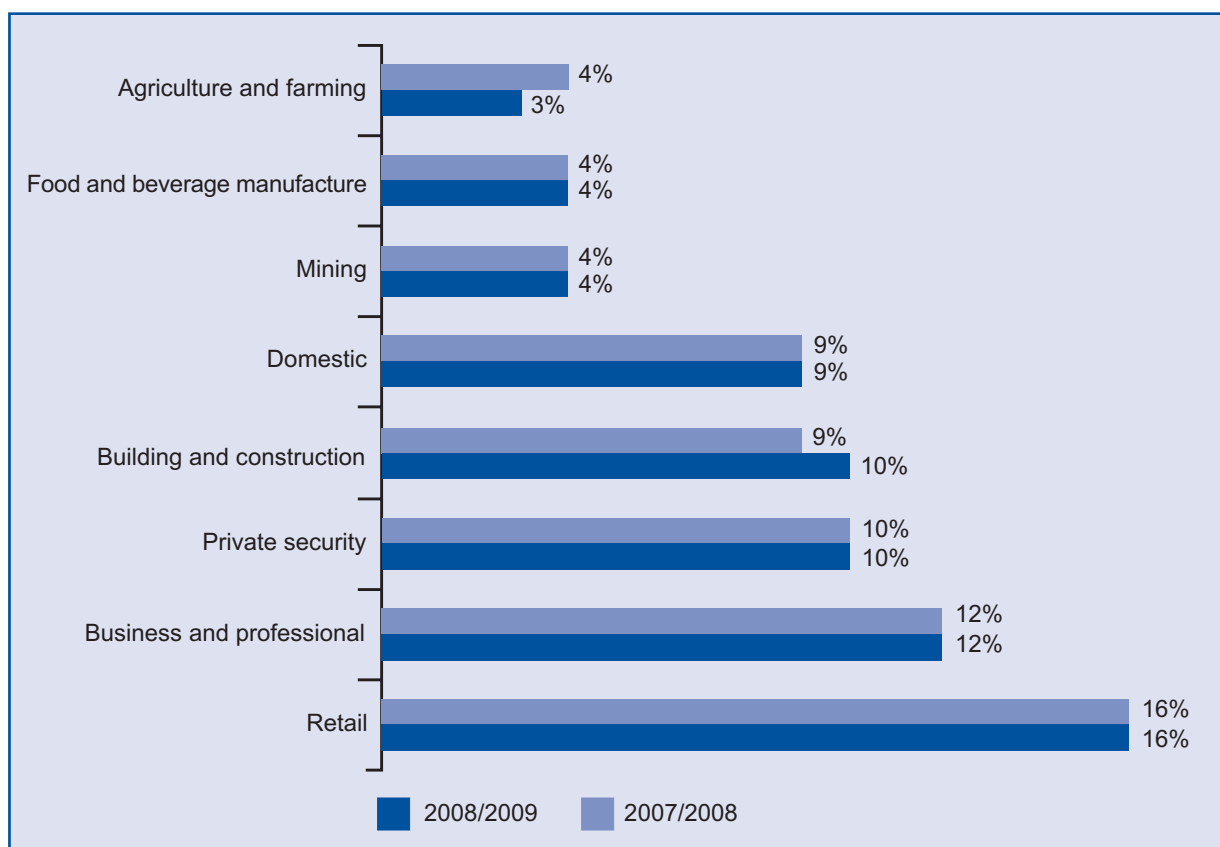
► PERFORMANCE REPORT – OPERATIONS

Referrals by Issue

Issue	2008/2009	2007/2008	% Difference
Unfair dismissal	82%	83%	-1%
Unfair labour practice	7%	7%	0%
Mutual interest	3%	3%	0%
Collective bargaining	3%	3%	0%
Severance pay	2%	2%	0%
Other	4%	3%	+1%

Unfair dismissal disputes continued to account for the largest percentage of the nature of cases referred to the CCMA. During the financial year under review, these disputes accounted for 82% of the total cases received, a decrease of 1% from the previous year.

Referrals by Sector



The breakdown of referrals by sector has remained relatively consistent throughout the period. The retail sector has consistently accounted for the highest number of referrals since the inception of the CCMA and accounted for 16% of cases during the financial year.

Conciliation

Conciliation accounted for 62% of the total events heard during the financial year under review. A total of 101 759 conciliations (including pre-conciliations, con/arbs and conciliations) were heard, an average of 402 every working day. This represented an increase of 12% over the previous year. Some 99.8% of the total conciliations were heard within the statutory 30-day period and the average number of days from referral to finalisation was 28 days.

Of the total conciliations heard, 67% were originally scheduled for the con/arb process but due to the number of objections received, only 45% were actually heard using the con/arb process. The con/arb tries to expedite the dispute resolution process by the conciliation and arbitration taking place as a continuous process on the same day. Of the total con/arbs heard, 83% were finalised in one day – 59% were settled



Ronald Bernickow
General Manager: Operations

and 26% resulted in an award being rendered. This contributes to a speedy and effective dispute resolution system.

Non-attendance at conciliation accounted for 16% of the total conciliations scheduled. Non-attendance by the respondent accounted for 58% of the total non-attendance, while non-attendance by the applicant and both parties accounted for 23% and 19% respectively.

Arbitration

A total of 40229 arbitrations were heard, being 24% of the total events heard during the financial year under review. This represented a 5% increase over the previous year. Some 36% of the arbitrations were settled, while 34% resulted in awards being rendered. Some 99% of awards were rendered within the statutory 14 days and the average number of days from arbitration referral to finalisation was 41 days.

Of the total awards rendered, 62% were in favour of the employee party and 38% were in favour of the employer party, fairly consistent with previous years.

Non-attendance at arbitration accounted for 21% of the total arbitrations scheduled. Non-attendance by the respondent accounted for 45% of the total non-attendance figure, while non-attendance by the applicant and both parties accounted for 37% and 18% respectively.



Eugene van Zuydam
National Senior Commissioner:
Dispute Resolution

Other Processes

Process	2008/2009	2007/2008	% Difference
Ballot	12	0	+100%
Facilitation	347	266	+30%
In limine	14392	13286	+8%
Pre-dismissal arbitration	50	55	-9%
Rescission	7213	7512	-4%
S189A facilitation	393	184	+114%
Taxation	51	78	-35%
Training	1	3	-67%

In addition to the conciliations and arbitrations heard, a further 22 459 'other' processes were heard during the financial year under review. This represented an increase of 5% over the previous year. In limines and rescissions accounted for 64% and 32% respectively of the total other processes heard. Some 69% of the total in limines heard dealt with condonation, 74% of which were granted. Of the total rescissions heard, 70% were granted.

The CCMA also dealt with a total of 9 806 section 143 applications to certify awards during the financial year under review, 34% more than the previous year. Of the total applications dealt with, 6 532 were from within the CCMA and 3 454 from the various bargaining councils, an increase of 21% and 79% respectively over the previous year.

There was a significant improvement in operational efficiencies (response to queries and advisory services, execution of operational services). Key focus areas have been on settlement rate and late awards. It has been a major success to bring the agreed targets within the range for both these measures.

► PERFORMANCE REPORT – OPERATIONS

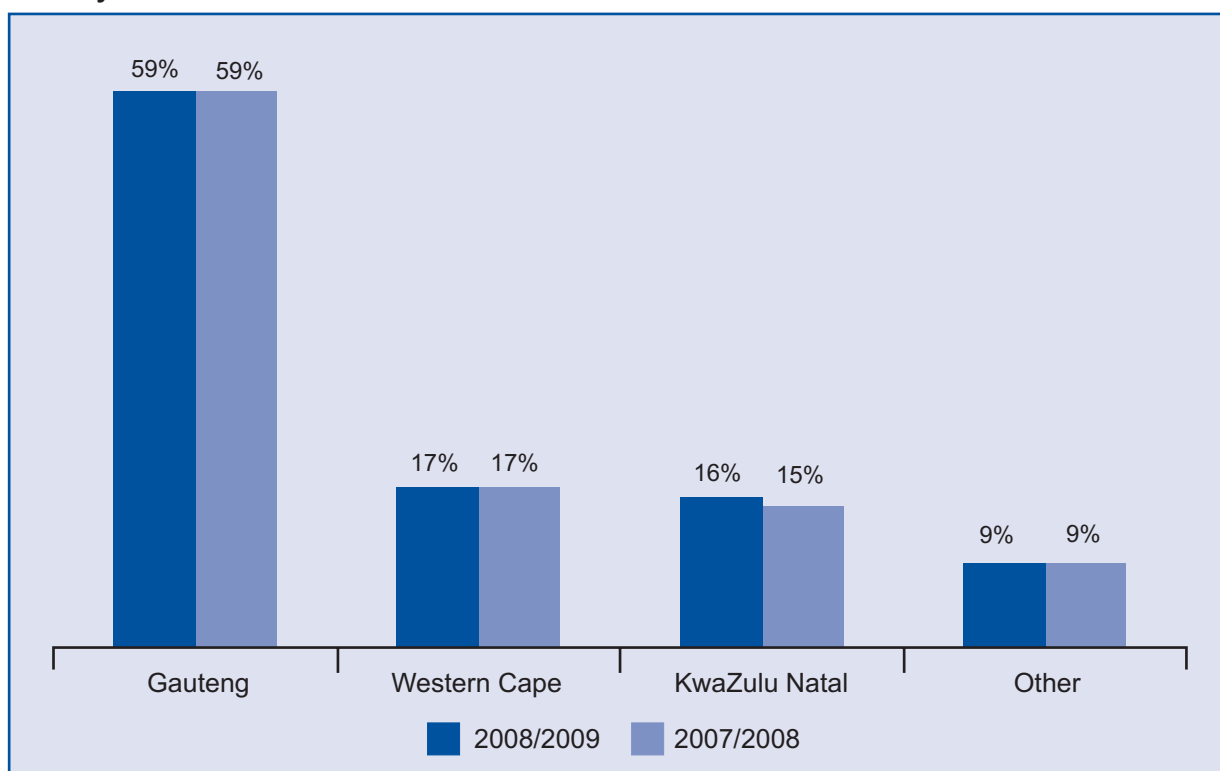
Public Awareness and Information

Call Centre

The call centre dealt with a total of 170 315 calls during the year (an average of 673 calls every working day). This represented an increase of 6% over the previous year and brought the total number of calls since the introduction of the call centre to 1 177 640.

The call centre provided information on labour legislation and CCMA case related queries which accounted for 47% and 41% respectively of all calls.

Calls by Province



The percentage breakdown of calls received by province was fairly consistent with the percentage breakdown of referrals by province. Gauteng accounted for 59%, Western Cape accounted for 17% and KwaZulu Natal accounted for 16%. The other provinces together accounted for 9%.

Calls by Sector

Sector	2008/2009	2007/2008	% Difference
Business and professional services	16%	21%	-5%
Retail	14%	14%	0%
Domestic	10%	11%	-1%
Building and construction	6%	4%	+2%
Banking and finance	5%	4%	+1%
Motor	4%	4%	0%
Private transport	3%	3%	0%

The percentage breakdown of calls by sector was also fairly consistent with the percentage breakdown of referrals by sector with the business and professional services, retail and domestic sectors accounting for the highest number of calls. In addition to the calls received by the call centre, the department also dealt with a total of 12 803 email queries.



**Afzul Soobedaar- National Senior Commissioner:
Mediation**

The primary role of the Mediation Department is to provide support and guidance for all conciliation and mediation processes and to provide a specialist mediation and after-care service to parties in respect of matters of national interest.

The Mediation Department's targets for the 2008/2009 financial year were as follows –

- To settle 65% of disputes at conciliation;
- Attain a 60% acceptance rate of offers of assistance in disputes of national interest; and
- Attain a 60% settlement rate on national interest disputes interventions.

During the year under review, a 62% conciliation settlement rate was recorded attributable to the continuing focus on putting mediation first. The majority of the cases were settled through direct commissioner intervention. Emphasis was also placed on settlement quality by implementing a system of perusing settlement agreements.

Disputes of National Interest

A total of 68% of all offers of assistance in disputes of national interest were accepted by parties during the year. This exceeded the target of 60% that was set for this measure and represented a marked increase from the 50% that was achieved in the previous year. This was encouraging as it represented a resounding vote of confidence in the organisation and the process.

The CCMA offered assistance in a total of 48 disputes of national interest, with a settlement rate of 54% being achieved. Although below the 60% target, this represented an increase of over 50% compared to the previous year due mainly to increased focus at regional level. Interventions successfully resolved during the year under review included the Civil Engineering and Retail Sector.

Response to Effects of Economic Downturn

The latter part of the year saw an unprecedented increase in retrenchment matters being referred to the CCMA as a result of the global economic crisis. For the last four months of the financial year, the case load of retrenchment disputes from small employers (i.e. those employing less than 50 employees) grew to 2 257. In the same period, 141 requests for facilitation were received from large employers (i.e. those employing more than 50 employees) intending to embark on retrenchments. These requests represented a total of 21 829 employees who were likely to be retrenched. Through CCMA facilitation processes, the total number of retrenchments was reduced to 7 922, with 2 661 jobs being saved.

Stakeholder Relations

As part of the process to engage stakeholders involved in projects related to the 2010 FIFA World Cup, a summit meeting of the stakeholders involved in the construction of 2010 stadiums was convened. The event proved to be successful with parties concluding an accord in terms of which business and labour committed to improving workplace relations, enhancing collective bargaining and ensuring labour stability in the run up to the 2010 FIFA World Cup.

The year under review also saw the establishment of a National Bargaining Forum in the Private Security Sector through a CCMA facilitated process. This represented the culmination of a project that commenced in late 2006. The CCMA was pivotal in guiding and ensuring stability in the process to ensure adequate focus and attention was given to settle the matter.

► PERFORMANCE REPORT - MEDIATION

Challenges

The Mediation Department could not carry out its plans for specialised supplemental capacity building and research into new approaches to mediation due to resource constraints. This impacted on operations to the extent that the number of commissioners who could effectively mediate in disputes of mutual interest did not increase significantly during the year.

However, a comprehensive Labour Economics briefing was given to commissioners who mediate disputes of mutual interest, as a starting point. In addition, a comprehensive series of briefings was given to commissioners who facilitate large scale retrenchment matters.

Private Security Sector Agreement Signing Ceremony

On Thursday, 30 March 2009, representatives of four employers organisations and 17 trade unions in the Private Security Sector met under the auspices of the Commission for Conciliation, Mediation and Arbitration to sign an agreement on the terms and conditions within the Private Security Sector.

This followed almost three months of negotiations between organised labour and organised business. This mutually negotiated agreement is a milestone for the Private Security Sector, remembered for the 2006 three-month long strike in which 60 guards died.

Both organised labour and organised business saw it as a positive development and surety that there would be no repeat of the 2006 strike. It is also believed that the agreement and the process taken to reach it would lead to improvement in relations and communication between the parties in the sector.



Seated from left: Commissioner Meshack Ravuku; National Senior Commissioner Afzul Soobedaar; and Anna Moako, one of the trade unions' representative, signing agreement. **Standing from right:** CCMA Director: Nerine Kahn and Mr Jackson Simon of Satawu.

2010 Construction Summit

The CCMA convened the 2010 Construction Summit on 24 June 2008. In attendance were representatives of all the stakeholders that were involved in the construction of the FIFA 2010 World Cup Stadiums. Participants included, the South African Federation of Civil Engineering Contractors, trade unions (NUM and BCAWU), federations (COSATU, NACTU and FEDUSA), Department of Labour, Department of Sports and Recreation and the Western Cape Building Industry Bargaining Council.

This summit was the continuation of a process initiated by government, through the Department of Sports and Recreation, and the CCMA to develop a framework for addressing industrial relations issues relating to the construction of the stadiums.

All stakeholders confirmed their commitment to ensuring that the 2010 World Cup would be a success. This was cemented by the parties signing an accord wherein they pledged to ensure that the stadiums would be delivered as planned through each party fulfilling its responsibilities. A programme of action with clear deliverables and time frames was also agreed upon.



sport & recreation

Department:
Sport and Recreation South Africa
REPUBLIC OF SOUTH AFRICA

Putting South Africa First

Cementing Sustainable labour Stability in the Construction of Stadiums for the 2010 FIFA World Cup



Obed Sekgololo- Chief Financial Officer

The Finance Department oversees the Financial Management, Risk Management and Supply Chain Management sections of the CCMA.

Financial Management

During the year the department focused on optimisation of the internal controls improved in the previous year in the organisation. The department was restructured to address compliance issues raised in the management report issued by the Auditor-General for financial year ending 31 March 2009. Information management systems in the form of ACCPAC and VIP for both accounting and payroll transactions respectively, were also implemented.

Risk Management

During the year the effectiveness of the organisation's risk management systems, practices and procedures was reviewed and recommendations were made for improvement.

Supply Chain Management

A new supply chain management policy was approved by the Governing Body. A Supply Chain Manager was appointed in August 2008 and the unit was fully staffed with four members by September 2008. In order to enhance compliance in the organisation an electronic system was introduced for centralised handling of all procurement processes.

Operations Review and Results

The CCMA's financial statements, audited by the Auditor-General of South Africa, for the year ended 31 March 2009, received an unqualified audit opinion. The low points of the operating results for the year were that the financial position of the entity was not positive as a deficit had been reported for the year to 31 March 2009, net deficit of the entity was R36,950 (2008: surplus was R1,738). These operations and results review should be read in conjunction with the accounting policies adopted by the Governing Body, together with the relevant notes to the annual financial statements containing explanations and analyses of certain key areas.

Grant Income

The Government Grant allocated to the CCMA for the financial year under review had not increased from the base of 2007/2008 financial year, this made it difficult to absorb the increase in costs incurred for the year. However, it should be noted that the revenue reported included an amount released from deferred revenue from the operational Government Grant of prior years. The other income was for services rendered in furthering the mandate of the CCMA of promoting social justice and stabilising workplace relations.

Case Disbursements

Case disbursements expenses increased by 32.66% which translated to R25 million. The CCMA experienced an increase in caseload of about 17% cases in jurisdiction from a base of 90 982 to 106 776, the increase was attributable to the economic downturn.

Employee Costs

Employee costs increased by 13% year on year, this is attributable to the following reasons: permanent staff numbers increased by 10.48% from 420 employees to 464. The implementation of a comp ratio as a result of the revision of the remuneration policy with average employee increases at 32% to address the salary increase issues dating back three years.

► PERFORMANCE REPORT – FINANCE

The implementation of a collective agreement signed with the Commission Staff Association (CSA) with an across the board increase of 9.2% effective from 1 April 2008 and a performance based increase with an average of an additional 3% to each employee effective from 1 June 2008.

Other Operating Expenses

Administrative expenses increased by 37.61% which translated to R17 million. The increase was attributable to increase in travelling; increase in lease costs to the buildings and also other general administration expenses as disclosed in the Annual Financial Statements.

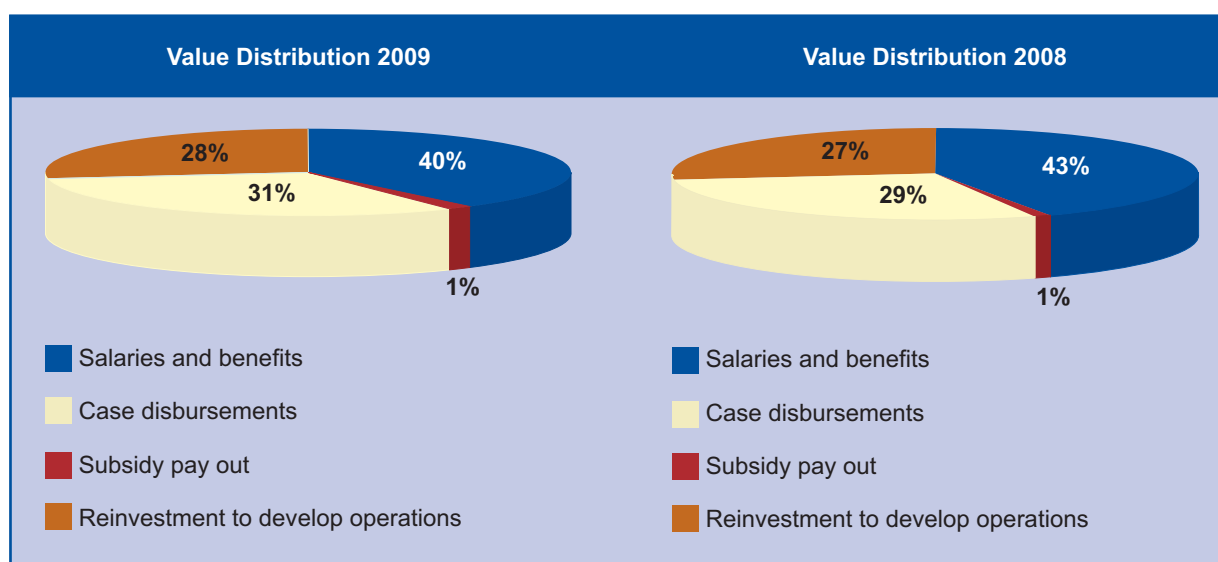
Supplementary Information

Below is the four-year review of finance statistical information and the value added statement on how the grant income received from the Department of Labour was employed for the year under review.

Four-year Review Table

Financial Performance	2006 Actual R'000	2007 Actual R'000	2008 Actual R'000	2009 Actual R'000
Grant Income	208,780	234,582	260,263	176,655
Operating expenditure	210,444	239,482	268,522	327,659
Surplus for the year	866	409	1,738	(36,950)
Interest Received	1,810	4,592	9,097	7,252
Investments and Cash	38,089	58,318	64,689	6,186
Subsidies to the bargaining councils	2,712	3,773	2,710	4,660
Average cost per case referred	1,682	1,938	2,020	2,334
Average cost per case settled	5,685	5,557	5,469	5,738
Staff costs and benefits as % of grant income	41%	41%	44%	46%
Case disbursements costs as % of grant income	33%	32%	30%	36%
Total costs as % of grant income	101%	102%	103%	116%
Current ratio	0.92	0.98	1.41	0.18

Value Added Statement	2009	2008
Salaries and benefits	129,600	114,880
Subsidy pay out	4,660	2,710
Case disbursements	102,985	77,627
Reinvestment to develop operations	90,414	73,305



PERFORMANCE REPORT - CORPORATE SERVICES ◀



Itumeleng Masege- General Manager: Corporate Services

Human Resources

It is a long term goal of the CCMA to ensure that staff is provided with a conducive environment allowing them to release their talents and potential and thereby helping to drive the mandate of the organisation.

Although there was significant reduction in the staff turnover there was increased critical skills loss during the year under review.

Performance Management

During the year there was more focus on staff training, leading to improvement in overall staff performance. A Performance Management System that formed part of the bargaining process was implemented. Extensive training on the system was provided throughout the organisation.

Specific training interventions were also developed to assist managers to recognise and address underperformance.

Human Resources Information Management Systems

An electronic system to assist in the management of human resources information and data was acquired. The main objective of the system is to provide a meaningful mechanism to effectively manage information for decision making, staff planning and employee development. The system will ensure the prompt delivery of accurate human resources data and reports and the ultimate objective of an employee self-service environment. It will also assist with improved institutional memory in human resources and employment.

Employment Equity

The CCMA has an Employment Equity Plan covering the period 2006-2010. The implementation of the plan is monitored on a quarterly basis through the National Employment Equity Committee. The committee meets regularly under the Chairmanship of Piet Shai.

The tables below summarise the CCMA progress in line with the set targets in meeting its employment equity goals.

Employees by Gender

Male		Female	
Target	Actual	Target	Actual
50%	31%	50%	69%

Overall Employees by Race

African		White		Coloured		Indian	
Target	Actual	Target	Actual	Target	Actual	Target	Actual
71%	73%	14%	10%	8%	12%	10%	5%

► PERFORMANCE REPORT - CORPORATE SERVICES

Human Resources Profile

	Target	National Management Committee Actual	Administrative / Clerical Actual	Commissioners (Full-time) Actual	Commissioners (Part-time) Actual
Gender					
Female	50%	29%	76%	26%	28%
Male	50%	71%	24%	74%	72%
Race					
African	71%	45%	78%	69%	47%
White	14%	24%	7%	17%	38%
Coloured	8%	10%	12%	10%	5%
Indian	7%	21%	3%	4%	10%
Disabled	10%	3%	3%	5%	5%

Facilities Management

As part of CCMA's commitment to being accessible to the public, a new office was opened in Rustenburg in November 2008. Significant progress was also made for the establishment of an office in George and two more offices in KwaZulu Natal which would start operating in the next financial year.

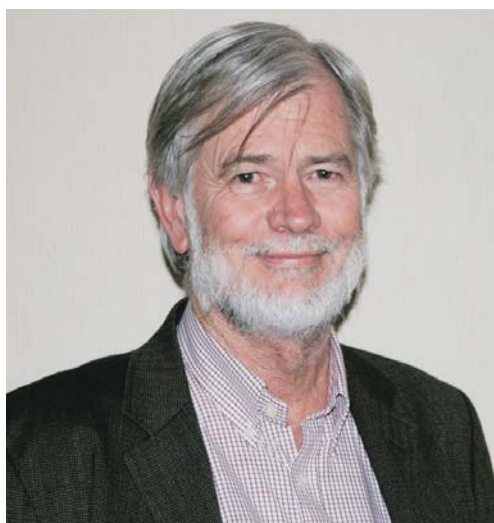
The CCMA Free State office operating lease was renewed and preparations were made for relocation to another building.

Residual values and estimated useful lives of CCMA assets are assessed annually. A project to address the asset write off and replacement of all the fully depreciated assets was initiated during the year, and implementation started in some of the provincial offices.



Oath Taking Ceremony at 2008 Commissioner Indaba

PERFORMANCE REPORT - CAPACITY BUILDING AND OUTREACH ◀



Jeremy Daphne- National Senior Commissioner:
Capacity Building and Outreach

The Capacity Building and Outreach Cluster is made up of three departments, Dispute Management and Prevention Department (DM&P); Education, Training and Development Department; and Institution Building Department.

The performance of the departments for the period was measured against the targets and objectives set in line with the CCMA strategic goals and focus areas.

Dispute Management and Prevention Department

The primary objective of DM&P Department is to empower social partners to effectively and proactively manage conflict and disputes, from the workplace to hearing rooms.

The DM&P Department's performance during the year under review was measured against the following objectives –

- Network and build partnerships with social partners and users;
- Contribute to the transformation of workplace relations;
- Increase public awareness and understanding of CCMA processes;
- Conduct high impact dispute management interventions (clarify areas of confusion in procedural rules and improve the quality and efficiency in the processing of cases);
- Conduct education and outreach to improve voluntary compliance with dispute resolution processes and decisions;
- Conduct dispute management capacity building on how best to use the CCMA and the law for managers, trade unions, advice offices and other constituencies;
- Conduct dispute management and prevention national and regional campaigns;
- Conduct quality research to guide and support CCMA work; and
- Build a financial model to support the strategic business decisions regarding appropriate allocation of resources.

Dispute Management Education and Outreach

Most of the department's objectives were addressed through the delivery of the seven lead projects outlined in the table below.

Lead Projects

Project	Target	Achieved
Best Practice Workshops	80	178
User Forums	40	49
Community Radio Talk Shows	40	267
Izimbizo / Road Shows	40	88
Short Session Presentations	60	113
Bilateral Briefings	40	54
Breakfast and Labour Law Seminars	30	29

► PERFORMANCE REPORT - CAPACITY BUILDING AND OUTREACH

In all instances except labour law seminars and breakfast sessions, where the target was missed by one event, the set targets were exceeded. Community talk show programmes, and rural izimbizo and road shows proved most effective in reaching large numbers of workers in the more vulnerable sectors.

During the year the DM&P Department initiated the Rural Outreach and Retail Sector national campaigns. The former was chosen as the flagship campaign because of its broad impact in terms of promoting social justice and raising awareness of workplace rights and responsibilities. Regions targeted specific districts for focused interventions, engaged identified stakeholders and conducted a range of outreach activities in the various areas.

The Retail Sector campaign struggled to realise a meaningful impact in most of the regions. Regional projects were also initiated for the Construction, Agriculture, Private Security, Hospitality and Mining Sectors. Sector forums were held to strengthen social dialogue in these sectors.



A “voluntary compliance” project was initiated, to address issues of non-attendance at CCMA processes; objections to con-arb processes; low settlement rates at conciliation; condonation and rescission applications; default awards; section 143 enforcement applications and section 145 review applications. The Tshwane region launched a pilot project in this regard, to be rolled-out nationally in the 2009/2010 financial year.

Partnerships with Social Partners and Users

Social partners were engaged at national and regional levels through a range of user forums as well as sector and regional summits, with resolutions on joint initiatives becoming the order of the day. On 22-23 October 2008, the CCMA successfully hosted the International Dispute Resolution Agencies Conference in Cape Town, with leadership participation from England, Ireland, the United States of America, Northern Ireland, Canada, New Zealand and Australia.

Transformation of Workplace Relations

The CCMA developed the ‘Building Workplace Relations’ and ‘Managing Workplace Conflict’ programmes which will be the key vehicles for driving transformation of workplace initiatives. Pilot workshops were held in these programmes and CCMA facilitators of these programmes trained across all regions.

Research to Inform and Guide CCMA Work

Research was conducted into dispute referral and outcome trends across the Agriculture Sector. The findings showed fairly dramatic improvements over the last three years in terms of, reduced referrals, improved compliance with dispute resolution decisions, and improved attendance at CCMA hearings.

In addition, research was conducted into the role of major trade union federations in dispute resolution at the CCMA. The findings showed that matters referred by the affiliated unions could be resolved more effectively and efficiently. User trend analysis was also conducted across all regions, informing bilateral meetings with high referring unions and referred employers as to how the negative trends identified could possibly be addressed.

PERFORMANCE REPORT - CAPACITY BUILDING AND OUTREACH

Education, Training and Development Department

The Education, Training and Development Department (ETD) is responsible for the skills development of all CCMA employees, management, part-time commissioners, part-time interpreters, bargaining council panelists and other social partners.

During the year under review ETD developed and implemented the CCMA Workplace Skills Plan for the 2008/2009 financial year. With approximately 35 training programmes delivered and 511 staff members independent contractors trained. The training included Skills Programmes, Continuing Professional Development and initiatives in response to change management owing to organisational restructuring and business process review undertaken. Several target specific interventions to enhance skills levels were also delivered.

In addition to the implementation of the Workplace Skills plan, 63 staff members were awarded bursaries to pursue studies towards formal qualifications, mainly in the Labour Relations and Human Resources domain.

Training Programmes Delivered

Training	Attended By	Number
Commissioner Training – Substantive Law	New commissioners	45
Commissioner Training – Conciliation	New commissioners	52
Commissioner Training – Jurisdictional Ruling	New commissioners Bargaining council panelists	63 24
Commissioner Training – Jurisdictional Refresher Course	New commissioners	15
Commissioner Training – Managing Dismissal	New commissioners Bargaining council panelists	48 21
Commissioner Training – Arbitration 1	New commissioners Bargaining council panelists National Council of Trade Unions officials	49 25 8
Substantive Law and Screening and Allocation Training	Case Management Offices, administrators and interpreters	79
Train the Trainer	Facilitators	19
Supply Chain Management	Staff members	11
Conducting Outcomes Based Assessments	Labour relations practice experts	20
Development of Outcomes Based Learning Material	Labour relations practice experts	14
Case Management System Training	Case Management Administrators	30
S189A Facilitation Workshop	Facilitators	24
Project Management Training	Full-time staff members	24
Lexis Nexus Annual Labour Law Conference	Commissioners	15
Current Labour Law Conference	Commissioners	6
Jutas Annual Law Conference	Commissioners	6
Mentors Evaluation Workshop	Mentors	8



Social Partners participating in a debate at the 2008 Commissioner's Indaba
From Left: Mr Ian Macun; Ms Tanya Cohen; Mr Kimani Ndungu; Mr Rudi Dicks

► PERFORMANCE REPORT - CAPACITY BUILDING AND OUTREACH

Target Specific Training to Enhance Skills Levels

Training	Number Attended
New Management Development Programme	1
Statistical Products and Service Training	2
Chartered Institute of Management Certificate Programme	6
Assessor Portfolio of Evidence Building Workshop	13
Assessor Training	7
Substantive Law – Registry	78
In Magic Library Systems Training	3
Employee Self Service and ACC Report Online Training	15
Workflow Authorisation Training	15
Confidence and Assertiveness Training	3
VIP Softline Excel Training	1
Excel Training	12
Analysis and Assessment Skills Training	1
Conference Economic Outlook	1
Materials Development Focus Group	8
Effective Business Writing Skills	1
Corel Draw Training	1
New Skills Development Systems Workshop	1
Internal Audit Continuous Professional Development	3

Progress was made in determining the CCMA role in the Services Sector Education and Training Authority (SSETA) Labour Relations Practice (LRP) field regarding the delivering of certified dispute resolution qualifications for commissioners and bargaining council panelists. This was achieved through the central role played by the CCMA in the establishment and driving of the LRP Steering Committee.

Progress was also made in the process to produce certified materials and training courses for commissioners and bargaining council panelists. However, this process was not completed during the year due to a range of factors, including the complexity and changing nature of the process.

A key challenge for ETD during the year was the critical shortage of suitably skilled assessors and materials developers. The assessment process in general also posed significant challenges.



► PERFORMANCE REPORT - CAPACITY BUILDING AND OUTREACH

Institution Building Department

The Institution Building (IB) Department assists and supports bargaining and statutory councils with their applications for accreditation, enforcement and subsidy payments.

During the year under review, the IB Department contributed to the enhancement of the quality of awards and the drafting of performance driven accreditation criteria for bargaining and statutory councils. A consultative process between the CCMA and the councils was undertaken to draft an enhanced Accreditation Policy document which deals with the seven accreditation criteria as set out in section 127(4) of the LRA, as amended, and also gives guidance on the accreditation criterion on who is considered a competent commissioner / panelist.

Some councils were afforded conditional accreditation to allow them an opportunity to put measures in place to ensure improvement. The CCMA efficiency targets for assessing effective and competent service were introduced to ensure accuracy of dispute resolution reports.

The independence of panelists was reviewed and it was recommended to all councils that parties to the council should refrain from acting as panelists as this may negatively impact on the credibility of the councils' dispute resolution processes.

The Governing Body and the Accreditation Subsidy Sub-Committee accredited 17 large bargaining councils. Applications for accreditation were also received from one large statutory council, 21 small and medium bargaining councils and one small and medium statutory council. This marked a significant increase compared to the previous years where, for example, only 33 councils were accredited for dispute resolution during the 2006/2007 financial year.

Emphasis was also placed on continuous improvement of the IB Department's service delivery. This included systems being put in place to expedite the certification of awards and the processing of subsidy applications, with turnaround periods being considerably reduced. The IB Department certified 3 263 arbitration awards issued by the councils and subsidy applications amounting to R3 502 350.00 were paid to various councils.

The IB Department also hosted two forums for the councils during the year to share experiences, assist councils where necessary with best practices and drive the strategy of quality dispute resolution nationally. The forums were hosted jointly with the Department of Labour.

Senior Commissioner-Eleanor Hambidge
Manager: Institution Building



▶ PERFORMANCE REPORT - CAPACITY BUILDING AND OUTREACH

List of Accredited Bargaining and Statutory Councils –

Small and Medium Bargaining and Statutory Councils

Name of Council	Accredited Functions
Bargaining Council for the Building Industry (Bloemfontein)	Conciliations
Bargaining Council for the Fishing Industry	Conciliations
Bargaining Council for the Furniture Manufacturing Industry (Eastern Cape)	Conciliations
National Bargaining Council for the Leather Industry	*Conciliations
Bargaining Council for the Diamond Cutting Industry of South Africa	*Conciliations
South Africa Road Passenger Bargaining Council	*Conciliations and arbitrations
National Bargaining Council for the Sugar Manufacturing and Refining Industry	*Conciliations and arbitrations
Transnet Bargaining Council	*Conciliations and arbitrations
National Bargaining Council for the Chemical Industry	*Conciliations and arbitrations
Building Industry Bargaining Council (Southern and Eastern Cape)	*Conciliations and arbitrations
Building Bargaining Council (North and West Boland)	Conciliations and Arbitrations
Furniture Bargaining Council	Conciliations and Arbitrations
Bargaining Council for the Grain Industry	Conciliations and Arbitrations
Bargaining Council for the Hairdressing and Cosmetology Trade (Pretoria)	Conciliations and Arbitrations
Hairdressing and Cosmetology Services Bargaining Council (Semi National)	Conciliations and Arbitrations
Hairdressing and Cosmetology Bargaining Council (KwaZulu Natal)	Conciliations and Arbitrations
Bargaining Council for the Tearoom, Restaurant and Catering Trade, Pretoria (name change was effected during September 2008)	Conciliations and Arbitrations
Bargaining Council for the Restaurant, Catering and Allied Trades	Conciliations and Arbitrations
Bargaining Council for the Meat Trade Gauteng	Conciliations and Arbitrations
Bargaining Council for the New Tyre Manufacturing Industry (National)	Conciliations and Arbitrations
Bargaining Council for the Goods Canvas Industry (Witwatersrand and Pretoria)	Conciliations and Arbitrations
Statutory Council of the Printing, Newspaper and Packaging Industry of South Africa	Conciliations and Arbitrations

Large Bargaining and Statutory Councils

Name of Council	Accredited Functions
Motor Industry Bargaining Council (MIBCO DRC)	Conciliations and Arbitrations
Metal and Engineering Industries Bargaining Council (MEIBC CDR)	Conciliations and Arbitrations
Building Industry Bargaining Council (Cape of Good Hope)	Conciliations and Arbitration
Bargaining Council for the Furniture Manufacturing Industry (Western Cape)	Conciliations and Arbitrations
Education Labour Relations Council	Conciliations and Arbitrations
National Bargaining Council for the Clothing Manufacturing Industry	Conciliations and Arbitrations
Public Service Co-ordinating Bargaining Council	Conciliations and Arbitrations
National Bargaining Council for the Road Freight Industry	*Conciliations and Arbitrations
General Public Service Sectoral Bargaining Council	*Conciliations and Arbitrations
Public Health and Social Development Sectoral Bargaining Council	*Conciliations and Arbitrations
Safety and Security Sectoral Bargaining Council	*Conciliations and Arbitrations
South African Local Government Bargaining Council	*Conciliations and Arbitrations
National Bargaining Council for the Wood and Paper	*Conciliations and Arbitrations
Bargaining Council for the Laundry, Cleaning and Dyeing Industry (Natal)	*Conciliations and Arbitrations
Statutory Council for the Squid and Related Fisheries of SA	*Conciliations and Arbitrations
National Bargaining Council for the Electrical Industry of South Africa	*Conciliations
Bargaining Council for the Contract Cleaning Services Industry (Natal)	*Conciliations
Bargaining Council for the Furniture Manufacturing Industry (Natal)	*Conciliations

*Accredited with conditions



Advocate Afzal Mosam
Essential Services Committee Chairperson

In terms of section 70 of the LRA, the Minister of Labour, after consulting NEDLAC and in consultation with the Minister for the Public Service and Administration, must establish an Essential Services Committee under the auspices of the Commission.

The functions of the committee are –

- to conduct investigations as to whether or not the whole or part of any services is an essential service, and then to decide whether or not to designate the whole or part of that service as an essential service;
- to determine disputes as to whether or not the whole or a part of any service is an essential service; and
- to determine whether or not the whole or a part of any services is a maintenance service.

During the year under review the Essential Services Committee comprised the following members for the term ending 31 July 2009 –

- Advocate Afzal Mosam - Chairperson
- Mr John Botha - Business Representative
- Mr John Mawbey - Labour Representative

The Work of the Committee

During the year under review the committee dealt with the following applications –

- **Department of Social Development:** the matter is still pending; it has been set down for 31 July 2009;
- **Sally Aucamp Place of Safety:** matter is still pending; the matter will be heard together with the Department of Social Development on 31 July 2009;
- **ACSA:** the final determination is pending;
- **Department of Home Affairs:** the final determination is pending;
- **Nuclear Power Stations:** the final determination is pending;
- **Department of Transport:** matter pending, the parties requested an indefinite postponement.

Minimum Service Agreements

The following Minimum Service Agreements, in terms of section 72 of the LRA for the South African Local Government Bargaining Council, were referred to the committee for ratification. These Minimum Service Agreements have not been ratified pending the submission of the new Framework Agreement by the South African South African Local Government Bargaining Council.

Province	Municipality
KwaZulu Natal	Uthungulu District Municipality
Northern Cape	Namakwa District Municipality



► AUDITOR – GENERAL REPORT

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION FOR THE YEAR ENDED 31 MARCH 2009

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Commission for Conciliation, Mediation and Arbitration (CCMA) which comprise the statement of financial position as at 31 March 2009, the statement of financial performance, the statement of changes in net assets, the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the accounting authority's report, as set out on pages 41 to 45.

The accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury as set out in accounting policy note 1.1 and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 58(1) of PFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.
7. In my opinion the financial statements present fairly, in all material respects, the financial position of the Commission for Conciliation, Mediation and Arbitration as at 31 March 2009 and its financial performance and its cash flows for the year then ended, in accordance with the basis of accounting determined by National Treasury, as set out in accounting policy note 1.1 and in the manner required by the PFMA.

Emphasis of matters

Without qualifying my opinion, I draw attention to the following matters:

Going concern

8. The CCMA incurred a net loss of R36.9million for the year ended 31 March 2009 and, as of that date the total liabilities exceeded its total assets by R38.4million. These conditions indicate existence of factors that may cast significant doubt on the entity's ability to continue as a going concern.

Significant uncertainty

9. As disclosed in note 23 to the financial statements, the CCMA was a defendant in a lawsuit. The entity was opposing the claim and the outcome of the case could not be determined. No provision was made for this in the financial statements. A contingent liability of R3.5million was disclosed in the notes to the financial statements.
10. As disclosed in note 23, the entity could be held liable by the South African Revenue Services (SARS) for taxation as per statutory tax rates applicable to individuals and possible interest and penalties thereon. The amount of the obligation could not be measured with sufficient reliability.

Unauthorised, irregular or fruitless and wasteful expenditure

11. As disclosed in note 26 to the financial statements, fruitless and wasteful expenditure amounting to approximately R11million was incurred as a result of not withholding income taxes from interpreter and commissioner fees, penalties on late payment of invoices and duplicate payments made for travel expenses.
12. As disclosed in Note 33, irregular expenditure amounting to approximately R 2.3million relating to contracts awarded to suppliers was incurred. The over expenditure on these contracts was not approved and did not adhere to the relevant procurement process.

Other matters

I draw attention to the following matters that relates to my responsibilities in the audit of the financial statements:

Governance framework

13. The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting authority and executive management and are reflected in the key governance responsibilities addressed below:

Key Governance Responsibilities

14. The PFMA tasks the accounting authority with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

AUDITOR – GENERAL REPORT

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.		✓
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.		✓
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.	✓	
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines (section 55 of the PFMA).	✓	
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.	✓	
Development and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	• The public entity had an audit committee in operation throughout the financial year.	✓	
	• The audit committee operates in accordance with approved, written terms of reference.	✓	
	• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 27.1.8.	✓	
7.	Internal audit		
	• The public entity had an internal audit function in operation throughout the financial year.	✓	
	• The internal audit function operates in terms of an approved internal audit plan.	✓	
	• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 27.2.	✓	
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.		✓
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.		✓
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	✓	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in Treasury Regulation 27.2.		✓
12.	Powers and duties assigned are in place, as set out in section 56 of the PFMA.		✓

Report on performance information

15. I have reviewed the performance information as set out on pages 12 to 36.

The accounting authority's responsibility for the performance information

16. The accounting authority has additional responsibilities as required by section 55(2)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the public entity.

The Auditor-General's responsibility

17. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008*.

18. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

19. I believe that the evidence I have obtained is sufficient and appropriate to report that no significant findings have been identified as a result of my review.

Appreciation

20. The assistance rendered by the staff of the CCMA during the audit is sincerely appreciated.

Auditor-General

Johannesburg

31 July 2009



AUDITOR - GENERAL

Auditing to build public confidence



COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA) FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

GENERAL INFORMATION

Legal form of entity	The CCMA was established in terms of section 112 of the Labour Relations Act, 66 of 1995.
Nature of business and principal activities	<p>The CCMA's compulsory statutory functions are to:</p> <ul style="list-style-type: none">• Conciliate workplace disputes;• Arbitrate certain categories of disputes that remain unresolved after conciliation;• Establish picketing rules;• Facilitate the establishment of workplace forums and statutory councils;• Compile and publish information and statistics about our activities;• Consider applications for accreditation and subsidy by bargaining councils and private agencies; and• Provide support for the Essential Services Committee.
Business address	JCI House 28 Harrison Street Marshalltown Johannesburg 2107
Postal address	Private Bag X 94 Marshalltown, 2107
Jurisdiction	CCMA is a national public entity under the Department of Labour
Accounting Authority	Governing Body

COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA) FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The Governing Body is required by the Public Finance Management Act (Act 1 of 1999) and Labour Relations Act (Act 66 of 1995), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the Governing Body to ensure that the financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The Auditor General is responsible for reporting on the fair presentation of the financial statements.

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent SA GAAP Statement as follows:

Standard of GRAP

GRAP 1: Presentation of financial statements

GRAP 2: Cash flow statements

GRAP 3: Accounting policies, changes in accounting estimates and errors

Replaced Statement of SA GAAP

AC 101: Presentation of financial statements

AC 118: Cash flow statements

AC 103: Accounting policies, changes in estimates and errors

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

The Governing Body acknowledge that it is ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Governing Body to meet these responsibilities, management sets systems of internal control aimed at reducing the risk of error or loss in a cost effective manner. The systems 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 entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Governing Body 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Governing Body has reviewed the entity's cash flow forecast for the year to 31 March 2010 and, in the light of this review and the current financial position. The Governing Body has approached the Department of Labour and National Treasury to help the CCMA back into solvency and provide additional resources.

The entity is wholly dependent on the Department of Labour operational grant for continued funding of operations. The financial statements are prepared on the basis that the entity is a going concern and that the Department of Labour has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

The Auditor General is responsible for independently reviewing and reporting on the entity's financial statements. The financial statements have been examined by the entity's external auditors and their report is presented on page 34 to 37.

The financial statements set out on pages 41 to 68, which have been prepared on the going concern basis, were approved by the Governing Body on 31 July 2009 and were signed on its behalf by:



Ms Tanya Cohen
Interim Chairperson of the Governing Body
31 July 2009



Ms Nerine Kahn
Director
31 July 2009



COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA) FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2009.

Audit committee responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 55 (1)(b) of the PFMA and Treasury Regulations 27.1.7 and 27.1.10(b) and (c).

A fully independent Audit Committee, comprising representatives of the three stakeholder groups and an independent member, also assists the work of the Governing Body.

The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA and the King II Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the financial statements both any qualification and/or the emphasis of matter, and the management report of the Auditor-General. However, there are still some weakness in terms of the ongoing management of certain prescribed policies and procedures that have been reported. Accordingly, this will be closely monitored in the coming financial year.

Evaluation of financial statements

The Audit Committee has:

- reviewed and discussed the audited financial statements to be included in the annual report, with the Auditor-General and the Accounting Authority;
- reviewed the Auditor-General's management report and management's responses thereto;
- reviewed changes in accounting policies and practices; and
- reviewed significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the Auditor-General's conclusions on the financial statements, and is of the opinion that the audited financial statements be accepted and read together with the report of the Auditor-General.



Mr Sello Hlalele
Chairperson of the Audit Committee
31 July 2009



COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA) FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

ACCOUNTING AUTHORITY'S REPORT

The Governing Body members submit their report for the year ended 31 March 2009.

1. Establishment

The Commission for Conciliation, Mediation and Arbitration (CCMA) was established in terms of section 112 of the Labour Relations Act, 66 of 1995 for the purpose of advancing economic development, social justice and labour peace in the workplace; fulfilling the primary objects of the LRA, which are to give effect to and regulate the fundamental rights conferred by section 27 of the Constitution of the Republic of South Africa.

The CCMA's compulsory statutory functions are to: conciliate workplace disputes; arbitrate certain categories of disputes that remain unresolved after conciliation; establish picketing rules; consider applications for accreditation and subsidy by bargaining councils and private agencies; and provide support for the essential services committee, and operates principally in South Africa.

2. Performance Information

The Treasury Regulations requires that an Accounting Authority of a public entity must prepare a strategy for the forthcoming MTEF period and submit for approval to the relevant Executive Authority. The CCMA has prepared a strategy which runs from April 2007 to March 2010, the strategy is named "Tsoso" meaning revive or reawaken in Sotho.

This strategy for the CCMA builds on the work done in the past 10 years since the establishment of the organisation. The Mission, Vision and Values of the CCMA have been reviewed, and since the organisation is developing into the next cycle of its evolution, these have been updated appropriately. An analysis of the past strategic achievements has been done in the context of the Constitutional mandate of the CCMA. The other point of context has been the organisational maturity curve. The past strategies have appropriately positioned the CCMA through the start-up phases of this organisation. The new phase of strategic delivery is now focused on ensuring appropriate collaboration with internal and external key stakeholders.

The Tsoso strategy is being implemented to provide strategic direction for the CCMA for the period April 2007 to March 2010. This strategy has just completed its second year at the reporting date of 31 March 2009. The key highlights, achievements and challenges of the implementation of the strategy during the 2008/2009 financial period are outlined in the Chairperson and Director's reports which form part of this annual report. Achievement of the strategy was assessed against the CCMA Scorecard. The Scorecard is comprised of the three strategic goals for the CCMA. The three goals are as follows:

- **Goal 1:** Promote social justice through the professional delivery of services, while ensuring compliance with legislation at all times.
- **Goal 2:** Ensure user friendly, quality services that are delivered with speed.
- **Goal 3:** Maintain operational effectiveness while ensuring services are cost effective.

This section provides a summary of progress against each of the goals of the CCMA. The agreed targets for 2010 have been included. In addition, the targets for 2008/2009 and 2009/2010 have been included, and progress against these targets has been reported. The overall status for each achievement has been summarised as Green (met target fully), Orange (partially met target, or did not meet target but significant progress was made in the year), Red (target not met, and significant focus will need to be applied in the next year of the Tsoso strategy if the 2010 target is to be met). The table showing the performance for the year under review is covered under the performance information section of this annual report.



COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA) FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

ACCOUNTING AUTHORITY'S REPORT

3. Review of Activities

Main Business and Operations

Dispute Resolution Operations Review

During the 2008/2009 financial year, a total of 140 366 disputes (cases) were referred to the CCMA, an average of 555 referrals every working day. The number of cases referred during the financial year under review represented a 6% increase over the 2007/2008 financial year.

Some 23% of the cases referred to the CCMA during the 2008/2009 financial year were deemed to be non-jurisdictional and screened out. Referral forms that were incomplete and cases that were referred to other organisations accounted for 34% and 23% respectively of the total cases screened out.

The number of cases deemed to be jurisdictional increased by 17% over the previous year. Another 13% of the total jurisdictional cases were dealt with at point of entry by pre-conciliation. This process aims to improve front desk services and the quick, cost effective resolution of uncomplicated disputes. Of these, 48% were settled at the time of referral, which constituted 6% of the total jurisdictional cases received.

Referrals by Region

The demand for CCMA services by region has remained consistent since the inception of the CCMA. This consistency has allowed for the accurate allocation of resources to each region to meet the demands each year. The Johannesburg region had the largest caseload at 29%, followed by KwaZulu Natal at 15%, Western Cape at 13% and Tshwane at 11%. The remaining regional offices each accounted for less than 10% of the national caseload.

The operating results for the year under review were disappointing for the following reasons. The financial position of the entity is not positive in that a deficit has been reported for the year to 31 March 2009.

Net deficit of the entity is R 36,950 thousand (2008: surplus was R 1,738 thousand).

Grant Income

The Government Grant allocated to the CCMA for the financial year under review has not increased from the base of 2007/2008 financial year; this has made it difficult to absorb the increase in costs incurred for the year under review. However it should be noted that the revenue reported includes an amount released from deferred revenue from the operational Government Grant of prior years. The other income is for services rendered in furthering the mandate of the CCMA of promoting social justice and stabilising workplace relations.

Case Disbursements

Case disbursements expenses have increased by 32,66% which translates to R25 million in monetary terms. The CCMA has experienced an increase in case load of about 17% cases in jurisdiction from a base of 90,982 to 106,776, the increase is attributable to the economic downturn the country is experiencing at the moment.

Despite the increased workload, the organisation was able to maintain and improve on its standards of the previous year. The performances of regions have exceeded expectations – in the previous year, there were six regions who had achieved less than 50% of the efficiencies, while in the 2008/09 year there is only one. Ten regions improved their performance while only three regions dropped. One of the primary objectives for 2009/2010 will be to ensure that no region is below the 60% efficiency threshold.



COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA) FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

ACCOUNTING AUTHORITY'S REPORT

Employee Costs

Employee costs have increased by 13% year on year, this is attributable to the following reasons: Permanent staff numbers increased by 10.48% from 420 employees to 464. The implementation of a comp ratio as a result of the revision of the remuneration policy with average employee increases at 32% to address the salary increase issues dating back three years.

The implementation of a collective agreement signed with the CSA with an across the board increase of 9.2% which was effective 1 April 2008 and a performance based increase with an average of additional 3% to each employee effective 1 June 2008.

Other Operating Expenses

Administrative expenses have increased by 39.06% which translates to R18 million in monetary terms. The increase is attributable to increase in travelling; increase in lease costs to the buildings and also other general admin expenses as disclosed in the Annual Financial Statements. Rentals for the office buildings have increased by R6.179 million as a result of yearly escalations built in into the lease agreements. Another contributing factor is the increase in additional space in the offices of Johannesburg, Tshwane, Head Office, Durban and Cape Town to cater for the increase in case load. The rentals contributed 13.48% of the overall increase in administrative expenses.

Dispute Management and Prevention Department

Most of the DM&P Department's objectives were addressed through seven lead projects. In all instances except labour law seminars and breakfast sessions, where the target was missed by one event, the set targets were exceeded. During the year under review the DM&P Department initiated Rural Outreach and Retail Sector national campaigns. Regional projects were also initiated for the construction, agriculture, private security, hospitality and mining sectors. A "voluntary compliance"

project was also initiated to address dispute resolution issues, such as non-attendance at CCMA set downs. Social partners were engaged at national and regional levels through a range of user forums as well as sector and regional summits. The CCMA also successfully hosted an International Dispute Resolution Agencies Conference.

Education, Training and Development Department

During the year under review the ETD Department developed and implemented the CCMA Workplace Skills Plan for the 2008/2009 financial year. About 35 training programmes were delivered and 511 staff members and independent contractors trained. The training included skills programmes, continuing professional development and initiatives in response to change management owing to organisational restructuring and business process review undertaken. Several target specific interventions to enhance skills levels were also delivered. Progress was made in the Services Sector Education and Training Authority (SSETA) Labour Relations Practice (LRP) field regarding the delivering of certified Dispute Resolution qualifications for Commissioners and Bargaining Council Panelists.

Institution Building Department

During the period under review the IB Department contributed to the enhancement of the quality of awards and the drafting of performance driven accreditation criteria for Bargaining and Statutory Councils. The IB Department accredited seventeen large Bargaining Councils. Applications for accreditations were also received from one large Statutory Council, twenty-one small and medium Bargaining Councils and one small and medium Statutory Council. This marked significant increase compared to the previous years. Emphasis was also placed on continuous improvement of the IB Department's service delivery. This included systems being put in place to expedite the certification of awards and the processing of subsidy applications, with turn around periods being considerably reduced.



COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA) FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

ACCOUNTING AUTHORITY'S REPORT

4. Going Concern

We draw attention to the fact that at 31 March 2009, the entity had accumulated deficits of R38,493 thousand and that the entity's total liabilities exceed its assets by R38,493 thousand.

The 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 ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the CCMA is a creature of the Labour Relations Act, 66 of 1995 for the purpose of advancing economic development, social justice and labour peace in the workplace; fulfilling the primary objects of the LRA, which are to give effect to and regulate the fundamental rights conferred by section 27 of the Constitution of the Republic of South Africa. It is critical to the Executive Authority, Minister of Labour, to continue to procure funding for the ongoing operations of the CCMA and to restore the solvency of the CCMA as provided for by section 122(1)(a) and 122(3) of the LRA.

5. Subsequent Events

The members are not aware of any matter or circumstance arising since the end of the financial year.

6. Accounting Policies

The financial statements prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

7. Non-current Assets

There were no major changes in the nature of the non-current assets of the CCMA during the year under review. The policies applied are consistent to previous years. Capital expenditure for the year amounted to R13,323 thousand (2007: R5,734 thousand). Full details of the non-current assets are contained in a schedule in note 11 and 12.

8. Corporate Governance

General

The accounting authority is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting authority supports the highest standards of corporate governance and the ongoing development of best practice.

The entity confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The accounting authority discuss the responsibilities of management in this respect, at Board meetings and monitor the entity's compliance with the code on a three monthly basis.

Remuneration

The upper limits of the remuneration of the Director who is the only executive director of the CCMA, are determined by the Human Resources Sub-Committee in consultation with the Governing Body.



COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA) FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

ACCOUNTING AUTHORITY'S REPORT

Audit Committee

For the first four months of the year under review the chairperson of the audit committee was Mr Kevin Cowley (non-executive director) and for the remaining eight months it was Mr Sello Hlalele, who is an independent audit committee member. The committee met three times during the financial to review matters necessary to fulfill its role. Ms Mary Malete and Ms Mary Vilakazi also joined the committee during the current financial year, representing organised labour and business respectively.

9. Auditors

Auditor-General of South Africa will continue in office for the next financial period. The financial statements set out on pages 46 to 68, which have been prepared on the going concern basis, were approved by the accounting authority on 31 July 2009 and were signed on its behalf by:

Ms Tanya Cohen
Interim Chairperson of the Governing Body
31 July 2009

Ms Nerine Kahn
Director
31 July 2009

COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

STATEMENT OF FINANCIAL POSITION

	Note(s)	2009 R '000	2008 R '000
Assets			
Non-Current Assets			
Property, plant and equipment	11	17,815	15,061
Intangible assets	12	6,372	2,774
		<u>24,187</u>	<u>17,835</u>
Current Assets			
Inventories	13	1,283	599
Trade and other receivables	14	2,888	213
Prepayments	15	479	196
Cash and cash equivalents	16	9,768	64,689
		<u>14,418</u>	<u>65,697</u>
Total Assets		<u>38,605</u>	<u>83,532</u>
Liabilities			
Non-Current Liabilities			
Operating lease liability	19	6,690	6,040
Deferred income / Unspent conditional grants and receipts	20	8,000	21,469
		<u>14,690</u>	<u>27,509</u>
Current Liabilities			
Trade and other payables	17	35,418	28,764
Deferred income / Unspent conditional grants and receipts	20	1,428	5,051
Provisions	18	21,980	23,751
Credit Bank Balance	16	3,582	-
		<u>62,408</u>	<u>57,566</u>
Total Liabilities		<u>77,098</u>	<u>85,075</u>
Net Liabilities		<u>(38,493)</u>	<u>(1,543)</u>
Net Liabilities			
Accumulated deficit		<u>(38,493)</u>	<u>(1,543)</u>



COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA) **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009**

STATEMENT OF FINANCIAL PERFORMANCE

	Note(s)	2009 R '000	2008 R '000
Revenue			
Rendering of services	2	4,661	627
Government grants	2	278,746	259,312
Other income	3	88	509
Total Revenue		283,495	260,448
Expenditure			
Employee related costs	6	(129,600)	(114,878)
Administration	5	(64,370)	(46,291)
Depreciation and amortisation	9	(6,893)	(6,825)
Subsidies	7	(4,660)	(2,711)
Operating expenses	8	(122,136)	(97,493)
Total Expenditure		(327,659)	(268,198)
Surplus or deficit on sale of assets and liabilities		(38)	391
Income from investments	10	7,252	9,097
(Deficit) surplus for the year		(36,950)	1,738



COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA) FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

STATEMENT OF CHANGES IN NET ASSETS

	Accumulated surplus/(deficit) R '000
Balance as at 31 March 2007 as previously stated	7,780
Prior year adjustments (as per note 30)	(11,061)
Restated balance as at 31 March 2007	(3,281)
Surplus for the year	1,738
Restated balance as at 31 March 2008	(1,543)
Deficit for the year	(36,950)
Balance at 31 March 2009	(38,493)



COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA) FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

CASH FLOW STATEMENT

	Note(s)	2009 R '000	2008 R '000
Cash flows from operating activities			
Cash receipts from customers		271,018	280,450
Grants		261,780	270,305
Interest received		7,252	9,097
Services & other receipts		1,986	1,048
Cash paid to suppliers and employees		316,160	268,747
Employee costs		134,833	119,160
Suppliers		176,667	146,877
Subsidies		4,660	2,710
Cash (used in) generated from operations	22	<u>(45,142)</u>	<u>11,714</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(6,998)	(3,911)
Sale of property, plant and equipment	11	(38)	391
Purchase of other intangible assets	12	(6,325)	(1,823)
Net cash from investing activities		<u>(13,361)</u>	<u>(5,343)</u>
Total cash movement for the year		(58,503)	6,371
Cash at the beginning of the year		64,689	58,318
Cash and cash equivalents at end of year	16	<u>6,186</u>	<u>64,689</u>

COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA) FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

ACCOUNTING POLICIES

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board, with the effective Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement as follows:

Standard of GRAP

GRAP 1: Presentation of financial statements
GRAP 2: Cash flow statements
GRAP 3: Accounting policies, changes in accounting estimates and errors

Replaced Statement of SA GAAP

AC 101: Presentation of financial statements
AC 118: Cash flow statements
AC 103: Accounting policies, changes in estimates and errors

Currently the recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP 1, 2 & 3 has resulted in the following changes in the presentation of the financial statements:

Terminology differences:

Standard of GRAP

Statement of financial performance
Statement of financial position
Statement of changes in net assets
Net assets
Surplus/deficit
Accumulated surplus/deficit
Contributions from owners
Distributions to owners

Replaced Statement of SA GAAP

Income statement
Balance sheet
Statement of changes in equity
Equity
Profit/loss
Retained earnings
Share capital
Dividends

The cash flow statement can only be prepared in accordance with the direct method.

Specific information has been presented separately on the statement of financial position such as:

- Receivables from non-exchange transactions, including taxes and transfers;
- Taxes and transfers payable;
- Trade and other payables from non-exchange transactions;

Amount and nature of any restrictions on cash balances is required

Paragraph 11 – 15 of GRAP 1 has not been implemented due the fact that the local and international budget reporting standard is not effective for this financial year. Although the inclusion of budget information would enhance the usefulness of the financial statements, non-disclosure will not affect the objective of the financial statements.

The financial statements have been prepared on the historical cost basis except for financial instruments at fair value or amortised cost. These accounting policies are consistent with the previous period.



COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA) FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

ACCOUNTING POLICIES

1.1 Types of revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discount.

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

Interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate

1.2 Expenditure

Expenditure is recognised on the accrual basis.

1.3 Employee benefits

Defined contribution plans

The Commission for Conciliation, Mediation and Arbitration operates a defined contribution plan, the assets of which are held in separate trustee administered funds.

Payments to defined contribution retirement plans are charged to the statement of financial performance in the year to which they relate.

1.4 Tax

Current tax assets and liabilities

No provision for income tax has been made as the Commission for Conciliation, Mediation and Arbitration is exempt in terms of section 10(1)(cA)(b) (ii) of the Income Tax Act, 1962.

1.5 Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The gross carrying amount of fixtures and equipment is initially measured using the historical cost basis of accounting. Subsequent expenditure relating to an item of fixtures and equipment is capitalised to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the item concerned will flow to the entity. All other subsequent expenditures are recognised as expenses in the year in which they are incurred.

Depreciation is charged so as to write off the cost or valuation of assets to its residual value over their estimated useful lives, using the straight-line method. The method and rates used are determined by conditions in the relevant industry.

Residual values and estimated useful lives are assessed on an annual basis. The effect of changes in estimates is accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of fixtures and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the surplus or deficit.

In the process of applying the entity's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.



COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA) FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

ACCOUNTING POLICIES

1.5 Property, plant and equipment (continued)

Fixtures and equipment

Residual values and estimated useful lives are assessed on an annual basis. The residual values of all assets are estimated to be

Item	Average useful life
Furniture and fixtures	5 to 15 years
Motor vehicles	5 years
Office equipment	2 to 5 years
IT equipment	3 to 5 years

Leasehold improvements

Leasehold improvements are amortised over the shorter of the assets' useful lives and/or the lease term.

1.6 Intangible assets

Intangible assets are stated at cost and are amortised using a straight line method over their useful life. The carrying amount of each intangible asset is reviewed annually and adjusted for impairment where it is considered necessary.

Item	Useful life
Computer software	3 to 10 years

1.7 Impairment of assets

At each balance sheet date, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The impairment loss is recognised in surplus or deficit.

1.8 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.

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. This liability is not discounted.

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

The Commission for Conciliation, Mediation and Arbitration only has operating leases. Rental payable under operating leases are charged to surplus or deficit on a straight-line basis over the term of the relevant lease.

All operating lease contracts entered into by the Commission for Conciliation, Mediation and Arbitration contain market review clauses in the event that the Commission exercises its option to renew. The Commission does not have an option to purchase the leased property at the expiry of the lease period.

1.9 Inventories

Inventories consisting of consumables are stated at the lower of cost and net realisable value.

Inventories are valued on the First In First Out basis.



COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA) FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

ACCOUNTING POLICIES

1.10 Financial instruments

Classification

The entity classifies financial assets and financial liabilities into the following categories:

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Initial recognition and measurement

Financial assets and liabilities are recognised on the entity's statement of financial position when the entity becomes a party to the contractual provisions for the instrument.

Financial instruments are initially measured at fair value, which include transaction costs, except for those financial assets or liabilities classified as fair value through surplus or deficit, which are initially measured at fair value.

Subsequent measurement

Financial instruments are initially measured at fair value, which include transaction costs, except for those financial assets or liabilities classified as fair value through surplus or deficit, which are initially measured at fair value.

Trade and other receivables

Trade receivables are measured at initial recognition 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 or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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 operating expenses. When a trade receivable is unrecoverable, it is written off against the bad debts expense or when specifically provided for it is against the provision for doubtful debts. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.



COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA) FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

ACCOUNTING POLICIES

1.11 Provisions and contingencies

Provisions are recognised when the Commission for Conciliation, Mediation and Arbitration has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably.

The amount recognised as a provision is the best estimate by management of the consideration required to settle the present obligation at balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

1.12 Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

Government grants are recognised when it is probable that future economic benefits will flow to the Commission for Conciliation, Mediation and Arbitration and the benefits can be measured reliably. The grant is recognised to the extent that there are no further obligations arising from receipt of the grant.

Government grants whose primary condition is to acquire non - current assets are recognised as deferred revenue on the statement of financial position and transferred to the surplus or deficit on a systematic and rational basis over the useful lives of the related assets.

1.13 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.14 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the 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 financial statements. Significant judgements include:

Trade and other receivables

The entity assesses its trade receivables, held to maturity investments and loans and receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of financial performance, 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 provision for bad debt was calculated on 100 % of debtors over 90 days.

Provisions and accruals

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

Performance bonuses

Performance bonus are paid to employees who have rating of 3 and above. The rating starts from 1 to 5, where 1 is poor and 5 is excellent.

Leave pay

The provision has been determined based on total leave days outstanding. Only 30 days can be encashed, but the total leave days can be taken by employees.



COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA) FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

ACCOUNTING POLICIES

1.14 Significant judgements and sources of estimation uncertainty (continued)

Litigation costs

This is based on the estimated costs by attorneys on the probable costs which could be paid on completion of cases against CCMA.

Cases in process

Estimate is based on the average cost of completing cases for the CCMA, based on the expected mix of cases, the average time spent per case and the incremental costs to be incurred for finalisation of these cases.

1.15 Accounting pronouncements at 31 March 2009

At the date of authorisation of these financials statements, the following standards and interpretations were in issue but not yet effective:

GRAP 4 The Effects of changes in Foreign Exchange Rates
GRAP 5 Borrowing Costs
GRAP 6 Consolidated and Separate Financial Statements
GRAP 7 Investments in Associate
GRAP 8 Interest in Joint Ventures
GRAP 9 Revenue from Exchange Transactions
GRAP 10 Financial Reporting in Hyperinflationary Economies
GRAP 11 Construction Contracts
GRAP 12 Inventories
GRAP 13 Leases
GRAP 14 Events after reporting date
GRAP 16 Investment Property
GRAP 17 Property Plant and Equipment
GRAP 18 Segment Reporting
GRAP 19 Provisions, Contingent Liabilities and Contingent Assets
GRAP 24 Presentation of Budget Information in Financial Statements
GRAP100 Non- current Assets held for Sale and Discontinued Operations
GRAP101 Agriculture
GRAP102 Intangible Assets

SA GAAP:

IAS 1 (revised) Presentation of Financial Statements
IAS 23 (revised) Borrowing costs
IAS 32 (amendments) Financial Instruments: Presentation
IFRS 2 (amendments) Share-based payment
IFRS 3 (revised) Business combinations
IAS 27 (revised) Consolidated and Separate Financial Statements
IFRS 8 (AC 145) Operating Segments
IFRIC 12 (AC 445) Service Concession Arrangements
IFRIC 13 Customer Loyalty Programmes
IFRIC 14 The Limit on a Defined Benefit Asset, minimum funding requirements and their interaction

COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA) **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009**

NOTES TO THE FINANCIAL STATEMENTS

	2009 R '000	2008 R '000
2. Revenue		
Rendering of services	4,661	627
Government grants	278,746	259,312
	<u>283,407</u>	<u>259,939</u>
3. Other income		
Seminars and other sundry income	<u>88</u>	<u>509</u>
4. Gains on sale of fixtures and equipment		
Insurance recoveries	39	320
(Loss) Gain on Sale of Assets	(77)	71
Total	<u>(38)</u>	<u>391</u>
5. Administrative expenditure		
General and Admin Expenses	24,462	18,799
Governing Body	432	389
Auditors remuneration	1,313	183
Travel and subsistence	10,087	4,400
Rentals in respect of operating Leases		
- Buildings	22,519	19,395
- Fixtures and equipment	5,028	2,756
- Vehicles	529	369
	<u>64,370</u>	<u>46,291</u>
6. Staff costs		
Basic salaries	108,069	85,676
Performance awards	(5,812)	5,480
Temporary staff	1,474	2,213
Leave pay provision charge	1,662	1,965
Post-employment benefits - Pension - Defined contribution plan	17,035	13,476
Medical aid - company contributions	3,921	3,322
UIF	634	596
WCA	557	464
SDL	1,996	1,168
Other salary related costs	64	518
	<u>129,600</u>	<u>114,878</u>
7. Subsidies		
CCMA Accredited Bargaining Councils - subsidy payments	<u>4,660</u>	<u>2,711</u>

COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

NOTES TO THE FINANCIAL STATEMENTS

	2009 R '000	2008 R '000
8. Other operating costs		
Loss on sales on non current assets	-	674
Bad debts	(221)	(165)
Training	7,442	9,210
Consulting costs	6,558	4,266
Case disbursements other expenses	7,985	5,869
Case disbursements part time fees	95,000	71,759
Entertainment	30	19
Legal Expenses	792	2,133
Maintenance, repairs and running costs	4,550	3,728
	122,136	97,493

9. Depreciation and Amortisation

Leasehold improvements	1,604	1,041
Motor vehicles	-	6
Furniture and fittings	917	799
Office equipment	885	520
IT equipment	760	3,723
Computer software	2,727	736
	6,893	6,825

10. Investment revenue

Total interest income, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R7,252 (PY: R9,097). see table below.

Interest income

- Bank deposits	7,252	9,097
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11. Property, plant and equipment

	2009			2008		
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Furniture and fittings	12,373	(5,597)	6,776	10,784	(4,696)	6,088
Office equipment	3,286	(1,793)	1,493	1,431	(912)	519
IT equipment	20,153	(15,570)	4,583	18,619	(14,873)	3,746
Leasehold improvements	8,397	(3,434)	4,963	6,538	(1,830)	4,708
Total	44,209	(26,394)	17,815	37,372	(22,311)	15,061

Reconciliation of property, plant and equipment - 2009

	Opening Balance	Additions	Disposals	Depreciation	Total
Furniture and fittings	6,088	1,637	(32)	(917)	6,776
Motor vehicles	-	-	-	-	-
Office equipment	519	1,870	(11)	(885)	1,493
IT equipment	3,746	1,632	(36)	(759)	4,583
Leasehold improvements	4,708	1,859	-	(1,604)	4,963
	15,061	6,998	(79)	(4,165)	17,815

COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA) FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

NOTES TO THE FINANCIAL STATEMENTS

	2009 R '000	2008 R '000
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11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2008

	Opening Balance	Additions	Disposals	Depreciation	Total
Furniture and fittings	5,635	1,252	-	(799)	6,088
Motor vehicles	27	-	(21)	(6)	-
Office equipment	729	308	-	(518)	519
IT equipment	6,922	548	-	(3,724)	3,746
Leasehold improvements	3,947	1,803	-	(1,042)	4,708
	17,260	3,911	(21)	(6,089)	15,061

A register containing the information required by the Public Finance Management Act is available for inspection at the registered office of the CCMA.

12. Intangible assets

	2009			2008		
	Cost/ Valuation	Accumulated amortisation	Carrying value	Cost/ Valuation	Accumulated amortisation	Carrying value
Computer software	9,883	(3,511)	6,372	3,558	(784)	2,774

Reconciliation of intangible assets - 2009

	Opening Balance	Additions	Amortisation	Total
Computer software	2,774	6,325	(2,727)	6,372

Reconciliation of intangible assets - 2008

	Opening Balance	Additions	Amortisation	Total
Computer software	1,687	1,823	(736)	2,774

13. Inventories

Consumable stores	1,283	599
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14. Trade and other receivables

Trade debtors	2,763	-
Less: Provision for doubtful debts	(74)	(296)
Other receivable	161	457
Employee study loans	38	52
	2,888	213

COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA) FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

NOTES TO THE FINANCIAL STATEMENTS

	2009 R '000	2008 R '000
15. Prepayments		
Prepayments	268	139
Advances	46	46
Staff advances	165	11
	<u>479</u>	<u>196</u>

16. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	22	22
Bank balances	8,566	63,634
Pledged funds*	1,180	1,033
Credit Bank Balance	(3,582)	-
	<u>6,186</u>	<u>64,689</u>
Current assets	9,768	64,689
Current liabilities	(3,582)	-
	<u>6,186</u>	<u>64,689</u>

As required in section 7(2) and 7(3) of the Public Finance Management Act, the National Treasury has approved the local banks where the bank accounts are held.

1,173 494

The total direct or contingent liabilities of the entity in respect of guarantees that may be entered into is R1,173 million, this guarantees are in lieu of deposits on leased buildings by the CCMA. However, the entity did enter into a once of guarantee on the back of pledging liquid assets for the enhancement of the Case Management System, the guarantee at the date of this report was cancelled as all conditions were met.

The entity has a ABF facility of R 1,700,000 with Nedbank.

17. Trade and other payables

Trade payables	6,134	6,540
Accruals: general expenses, bargaining councils and case disbursements	14,973	9,192
Learnership and project funds	84	84
Payroll creditors	10,859	11,317
Skills development levy	995	673
Workmen compensation	652	464
Short term portion of operating lease accrual	1,721	494
	<u>35,418</u>	<u>28,764</u>

COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA) FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

NOTES TO THE FINANCIAL STATEMENTS

	2009 R '000	2008 R '000			
18. Provisions					
Reconciliation of provisions - 2009					
	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Leave pay	6,311	7,403	(6,311)	-	7,403
Bonus	6,835	-	-	(6,835)	-
Litigation claims	1,538	-	(1,538)	-	-
Cases in process	9,067	14,577	(9,067)	-	14,577
	23,751	21,980	(16,916)	(6,835)	21,980
Reconciliation of provisions - 2008					
	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Leave pay	4,802	1,965	(456)	-	6,311
Bonus	11,810	6,835	(9,319)	(2,491)	6,835
Litigation claims	600	938	-	-	1,538
Cases in process	6,858	9,067	(6,858)	-	9,067
	24,070	18,805	(16,633)	(2,491)	23,751
19. Operating lease asset (accrual)					
Long Term Lease Obligation		6,690			6,040
Short Term Portion of operating lease		1,721			494
Total operating lease		8,411			6,534
20. Deferred income / Unspent conditional grants and receipts					
Deferred income comprises: Conditional grants and receipts					
CMS enhancement grant		3,782			5,000
Energy grant		5,646			5,646
Operation grant (unconditional deferred prior yrs)		-			15,874
		9,428			26,520
Movement during the year					
Balance at the beginning of the year		26,596			6,748
Additions during the year		-			26,596
Income recognition during the year		(17,168)			(6,824)
		9,428			26,520
Non-current liabilities		8,000			21,469
Current liabilities		1,428			5,051
		9,428			26,520
Non current assets - Grant		8,000			21,469

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NOTES TO THE FINANCIAL STATEMENTS

	2009 R '000	2008 R '000
21. Retirement benefits		
Defined contribution plan		
The entity has made provision for provident schemes covering all employees substantially. The funds are governed by the Pension Funds Act, 1956 (Act No. 24 Of 1956).		
The Commission for Conciliation, Mediation and Arbitration operates a defined contribution retirement benefit plan for all qualifying employees. The assets of the scheme are held in funds under the control of trustees, separately from those of the entity. The administrator of the fund is Sanlam.		
As at 31 March 2009 contributions of R17,035,952 (2008: R13,479,264) due in respect of the reporting period had been paid over the scheme.		
22. Cash (used in) generated from operations		
(Deficit) surplus before taxation	(36,950)	1,738
Adjustments for:		
Depreciation and amortisation	6,893	6,825
Deficit (surplus) on sale of assets	38	(391)
Interest Received	(7,252)	(9,097)
Movements in operating lease assets and accruals	650	2,974
Movements in provisions	(1,771)	(319)
Loss on sale of fixtures and equipment	-	21
Changes in working capital:		
Inventories	(684)	98
Trade and other receivables	(2,675)	(88)
Prepayments	(283)	1,005
Trade and other payables	6,652	(11,159)
Deferred income / Unspent conditional grants and receipts	(17,012)	11,010
Interest Received	7,252	9,097
	(45,142)	11,714

23. Contingencies

Legal matters

The entity is involved in legal cases instituted against the CCMA. Where the probability of losing the case is high, adequate provision has been made in the financial statements based on advice from legal counsel. A number of legal cases are currently outstanding for which legal counsel has advised a 50 -50 possibility of losing. The aggregate possible exposure is estimated to be R3.54 million (2008: R3.50 million).

South African Revenue Service

The entity has entered into a settlement agreement with SARS for the tax liability of the tax years of 2004, 2005 and 2006 years the settlement relates to the tax liability for the non compliance with Income Tax due to non deduction of PAYE on the earnings of Part Time Commissioners. The organisation has complied for the tax years of 2008 and 2009 in that IT3a and IRP5 certificates were issued. For the remaining tax year of 2007, the organisation is currently issuing the IT3a for submission to SARS by the 15 August 2009 and after that submission the organisation will be fully compliant. As a result on the late submission there might be some liabilities however they cannot be quantified as yet.

COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA) FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

NOTES TO THE FINANCIAL STATEMENTS

	2009 R '000	2008 R '000
24. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	921	-
• Intangible assets	-	1,800
Total future capital commitments	921	1,800
The capital expenditure is to be financed by grants from the Department of Labour and National Treasury.		
The commitments represents orders and contracts approved and placed before year end but invoiced and delivered in the new year.		
Operating leases – as lessee (expense)		
Minimum lease payments due		
- within one year	20,088	17,645
- in second to fifth year inclusive	61,550	64,722
- later than five years	17,453	23,165
	99,091	105,532

Operating lease payments represent rentals payable by the CCMA for certain of its office properties. Leases are negotiated for an average term of five years and rentals are smoothed over the term of the lease term.

COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

NOTES TO THE FINANCIAL STATEMENTS

	2009 R '000	2008 R '000
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25. Members' emoluments

The CCMA does not pay a salary to non executive board members, however expenses incurred are compensated as an allowance.

Executive management

2009	Salary	Pension paid or receivable	Expense allowance	Performance bonus	Total
Director - N. Kahn	790	134	127	-	1,051
Other executive managers	3,935	669	460	-	5,064
	4,725	803	587	-	6,115

2008	Salary	Pension paid or receivable	Expense allowance	Performance bonus	Total
Director - N. Kahn	735	110	133	-	978
Other executive managers	3,351	260	490	441	4,542
	4,086	370	623	441	5,520

Non-executive

2009	Emoluments	Pension paid or receivable	Expense allowance	Performance bonus	Total
- Business representatives on Governing Body	-	-	42	-	42
- Labour representatives on Governing Body	-	-	56	-	56
	-	-	98	-	98

2008	Emoluments	Pension paid or receivable	Expense allowance	Performance bonus	Total
- Business representatives on Governing Body	-	-	54	-	54
- Labour representatives on Governing Body	-	-	24	-	24
	-	-	78	-	78

COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA) FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

NOTES TO THE FINANCIAL STATEMENTS

	2009 R '000	2008 R '000
26. Fruitless and wasteful expenditure		
Regional Services Council (RSC) Levies	4	-
Interest on late accounts	1	-
Travelling expense	3	-
Tax liability paid to SARS	11,045	-
	11,053	-

The CCMA office of Natal made an oversight on the last payment of the RSC levies for June 2006, the Ethekwini Metro issued summons on the CCMA.

During the process of centralising payments Nationally and moving away from manual cheque payments regionally, the accounts of Telkom in Port Elizabeth and Klerksdorp, PEC metering fell behind as a result interest on the accounts was levied.

The organisation has detected a fraudulent activity where an employee was duplicating and splitting claims for travelling, the employee was duly disciplined and relieved of duties. The criminal charges have been laid.

The entity was assessed by SARS for the financial years 2004 to 2006 in respect of part time commissioner taxes that were not withheld during those years. There was uncertainty over the tax treatment applied by the CCMA for payments to part time commissioners and Interpreters. A settlement agreement was reached with SARS on 31 March 2009 and payment was made excluding interest and penalty. The CCMA has applied for indemnity on the application of sections 38(1)(g) and 76(2)(e) of the PFMA from National Treasury and Department of Labour, on the date of reporting on this financials no response was received as yet.

27. Financial instruments

Fair values

The carrying amounts of the following instruments, net of provision for losses, approximate their fair value:

- Bank balances and cash - deposits and facilities without specified maturity dates bearing interest at market related rates.
- Accounts payable - subject to normal trade credit terms and relatively short term payment cycle. Due to the short term nature of the organisation's trade and other payables, amortised cost approximates fair value.
- Accounts receivable - subject to normal trade credit terms and provisions are made for long outstanding debts. Due to the short term nature of the organisation's trade and other receivables, amortised cost approximates fair value.

Credit risk

The entity's cash and cash equivalents are placed with high quality financial institutions.

The entity does not have any significant exposure to any individual customer.

The carrying amounts of financial assets, included in the statement of financial position represent the entity's exposure to credit risk in relation to these assets.

Liquidity risk

Liquidity risk is considered to be minimal. Regular cash flow forecasts are prepared to ensure that sufficient cash is available.

Other risks

Due to the nature and extent of the organisation's financial instruments, it is not unduly exposed to price risks, interest rate risk and foreign currency risks.

COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

NOTES TO THE FINANCIAL STATEMENTS

	2009 R '000	2008 R '000
28. Government grants and subsidies		
Government grants and subsidies	278,746	259,312
29. Auditors' remuneration		
Fees	1,313	183

30. Change in Accounting policies, Reclassification and Restatements

Statement of Financial Position

	Note	2008 Balance as Previously Stated	Restatement	2008 Restated
Property, plant and equipment	11	15,061	-	15,061
Intangible assets		2,774	-	2,774
Total non-current assets		17,835	-	17,835
Trade and other receivables		213	-	213
Inventories		599	-	599
Other receivables		196	-	196
Cash and cash equivalents		64,689	-	64,689
Total current assets		65,697	-	65,697
Provisions		23,751	-	23,751
Trade and other payables		22,754	11,061	33,815
Operating lease liabilities		6,040	-	6,040
Deferred revenue		21,469	-	21,469
Total liabilities		74,014	11,061	85,075
Total assets less total liabilities		9,518	(11,061)	(1,543)
Retained earnings		9,518	(11,061)	(1,543)

COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA) FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

NOTES TO THE FINANCIAL STATEMENTS

		2009 R '000	2008 R '000
Statement of Financial Performance			
	Note	2008 Balance as Previously Stated	Restatement 2008 Restated
Revenue		260,263	- 260,263
Other Income		509	- 509
Gross surplus		260,772	- 260,772
Administrative expenses		(46,278)	- (46,278)
Staff costs		(114,878)	- (114,878)
Subsidies		(2,711)	- (2,711)
Other operating expenses		(97,830)	- (97,830)
Depreciation		6,825	- (6,825)
Investment revenue		9,097	- 9,097
Surplus or deficit on sale of non current assets		391	- 391
Net surplus		1,738	- 1,738

Revenue and Expenditure

The organisation restated its statement of financial performance for the 2008 financial year due to a prior year incorrect missappropriation between revenue and revenue received in advances. The error was corrected by adjusting revenue with R269 thousand and the accumulated surplus with the corresponding amount of R269 thousand.

The deferred income for Case Management Enhancement for the 2008 financial year were not done in error, the error has been corrected with a restatement to revenue to the value R56 thousand.

There was uncertainty over the tax treatment applied by the CCMA for payments to part time commissioners and interpreters. The matter was a result of the wrong interpretation of the law over independent contractors. The matter was resolved with SARS in that a settlement was reached in that SARS issued an assessment certificate to the CCMA for non compliance to the value of R11,045 million. The error was corrected by adjusting accumulated surplus (employee costs) and trade and other payables with the corresponding amount of R11,045 million. As part of the settlement payment to the value of R6 million was made with the balance to be made before the 30 April 2009.

During the cut off of 2008 financial year certain expenditure was accounted for in 2009, the expenditure relates to the following training R60 thousand, software R277 thousand, accomodation R2 thousand and travel R1 thousand. The prior year statement of financial performance was restated.



COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA) FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

NOTES TO THE FINANCIAL STATEMENTS

	2009 R '000	2008 R '000
31. Related parties		
Trading transactions		
Service income		
Department of Labour	-	3
Eskom	1	3
South African Post office Ltd	2	1
South African Broadcasting Corporation	-	12
Purchases from related parties		
South African Broadcasting Corporation	6	200
South African Post office Ltd	9	2
Telkom SA Ltd	4,637	2,631
Government Printing	18	18
Owing by CCMA		
South African Broadcasting Corporation	-	1
South African Post office Ltd	3	-
Telkom SA Ltd	348	256
Government Printing Works	3	-

Training services to the related parties were provided at the CCMA's usual approved training list prices. The purchases were made at market prices .

32. Going concern

We draw attention to the fact that at 31 March 2009, the entity had accumulated deficits of R38,493 thousand and that the entity's total liabilities exceed its assets by R38,493 thousand.

The 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 ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the CCMA is a creature of the Labour Relations Act, 66 of 1995 for the purpose of advancing economic development, social justice and labour peace in the workplace; fulfilling the primary objects of the LRA, which are to give effect to and regulate the fundamental rights conferred by section 27 of the Constitution of the Republic of South Africa. It is critical to the Executive Authority, Minister of Labour, to continue to procure funding for the ongoing operations of the CCMA and to restore the solvency of the CCMA as provided for by section 122(1)(a) and 122(3) of the LRA.

COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA) FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

NOTES TO THE FINANCIAL STATEMENTS

		2009 R '000	2008 R '000
33. Irregular expenditure			
	Details of Irregular Expenditure to be condoned		
	Management has at the date of this report not yet received approval to condone the following expenditure.		
1. PABX rental from Sasfin.	The expenditure is as a result of the rental contract ending 31 May 2005. Approval is outstanding for the period 1 June 2005 to 30 June 2009.	953	-
2. Accounting and Payroll system implementation.	The implementation of the system had a cost overrun as a result of additional software licenses and implementation. Implementation was hampered by low competence of CCMA staff.	816	-
3. Human Resources VIP system purchase and implementation.	The change of the payroll system has necessitated a change in the HR system. Approval is outstanding on the purchase and implementation of the system.	261	-
4. Renovations to the Head Office 10th floor.	Renovations were undertaken on the 10th floor of the CCMA Head Office. Approval is outstanding on the project amount.	795	-
		<u>2,325</u>	<u>-</u>

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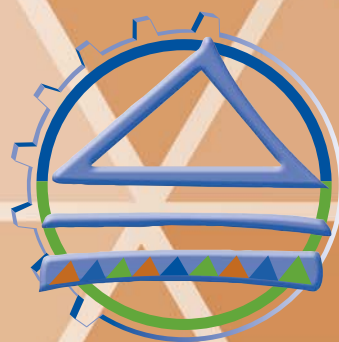
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