



CCMA

COMMISSION FOR CONCILIATION, MEDIATION & ARBITRATION



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labour

Department:
Labour
REPUBLIC OF SOUTH AFRICA

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COMMISSION FOR CONCILIATION MEDIATION AND ARBITRATION

ANNUAL REPORT

2015/16





TABLE OF CONTENTS

Part A

General Information.....	3
List of Abbreviations	4
List of Figures.....	5
List of Tables	6
Foreword by the Governing Body Chairperson	8
Governing Body Structure	10
Director's Report	11
Organasational Structure	15
Statement of Responsibility and Confirmation of Accuracy of the Annual Report.....	16
Strategic Overview.....	17

Part B

Situational Analysis	19
Performance Information	20
Departmental Performance Information.....	30
Operations.....	30
Mediation and Collective Bargaining	35
Capacity-Building and Outreach	43
Legal Services	63
Essential Services Committee.....	70
Facilities Management	78
Office of Strategic Management	79
Office of the Chief Financial Officer	82

Part C

Governance.....	87
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Part D

Human Resource Management	102
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Part E

Financial Information.....	116
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PART A

GENERAL INFORMATION

REGISTERED NAME

Commission for Conciliation, Mediation and Arbitration

REGISTERED OFFICE ADDRESS

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POSTAL ADDRESS

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EXTERNAL AUDITORS INFORMATION

Name: Auditor-General South Africa

External Auditors Address: 300 Middel Street, Brooklyn, Pretoria

BANKER'S INFORMATION

Name: Standard Bank of South Africa

Address: Standard Bank Business Banking

17th Floor, East Tower

Bedfordview Centre

Cnr Brandford & Smith Streets

COMPANY SECRETARY (ACIS)

Name: Dawood Dada

Designation: Acting Company Secretary



LIST OF ABBREVIATIONS

ACRONYM	DESCRIPTION
AC	Audit Committee
ACAOSA	Association of Community Advice Offices of South Africa
AG	Auditor – General
AMCU	Association of Mineworkers and Construction Union
APP	Annual Performance Plan
BAS	Business Application Systems
BCCEI	Bargaining Council for the Civil Engineering Industry
BCEA	Basic Conditions of Employment Act (No 75 of 1997), as amended
BWR	Building Workplace Relations
CCMA	Commission for Conciliation, Mediation and Arbitration
CEO	Chief Executive Officer (CCMA Director in terms of the PFMA)
CGE	Commission for Gender Equality
CMS	Case Management System
CSD	Centralised Supplier Database
CSR	Community Social Responsibility
CWU	Communication Workers Union
DAFF	Department of Agriculture, Forestry and Fisheries
DEPACU	Democratic Postal and Communications Union
DM&P	Dispute Management & Prevention Department
DMR	Department of Mineral Resources
DOL	Department of Labour
DOPs	Departmental Operational Plans
EEA	Employment Equity Act no 55 of 1998
EEAA	Employment Equity Act, as amended
ELA	Employment Law Amendments
ERP	Enterprise Resource Management system
ERP	Enterprise Resource Planning
ESC	Essential Services Committee
ESU	Employment Security Unit
ETD	Education Training and Development
EXCO	Executive Committee
FHR	Foundation for Human Rights
FIVCRT	Fruit Industry Value Chain Round Table
FMPPI	Framework for Managing Programme Performance Information
GB	Governing Body
HOSPERSA	Health & Other Services Personnel Trade Union of South Africa
HRM	Human Resource Management
IBTC	Items Being Tracked for Correction
ICT	Information and Communications Technology
ILO	International Labour Organisation
IMATU	Independent Municipal and Allied Trade Union
ISA	International Standards on Auditing
IT	Information Technology
JAVS	Jefferson Audio Video Solutions

ACRONYM	DESCRIPTION
KPA	Key Performance Area
KPAs	Key Performance Areas
LAC	Labour Appeal Court
LC	Labour Court
LDRP	Labour Dispute Resolution Practice
LRA	Labour Relations Act no 66 of 1995 (as amended)
LRA	Labour Relations Act (No. 66 of 1995)
LRAA	Labour Relations Amendment Act
MCW	Managing Conflict in the Workplace
MoU	Memorandum of Understanding
MSAs	Minimum Service Agreements
MTEF	Medium Term Expenditure Framework
NBCCI	National Bargaining Council for the Chemical Industry
NBCSMRI	National Bargaining Council for the Sugar Manufacturing and Refining Industry
NBCWPS	National Bargaining Council for the Wood and Paper Sector
NEDLAC	National Economic Development and Labour Council
NEHAWU	National Education, Health and Allied Workers' Union
NMC	National Management Committee
NUM	National Union of Mineworkers
OHS	Occupational Health and Safety
OPD	Out-Patient Department
PEC	Project Evaluation Committee
PFMA	Public Finance Management Act
PPCL	Parliamentary Portfolio Committee on Labour
PPM	Planning and Performance Monitoring
PPPFA	Preferential Procurement Policy Framework Act
PSA	Public Servants Association
PSCBC	Public Service Co-ordinating Bargaining Council
ROPs	Regional Operational Plans
SADC	Southern African Development Community
SALGBC	South African Local Government Bargaining Council
SAMWU	South African Municipal Workers' Union
SAPWU	South African Postal Workers Union
SCM	Supply Chain Management
SDA	Skills Development Act
SETAs	Sector Education Training Authorities
SG	Strategic Goal
SO	Strategic Objective
SP	Strategic Plan
TDU	Training Development Unit
TDU	Training Development Unit
TLS	Training Layoff Scheme
UASA	United Association of South Africa
UIA	Unemployment Insurance Act



LIST OF FIGURES

Figure 1: Overall Score of the CCMA and Overall Score per Strategic Objective	13
Figure 2: Overall Score of the CCMA and Overall Score per Strategic Objective	20
Figure 3: Five (5) Year Comparison of Total Case-Load	31
Figure 4: Calls by Sector	33
Figure 5: Number of Section 189A Referrals	44
Figure 6: Comparison of the Number of Section 189 Referrals for 2014/15 and 2015/16	46
Figure 7: DM&P Overall Regional and National Performance Ratings	52
Figure 8: 2015/16 Award Quality Index	67
Figure 9: 2015/16 Finalised Litigation Matters	68
Figure 10: 2015/16 Contracts Processed	68
Figure 11: 2015/16 Review Applications	69
Figure 12: 2015/16 Quarterly Trends Analysis – Review Applications	69
Figure 13: 2015/16 LC & LAC Review Judgements	69
Figure 14: Status of Matters Referred in 2015/16	75
Figure 15: Types of Matters Referred in 2015/16	75
Figure 16: 2015/16 Referral of Matters by Sector	75
Figure 17: Number of Research Papers Delivered	80
Figure 18: 2015/16 Commissioner Candidates Recommended for Appointment by the Governing Body	103
Figure 19: 2015/16 Commissioner Contract Upgrades	103
Figure 20: 2015/16 Employment Equity by Race	104
Figure 21: 2015/16 Employment Equity by Gender	104
Figure 22: 2015/16 Management Employment Equity Profile	104
Figure 23: Annual Momentum Investment Performance Report	105
Figure 24: 2015/16 Staff Turnover Analysis by Occupational Level	106



LIST OF TABLES

Table 1: Core Values and Operating Principles of the CCMA	17
Table 2: Scoring Matrix	20
Table 3: 2015/16 Annual Senz'umehluco Strategy Scorecard	21
Table 4: Number of Referrals by Act	31
Table 5: Five (5)-Year Operating Efficiencies	32
Table 6: Performance of Collective Bargaining Operational Targets	35
Table 7: Section 189A Referrals Trend per Sector	44
Table 8: Total Number of Jobs Saved During the 2015/16 Financial Year	46
Table 9: 2015/16 Jobs Lost and Saved by Sector	47
Table 10: 2015/16 Training Layoff Scheme Delivery	49
Table 11: Number of KPA Activities Delivered per Region.....	51
Table 12: Number of Employment Laws Amendments Activities Delivered per Region	53
Table 13: Specialist Commissioner and Labour Law Amendments Training Attendance	55
Table 14: Commissioner Training Interventions.....	55
Table 15: Specialist Labour Law Amendments-Related Training Material for External Users	58
Table 16: Capacity-Building Programmes for CCMA External Users.....	59
Table 17: New Training Material Developed for Internal Stakeholders	61
Table 18: Development of Assessments	61
Table 19: 2015/16 Subsidies Paid to Bargaining Councils	64
Table 20: 2015/2016 Annual Section 198 Statistics	65
Table 21: 2015/2016 Employment Equity Act Referrals.....	66
Table 22: 2015/2016 Organisational Rights Referrals	66
Table 23: Committee Members.....	70
Table 24: ESC Members' Attendance at Scheduled Meetings	71
Table 25: 2015/2016 Attendance at ESC LRAA Roadshows	71
Table 26: 2015/2016 MSA Training Conducted.....	72
Table 27: 2015/2016 MSA Cases Referred	73



Table 28: 2015/16 CCMA Infrastructure Assets	83
Table 29: Fixed Asset Holdings (R'000)	84
Table 30: Four-Year Review	84
Table 31: Linking Performance With Budgets.....	85
Table 32: Revenue Collection (R'000).....	86
Table 33: Governing Body Composition.....	88
Table 34: Governing Body Meeting Attendance	91
Table 35: Governing Body Special Meetings	92
Table 36: 2015/16 Governing Body Remuneration.....	92
Table 37: 2014/15 Governing Body Remuneration.....	93
Table 38: Finance and Risk Committee	93
Table 39: Accreditation and Subsidy Committee	94
Table 40: Governance, Social and Ethics Committee	94
Table 41: Audit Committee	95
Table 42: Joint Audit Finance and Audit Committee	95
Table 43: Human Resources Committee.....	96
Table. 44: Personnel Cost by Programme/Activity/Objective	106
Table 45: Personnel Cost by Salary Band	107
Table 46: Performance Rewards	107
Table 47: Training Cost	107
Table 48: Employment and Vacancies per Programme	108
Table 49: Employment Changes	109
Table 50: Reasons for Staff Leaving	109
Table 51: Labour Relations: Misconduct and Disciplinary Action	109
Table 52: 2015/16 Employment Equity – Male	110
Table 53: 2015/16 Employment Equity – Female	110
Table 54: 2015/16 Staff with Disabilities	110



FOREWORD BY THE GOVERNING BODY CHAIRPERSON



Chairperson
Daniel Dube

INTRODUCTION

I am honoured to have served as the Chairperson of the Governing Body of the Commission for Conciliation, Mediation and Arbitration (CCMA) over the last financial year. The Labour Relations Act (No. 66 of 1995) ("the LRA") clearly articulates the independence of the work of the CCMA Commissioners and further enjoins the Governing Body to govern the CCMA.

OVERVIEW OF STRATEGY AND PERFORMANCE

The 2015/16 financial year was characterised by the first year of the new five-year Senz'umehluko "Making a Difference" Strategy. This strategy is underpinned by the following two goals:

- (1) *"Enhance and extend service delivery to transform workplace relations and advance development"*, and
- (2) *"Strive for organisational effectiveness"*.

The adversarial nature of employment relations in the South African labour market is a feeding source for disputes. Increased referrals of cases to the CCMA is certain but largely unsustainable in an environment of job losses, economic slowdown, poverty and inequality. The medium- to long-term goals of the CCMA are to continue expanding the operationalising of its broad mandate that combines both the mandatory and discretionary functions.

The CCMA has observed, during the dispute resolution processes, the need for the prevention of disputes and the empowerment of workplaces. To this end we have developed and are deploying dispute prevention and workplace empowerment interventions.

STRATEGIC RELATIONSHIPS

We have taken the first steps towards improving relations with national stakeholders. Together with the Department of Labour we conducted a successful campaign to advocate the newly promulgated employment laws amendments. This will continue as and when the need arises.

At the National Economic Development and Labour Council (NEDLAC) we have started and will continue our engagements on collective bargaining improvement processes. In order to assist workers in the execution of awards in their favour we are engaging with the Sheriffs Board.

The CCMA participated in an initiative to address job insecurity in the mining industry and the drafting of a Memorandum of Understanding (MoU) with the Department of Mineral Resources. The MoU seeks to address job losses and provide assistance to retrenched workers. We are also partnering with relevant Sector Education Training Authorities (SETAs) in confronting challenges with the Training Layoff Scheme (TLS).

Much progress has been made with the integration of the Essential Services Committee (ESC) into the operational fabric of the CCMA. Budgetary, management and reporting systems have been integrated and strengthened over the reporting period.

Presentations were made to the Parliamentary Portfolio Committee on Labour (PPCL) on, inter alia, the successful project with various universities on the labour relations dispute resolution qualification. We intend expanding this programme to other institutions that have not yet come on board.

We are committed to assisting dispute resolution organisations in the Southern African Development Community (SADC), and to this end recently engaged with the Kingdom of Lesotho Ministry of Labour and Employment, Mozambique and Zimbabwe.

The CCMA, as part of a fraternity of dispute resolution organisations and agencies across the globe, proudly hosted the International Agencies meeting in November 2015, where information and best practices were shared across organisations and agencies.



MEDIUM- TO LONG-TERM GOALS

Steps are being taken to address recent investigation results into identified irregularities.

To ensure the sustainability of the CCMA, succession planning and talent management has been prioritised to ensure that internal talent is identified and developed to fill key leadership positions in the future. Furthermore, business continuity management plans have been developed to ensure that the delivery of CCMA services can continue in the event of business disruptions.

In an environment of cost containment, increasing case-load and regulatory compliance, the CCMA will continue to strive for organisational effectiveness, and has developed several targets over the medium-term to achieve this.

ACKNOWLEDGEMENTS

May I, on behalf of the Governing Body thank the Executive Authority, Honourable Ms Mildred Oliphant, Minister of Labour for her support over the last financial year. My appreciation is also extended to all Governing Body and Committee members for their service and support. The late Mr Leon Grobler is sadly missed and I thank him posthumously for his service and dedication. We welcome back to the Governing Body Mr Elias Monage.

The outgoing Director of the CCMA, Ms Nerine Kahn is thanked for her service and leading the organisation over two terms, and Mr Cameron Morajane for standing in as Acting Director for the last quarter of the 2015/16 financial year. Mr Morajane has now formally been appointed as the Director of the CCMA and I wish him the best over his tenure.

The Executive, staff members and the Governing Body Secretariat are thanked for their service to the people of South Africa.

DANIEL DUBE
CHAIRPERSON OF THE GOVERNING BODY

NOTE TO THE MINISTER



Ms Nelisiwe Mildred Oliphant
Minister of Labour

In terms of Section 10(2) of the Public Audit Act of 2004, it is an honour to present our Annual Report to the Honourable Minister of Labour, Ms Nelisiwe Mildred Oliphant.

This report covers the period 1 April 2015 to 31 March 2016 and comprises of Operational, Financial Performance and SLA performance.

We thank the Honourable Minister for the support and guidance provided to The Commission for Conciliation, Mediation and Arbitration (CCMA) by diligent officials in her department during the period under review.



GOVERNING BODY STRUCTURE

Chairperson



Daniel Dube

Organised Business
Representatives



Kaizer Moyane

Organised Labour
Representatives



Bheki Ntshalintshali

Government
Representatives



Ntsoaki Mamashela



Elias Monage



Narius Moloto



Ian Macun



CCMA Director
Cameron Sello Morajane
(Ex-officio member)



Sifiso Lukhele



Steve Harris



Thembinkosi Mkalipi



DIRECTOR'S REPORT



Director
Cameron Sello Morajane

INTRODUCTION

I am privileged to have led the CCMA over the last quarter of the 2015/16 financial year, after taking over from the long-serving former Director, Ms Nerine Kahn. The organisation is on the cusp of its 20th year of existence. It is an opportune moment to reflect on the impact of its operations in the South African labour market.

The CCMA is a microcosm of its environment and its operations are affected by what happens therein. In the year under review the entity continued delivering on its mandatory functions and expanded on its discretionary functions. This is the first year of the new five-year Sens'umehluke strategy and much emphasis has been placed on discretionary functions and proactive strategies to intervene earlier in the labour market to prevent disputes by building capacity.

GENERAL FINANCIAL REVIEW

The CCMA receives its entire funding from the fiscus through grant transfers from the Department of Labour. An increase of 6.8% on the Government grant over the previous year brought the total to R733.9m. This grant transfer was augmented with R16.56m from interest received on investment of funds not used immediately, and R4m from the rendering of services. Over the last fiscal year the entity maintained its going concern status through sound financial management and accounting systems and practices. The incessant annual increase in case-load resulted in an additional 12.2% expenditure, from R272m to R305m, being appropriated to enable the appointment of additional Commissioners and to provide for the annual cost-of-living increases in Commissioner fees.

In supporting the national strategy for the creation of Job Security, the bulk of the part-time interpreter contingent were employed in various employment contract models and along with cost of living adjustments and performance based incentives and increases accounted for a year on year increase of 19%.

The CCMA opened new offices in the Vaal and Welkom and continued with the implementation of the labour laws amendments and the establishment of an Employment Security Unit (ESU).

The accumulated surplus as at 31 March 2016 was R50.7m. The accumulated surplus arose as a result of additional funding over the three year Medium Term Expenditure Framework (MTEF) period which ended in 2015/16 which was utilised for: the implementation of the employment law amendments (ELA); opening of new offices; establishment of the ESU; and for the roll out of the web enabled Case Management System (CMS). All the projects have been successfully commenced and are in various phases of implementation.

The CCMA continues to be in a financially healthy position with the cash and cash equivalents closing at R90.2m which is equivalent to a 1.3:1 cash turnover ratio and a liquidity ratio of 1.28:1.

SPENDING TRENDS

The CCMA's Cost Containment initiatives led to a reduction of the total expenditure over the past two financial years from an average of 16% (2014/15) to 12% (2015/16). These initiatives included reviewing the case management processes and included the allocation of cases and the opening of venues in the outlying areas for hearing of cases. The latter resulted in a reduction in travelling costs. Together, these initiatives led to a decrease in the average cost per settled case, from 16% (2014/15) to 8% (2015/16). The Information and Communications Technology (ICT) Infrastructure spend for the 2015/16 year ending was approximately 50% lower than the previous year. The year-on-year decrease was mainly due to the recording system procured in the prior year.



CAPACITY CONSTRAINTS AND CHALLENGES

Challenges that face the entity emanate from both its internal and external operating environments.

The conceptualisation of some of the ambitious targets of the Senz'umehluko strategy which are heavily dependent on external stakeholders for its success are being reviewed. Succession planning and talent management has been prioritised to ensure that internal talent is identified and developed to fill key leadership positions in the future.

The management of leases remained a challenge in the financial year under review. In addressing the challenges with leases, the Internal Audit department have been tasked to audit all contracts in excess of R1m. The Governing Body had also established a Procurement Committee to consider and award all contracts in excess of R1m. This measure strengthens oversight of the procurement process

The implementation of the ELA had a material impact on the operations of the CCMA in the 2015-2016 financial year. Currently, there is a challenge to balance the requirements of the CCMA's mandate and daily operations with the limited available resources. The implementation of the employment law amendments impacted critical operational expenditure, including:

- The recruitment of Commissioners to cater for the increase in case referrals and appointment of full-time Interpreters; and
- Ongoing training and seminar sessions for staff, Commissioners and interpreters on the employment law amendments. This also resulted in a need to revise training material and documents for candidate Commissioners and in-house reference documents.

Complexity of the practical interpretation and implementation of the employment law amendments required significantly greater capacity building of Commissioners than initially anticipated or planned. The CCMA addressed this situation through further developing its training capacity and holding extensive and detailed post-training briefing sessions. The unprecedented upsurge (34.8%) in 2015/16 in large-scale retrenchments over the previous year, particularly in the mining and metal sectors, placed significant strain on organisational capacity. The CCMA, in response established a Crisis Committee and a plan which included the development of partnerships and joint job-saving initiatives, improving delivery of the Training Layoff Scheme; and capacity-building of Commissioners, support staff and users.

REQUEST FOR THE ROLL-OVER OF FUNDS

In May 2016 the CCMA applied for the roll-over of funds from the accumulated surplus as at 31 March 2016 to address the challenges outlined above. The roll-over of funds will also be utilised towards the accessibility project which is one of the strategic focus areas to improve the accessibility of the CCMA services to the public.

The CCMA identified zones for opening of new satellite offices in Mthata, Nelspruit, and Tzaneen during third and fourth quarter of the 2015/16 financial year. Expansion of the CCMA footprint will continue into Joubertina, Port Alfred, Alexandria, Kenton-on-Sea, Stormsriver, Kirkwood and Somerset East in the Eastern Cape. This is a critical project which will enhance the CCMA's services to rural and semi-rural areas. The project will significantly improve accessibility to the CCMA, and further strengthen the CCMA's role in supporting labour market stability initiatives.

SUPPLY CHAIN MANAGEMENT

Supply chain management is centralised at Head Office and supports the organisation with the procurement of goods and services. It is underpinned by an Enterprise Resource Management system (ERP) to ensure compliance with the provisions of the Public Finance Management Act (PFMA), Preferential Procurement Policy Framework Act (PPPFA) and National Treasury Regulations. It focuses on managing the inter-dependent activities of demand, acquisition, inventory and disposal management.

During the 2015/16 financial year, Management reviewed the SCM unit to identify the root causes of the challenges that the unit has been facing over the past years, including the management of leases. Some of the root causes were capacity constraints and skills of the supply chain officials. Internal controls and systems required to be strengthened. An action plan was then tabled to the Governing Body which outlined actions and timelines to address the changes. The action plan was fully implemented by the end of March 2016. It included filling the requested positions and the training of all SCM officials. The effectiveness of the plan will be reviewed on a quarterly basis in the 2016/17 financial year.



CONCLUDED UNSOLICITED BID PROPOSALS FOR THE YEAR UNDER REVIEW

The CCMA's supply chain policy discourages entertainment of unsolicited bids and none were entertained or considered over the reporting period.

AUDIT REPORT MATTERS IN THE PREVIOUS YEAR

The CCMA yet again achieved an unqualified audit report in the 2015/16 financial year. Material findings on non-compliance with procurement and internal controls on Information Technology (IT) systems were raised. These were addressed through the SCM action plan and progress on its implementation was tabled on a quarterly basis to the Audit Committee and the Governing Body.

An Items Being Tracked for Correction (IBTC) tool was also utilised to measure, track and report on corrections on internal and external audit findings and to avoid future findings. Management reported on the implementation status on a quarterly basis to the Audit Committee and the Governing Body. Most of the findings raised by the Auditor-General (AG) (85%) and by the Internal Audit (95%) were implemented as at 31 March 2016. Challenges encountered in not fully implementing the recommendations were tabled and accepted by the relevant governance structures.

PLANS FOR THE FUTURE TO ADDRESS FINANCIAL CHALLENGES

In an environment of cost containment, increasing case-load and regulatory compliance the CCMA will continue to strive for organisational effectiveness, and has developed several targets over the medium-term to achieve this. A comprehensive campaign has been embarked upon for income-generation concepts and ideas, with all major functional areas participating. It is envisaged that these efforts will significantly contribute to the financial stability of the CCMA in a cost containment environment.

EVENTS AFTER THE REPORTING DATE

There were no material events after 31 March 2016 other than the appointment of the CCMA's Director who is the Chief Executive Officer (CEO) in terms of the PFMA.

ECONOMIC VIABILITY

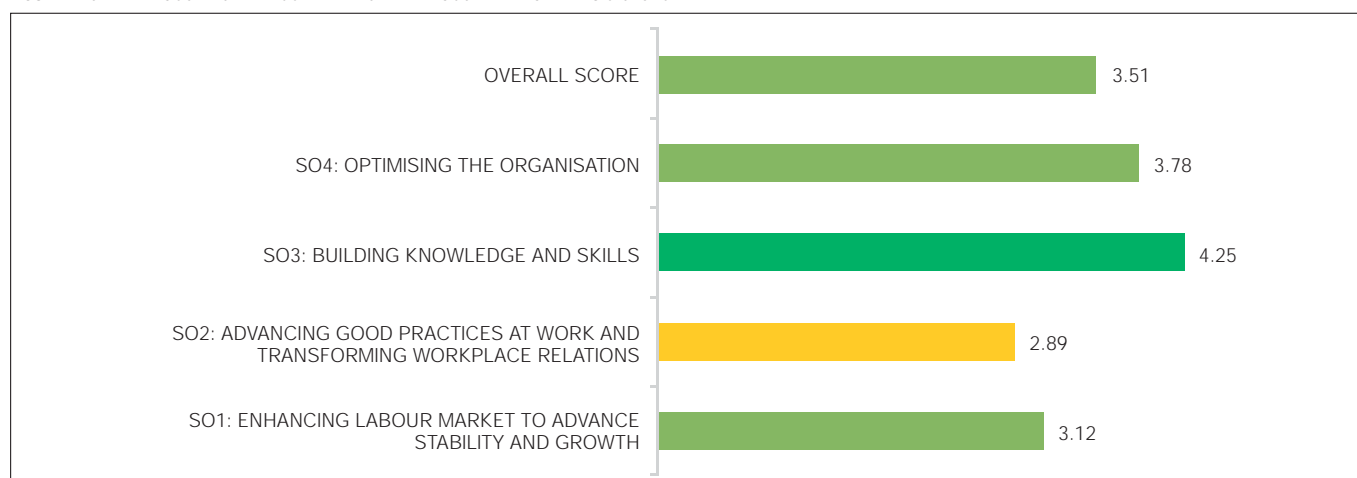
The financial stability and immediate economic outlook of the CCMA is good, with cost containment measures along with multiple initiatives for income generation being explored.

THE CCMA'S ACHIEVEMENTS FOR THE 2015/16 FINANCIAL YEAR

The overall score of the strategic objectives for the financial year under review was 3.51. Of the twenty nine (29) strategic targets, twenty two (22) scored a three (3) and above which translated to 76% achievement of strategic targets.

The graph below provides an overview of the audited score of each Strategic Objective for the financial year under review:

FIGURE 1: OVERALL SCORE OF THE CCMA AND OVERALL SCORE PER STRATEGIC OBJECTIVE





ACKNOWLEDGEMENTS AND OR APPRECIATION

My thanks and appreciation go to the Governing Body for its leadership and continued support. I also thank all of our Commissioners, case management officers and support staff for their service and dedication. Without them the CCMA cannot fulfil its mandate.

CAMERON MORAJANE
CCMA DIRECTOR



Executive Committee Members

(From Left to Right): Floors Brand, National Senior Commissioner Legal Services; Afzul Soobedaar, National Senior Commissioner Mediation and Collective Bargaining; Ronald Bernickow, National Senior Commissioner Operations; Ntombi Boikhutso, Chief Financial Officer; Cameron Sello Morajane, Director; Jeremy Daphne, National Senior Commissioner Capacity Building and Outreach; Nersan Govender, General Manager Operations
Absent: Sello Hlalele, Chief Audit Executive; Dr Phasoane Mokgobu, General Manager Human Resources.



ORGANISATIONAL STRUCTURE



Director
Cameron Sello Morajane



National Senior
Commissioner
Mediation and
Collective Bargaining
Afzul Soobedaar



National Senior
Commissioner
Operations
Ronald Bernickow



Chief Financial
Officer
Ntombi Boikhutso



Chief Audit
Executive
Sello Hlalele



National Senior
Commissioner
Capacity Building and Outreach
Jeremy Daphne



General Manager
Human Resources
Dr Phasoane Mokgobu



General Manager
Operations
Nersan Govender



Acting National Senior
Commissioner
Legal Services
Floors Brand



Convening Senior
Commissioner
Western Cape
Carlton Johnson



Senior Commissioner
East London
Nowethu Ndiki



Convening Senior
Commissioner
Limpopo
Grace Mafa-Chali



Convening Senior
Commissioner
Tshwane
Morwa-Mapale
Setlago



Convening Senior
Commissioner
North West
Elias Hlongwane



Convening Senior
Commissioner
Port Elizabeth
Marius Kotze



Convening Senior
Commissioner
Johannesburg
Shawn Christiansen



Convening Senior
Commissioner
Free State
Carmen Ward



Convening Senior
Commissioner
Mpumalanga
Xolani Nduna



Convening Senior
Commissioner
Ekurhuleni
Arnause Mohlala



Senior
Commissioner
Northern Cape
Hendrick Oliphant



Acting Convening
Senior Commissioner
KwaZulu-Natal
Bongumusa Khumalo



STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT

According to prescripts governing Schedule 3A public entities, the Accounting Authority is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information, human resource information and annual financial statements. In compliance, this system existed and was implemented during the 2015/16 financial year. This Annual Report has been prepared in accordance with the guidelines on developing Annual Reports, issued by the National Treasury. The performance information fairly reflects the actual achievements against planned objectives, indicators and targets as per the Strategic and Annual Performance Plan of the CCMA for the financial year ended 31 March 2016.

The reported performance information has been examined by the Auditor-General of South Africa and their report is presented in this Annual Report. The reported performance information has also been approved by the Governing Body.

The annual financial statements have been prepared in accordance with the standards applicable to the public entity and the Auditor-General of South Africa has expressed an independent opinion on the annual financial statements.

In our opinion and to the best of our knowledge, the Annual Report is complete, accurate and free from any omissions, and fairly reflects the operations, the performance information, the human resources information and the financial affairs of the CCMA for the financial year ended 31 March 2016.

DANIEL DUBE
CHAIRPERSON OF THE GOVERNING BODY

CAMERON MORAJANE
DIRECTOR



STRATEGIC OVERVIEW

VISION

To be recognised and valued by everyone for changing working life by promoting social justice and transforming workplace relations.

MISSION

To give effect to everyone's Constitutional right to fair labour practice.

VALUES

The core values and operating principles of the CCMA are as follows:

TABLE 1: CORE VALUES AND OPERATING PRINCIPLES OF THE CCMA

VALUES	OPERATING PRINCIPLES
Respect	We value those whom we serve, those who we work with and our organisation <i>We value differences in people and ideas, treating everyone with fairness and dignity.</i>
Excellence	We continuously do our best in delivering on our mandate and in service to our people <i>In committing to excellence we continuously strive to deliver quality work, and always seek to improve our processes and services to everyone.</i>
Accountability	We hold ourselves responsible for our actions and the outcomes of our work <i>In being accountable we are committed to each other and all we do, and take responsibility for our actions and our performance.</i>
Diversity	By embracing diversity and inclusivity, we learn from each other daily, while sharing and celebrating who we are and what we do <i>We embrace inclusivity and celebrate the differences of our people.</i>
Integrity	We do the right thing, even when no-one is looking <i>We are honest and ethical in everything that we do.</i>
Transparency	We work in a manner that is open, fair and transparent <i>Guided by our statutory obligations and commitment, we are open in our dealings with everyone we serve.</i>

LEGISLATIVE AND OTHER MANDATES

The CCMA's Constitutional mandate is drawn directly from Section 23 of the Constitution of the Republic of South Africa that deals with labour relations.

The CCMA's mandate is drawn from the purpose of the LRA itself, which is "to advance economic development, social justice, labour peace and the democratisation of the workplace".

The CCMA derives its mandate from specific provisions of the LRA. Section 115(1) (a) to (d) of the LRA identifies the mandatory functions that the CCMA is required to perform.

The CCMA's mandatory functions are to:

- Conciliate workplace disputes;
- Arbitrate certain categories of disputes that remain unresolved after conciliation;
- Facilitate consultations regarding large-scale dismissals due to operational requirements;
- Conduct inquiries by arbitrators;
- Establish picketing rules;
- Determine disputes about demarcation between sectors and areas;



- Facilitate the establishment of workplace forums and statutory councils;
- Compile and publish information and statistics about its activities;
- Consider applications for accreditation and subsidy by bargaining councils and private agencies; and
- Administer the Essential Services Committee.

The CCMA's discretionary functions that enhance delivery of the CCMA mandate, but do not replace the delivery of the mandatory functions, are as follows:

- Supervise ballots for unions and employer organisations;
- Provide training on any aspect of employment law;
- Advise a party to a dispute about the procedures to follow;
- Offer to resolve a dispute that has not been referred to the CCMA;
- Make rules on practice and procedure; and
- Publish guidelines on any aspect of the LRA.

The CCMA is a Schedule 3A national public entity as set out in the Public Finance Management Act, 1999 (Act No. 1 of 1999). The CCMA additionally derives its mandate from specific provisions of the Employment Equity Act, as amended (EEAA). Generally, Chapter 2 of the EEAA prohibits unfair discrimination, and in particular, Section 10(5)(6)(a) and (b) of the EEAA identifies the functions that the CCMA is to perform:

- Conciliate any dispute referred to it in terms of this Act; and
- Arbitrate disputes that remain unresolved after conciliation according to the stipulations of this Act.

The CCMA also derives its mandate from specific provisions of the Basic Conditions of Employment Act, as amended (BCEA). Chapter 5 of the BCEA, Section 41 in particular, indicates the functions that the CCMA is to perform:

- Conciliate any dispute relating to severance pay referred to it in terms of this Act; and
- Arbitrate disputes that remain unresolved after conciliation according to the stipulations of this Act.



PART B

SITUATIONAL ANALYSIS

SERVICE DELIVERY ENVIRONMENT

World economic growth in general slowed down during the financial period under review. The 2015/16 financial year was characterised by economic growth in developing countries that is gradually recovering. In contrast, developed economies' growth is moderate, in the face of depressed commodity prices, suppressed domestic demand, constrained financial conditions and weak capital inflows.

The South African economy was not immune to the repeated global and local knocks, with growth slowing down. Furthermore, the economy was constrained by protracted industrial action, significantly weak demand from trading partners, and persistent infrastructure gaps manifest in an inadequate energy supply and, recently, a growing low water supply.

Current sluggish growth further resulted in persistent and increased unemployment, which continues to pose a significant challenge to South Africa. High unemployment exerts additional pressure on the fractious South African labour market, compounding uncompromising collective bargaining positioning, escalating intolerance and, most significantly, an over-reliance on legal dispute management instruments.

A total of one hundred and seventy nine thousand five hundred and twenty eight (179 528) referrals were received by the CCMA during this reporting period. The case referral rate and jurisdictional cases increased by 4% and 6% respectively from the previous financial year, clearly suggestive of the state of the labour market. This translates to an average of seven hundred and twenty one (721) new cases referred every working day, up from six hundred and eighty seven (687) for the previous year. "Non-jurisdictional cases increased by 3%". Part of this increased case-load is due to the labour laws amendments promulgated in 2014, and in particular to the increase in employment equity matters brought to the CCMA. While it is concerning that the case-load is increasing, it is equally pleasing to note that employees are exercising their rights in pursuance of transformed democratic workplaces.

Against the background of the ever-increasing case-load, the CCMA's 2015/16-2019/20 Senz'umehluko Strategy is the organisation's innovative way of responding to the prevailing labour market imperatives and catapulting off its already recognised success in delivering on its core mandate. The strategy expands the CCMA's position and role within the labour market, beyond a primary focus on dispute resolution, into more proactive dispute prevention and management, and value added services. This is in line with the mandatory and discretionary functions of the CCMA. The first year of the Senz'umehluko 2015/16-2019/20 Strategy primarily focused on planning to set the foundation for the new strategic approach. The second year of the strategy will see the implementation of innovation.

ORGANISATIONAL ENVIRONMENT

An organisation's performance is largely determined by how well the organisation's structure is designed to support the execution of the strategy. For the organisation to deliver its plans, the strategy and the structure must be woven together seamlessly. Importantly for the CCMA, the inter-dependence and complementarity of strategy and structure to ensure good performance assumes even greater importance in a challenging and evolving operating environment.

The CCMA underwent an institutional restructuring exercise to strategically align to its new strategy for better delivery. The CCMA's organisational structure for the 2015/16 period had six (6) functional areas, excluding the Office of the Director and Internal Audit, and embraced twenty one (21) regional offices that assist the organisation to meet its statutory mandate.



PERFORMANCE INFORMATION

INTRODUCTION

The CCMA has established a monitoring and evaluation system that provides for the quarterly performance monitoring and reporting of the delivery of the new five-year Senz'umehluco strategy that commenced in the 2015/16 financial year. The CCMA's monitoring and evaluation system is based on principles of building a culture of accountability, evaluative thinking and continual learning, in line with the current approach adopted by the Monitoring and Evaluation Department in the Presidency. The CCMA employs a scorecard to monitor and evaluate performance of the strategic plan, the Annual Performance Plan (APP), the respective Departmental Operational Plans (DOPs) and the Regional Operational Plans (ROPs), on a quarterly and annual basis.

The scorecard is designed to provide for both external reporting and internal performance management purposes. Five classifications of actual performance are employed, as follows:

TABLE 2: SCORING MATRIX

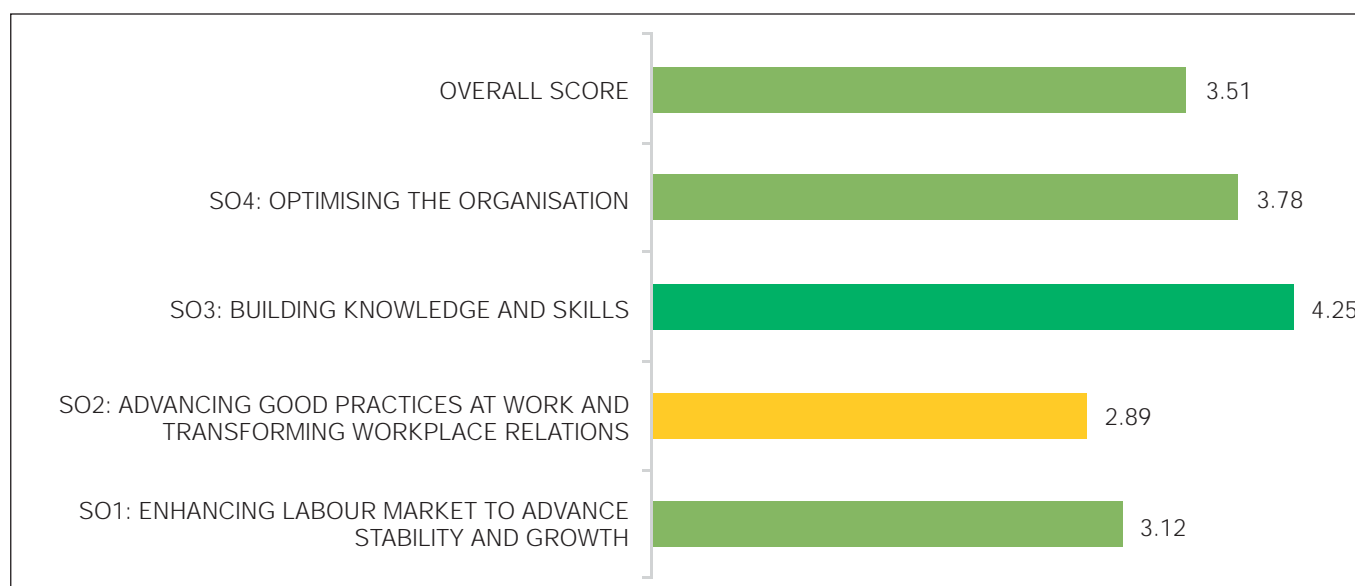
SCORE DESCRIPTION	SCORE	%
Target less than 50% Achieved	1	0% – 49%
Target between 50% – 99% Achieved	2	50% – 99%
Target 100% Achieved	3	100%
Target 100+% Achieved	4	101% – 112%
Target 100++% Achieved	5	113% and above

For the financial year under review, the CCMA registered an overall performance of 76%. Of the twenty nine (29) set targets, the CCMA achieved and exceeded twenty two (22) targets, with seven (7) targets under-performing, representing a total of 24% of the total targets under-performing.

The CCMA's overall score for 2015/16 is 3.51, when the scoring matrix outlined in Table 2 is applied.

Figure 2 below depicts the overall score of the CCMA, as well as the overall score of each strategic objective, whereas Table 3 is the 2015/16 annual Senz'umehluco Strategy Scorecard, reflecting actual output validated against target set, per strategic objective and related Key Performance Areas (KPA's) and targets:

FIGURE 2: OVERALL SCORE OF THE CCMA AND OVERALL SCORE PER STRATEGIC OBJECTIVE



Hereunder is the audited 2015/16 Annual Senz'umehluko Strategy Scorecard per Strategic Objective and per KPA:

TABLE 3: 2015/16 ANNUAL SENZ'UMEHLUKO STRATEGY SCORECARD

2015/16 ANNUAL SENZ'UMEHLUKO STRATEGY SCORECARD						
STRATEGIC OBJECTIVE 1: ENHANCING LABOUR MARKET TO ADVANCE STABILITY AND GROWTH						
KPA	INDICATOR	ANNUAL TARGET	ACTUAL OUTPUT – VALIDATED	REASON FOR VARIANCE	REMEDIAL ACTION	OVERALL
Provide thought leadership and facilitating social dialogue	Number (#) of engagements	Four (4) engagements held to provide thought leadership/facilitate social dialogue on identified strategic labour market issues in existing/new strategic platforms	Achieved Five (5) engagements to provide thought leadership/facilitate social dialogue on identified strategic labour market issues in existing/new strategic platforms were held.	Performance on this target is attributed to the CCMA's dynamic response to the demands of the Labour Market environment.	None	4
	Number (#) of advocacy sessions conducted.	Advocacy campaign on Ekurhuleni Declaration conducted with sixteen (16) activities	Not Achieved Twenty seven (27) advocacy campaign activities on the Ekurhuleni Declaration were conducted	Non-performance on this target is attributed to the fact that only one (1) communication platform, namely presentations, was utilised during the campaign. This is inconsistent with the definition of the performance indicator which states that more than one (1) communication platform will be employed for the campaign.	The CCMA will ensure target implementation is in line with the definition of the indicator	
		100% of advisory award advocacy campaign with sixteen (16) activities conducted. ¹	Not Achieved 125% of the advisory award advocacy campaign with twenty (20) activities conducted	Non-performance on this target is attributed to the fact that only one (1) communication platform, namely presentations, was utilised during the campaign. This is inconsistent with the definition of the performance indicator which states that more than one (1) communication platform will be employed for the campaign.	The CCMA will ensure target implementation is in line with the definition of the indicator	

STRATEGIC OBJECTIVE 1: ENHANCING LABOUR MARKET TO ADVANCE STABILITY AND GROWTH						
KPA	INDICATOR	ANNUAL TARGET	ACTUAL OUTPUT – VALIDATED	REASON FOR VARIANCE	REMEDIAL ACTION	OVERALL
Advance employment security.	Percentage (%) of jobs saved compared to employees facing retrenchment.	20% of job saved compared to employees facing retrenchments.	Achieved 35% of jobs saved compared to employees facing retrenchments. (As per cases referred to the CCMA)	Performance on this target is attributed to amongst other factors, effective application of the CCMA's holistic integrated job saving strategy	None	5
	Number (#) of industry sustainability process conducted.	One (1) industry sustainability process conducted in an identified sector	Not Achieved Industry sustainability process commenced in identified sector but not completed	Non-performance on this target is attributed to stakeholder engagement taking longer than expected in the identified sector (the Pulp and Paper Sector)	The Industry Sustainability Process will proceed in the Pulp and Paper Sector in the 2016/17 financial year, based on the framework that was developed on lessons learned from facilitating the Glass Industry Working Group during the 2014/15 financial year.	



STRATEGIC OBJECTIVE 1: ENHANCING LABOUR MARKET TO ADVANCE STABILITY AND GROWTH						
KPA	INDICATOR	ANNUAL TARGET	ACTUAL OUTPUT – VALIDATED	REASON FOR VARIANCE	REMEDIAL ACTION	OVERALL
Strengthen partnerships for better delivery	Number (#) of strategic partnerships/ accords	Strengthened six (6) established strategic partnerships with labour market institutions	Achieved Eight (8) established strategic partnerships with labour market institutions strengthened	Performance on this target is attributed to emphasise placed on strategic partnerships with labour market institutions, against the background of the recent upsurge of large-scale retrenchment referrals that required the CCMA embarking on an urgent action plan to address businesses in distress	None	5
		Develop one (1) new mutually benefit partnership with a labour market institution.	Achieved One (1) new mutually benefit partnership with a labour market institution developed.	None	None	
		One (1) strategic labour market accord facilitated.	Achieved One (1) strategic labour market accord facilitated	None	None	

STRATEGIC OBJECTIVE 1: ENHANCING LABOUR MARKET TO ADVANCE STABILITY AND GROWTH						
KPA	INDICATOR	ANNUAL TARGET	ACTUAL OUTPUT – VALIDATED	REASON FOR VARIANCE	REMEDIAL ACTION	OVERALL
Enhance accessibility to services	Number (#) of reports on measures to enhance accessibility	Further measures to enhance accessibility investigated.	Achieved Further measures to enhance accessibility investigated.	None	None	3
		CMS rolled out to three (3) Department of Labour provinces (Eastern Cape, Limpopo & Free State), where the READ Only CMS currently exist	Not Achieved CMS not rolled out to three (3) Department of Labour provinces (Eastern Cape, Limpopo & Free State), where the READ Only CMS currently exist.	The project is on hold and will commence in the 2016/17 financial year. This target cannot be evaluated at this stage	Awaiting guidance from Department of Labour	1
	Number (#) of capacity building and awareness raising activities conducted	100% of measures established to assist users on means test to enforce the awards and execute awards.	Achieved 160% of measures established to assist users on means test to enforce and execute awards was delivered	Performance on this target is attributed to a need to accelerate delivery to both internal and external stakeholders.	None	5
		Sixty (60) capacity building and awareness raising activities conducted to embed the Labour Law Amendments	Not Achieved Eighty six (86) capacity building and awareness raising activities conducted to embed the Employment Law Amendments.	Non-performance on this target is attributed to the fact that only one (1) communication platform, namely presentations, was utilised during the public awareness raising and stakeholder capacity building initiatives. This is inconsistent with the definition of the performance indicator which states that more than one (1) communication platform will be employed for the initiatives.	None	2



STRATEGIC OBJECTIVE 1: ENHANCING LABOUR MARKET TO ADVANCE STABILITY AND GROWTH					
KPA	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	REASON FOR VARIANCE	REMEDIAL ACTION
Pro-actively respond to Labour market developments.	Labour Market monitoring and response analysis reporting mechanism	Labour Market monitoring and response analysis reporting mechanism designed.	Achieved Labour Market monitoring and response analysis reporting mechanism designed.	None	None
					3

STRATEGIC OBJECTIVE 2: ADVANCING GOOD PRACTICE AT WORK AND TRANSFORMING WORKPLACE RELATIONS					
KPA	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	REASON FOR VARIANCE	REMEDIAL ACTION
Proactively facilitate improved bargaining.	Number (#) of Collective Bargaining Improvement Processes conducted	Collective Bargaining Improvement Processes conducted in one (1) identified matter.	Achieved One (1) Collective Bargaining Improvement Process conducted.	None	None
	Number (#) of research reports	Research conducted and published on international and national applicability of Mutual Gains Bargaining.	Achieved One (1) research report on international and national applicability of Mutual Gains Bargaining was drafted and published.	None	None
	Number (#) of capacity building programmes	Deliver one (1) capacity building programme for effective negotiation.	Achieved One (1) capacity building programme for effective negotiation delivered.	None	None
					3

STRATEGIC OBJECTIVE 2: ADVANCING GOOD PRACTICE AT WORK AND TRANSFORMING WORKPLACE RELATIONS						
KPA	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	REASON FOR VARIANCE	REMEDIAL ACTION	OVERALL
Manage conflict in the workplace.	Managing conflict in the workplace tools designed	Adapted for South African conditions workplace mediation model designed	Achieved Workplace Mediation model adapted for South African conditions designed	None	None	3
		Tool to measure and predict conflict in the workplace designed	Not Achieved Tool to measure and predict conflict in the workplace design commenced but not completed	The extent and complexity of the tool became evident only during the research phase of the project, resulting in the research study period extending longer than anticipated.	None	2
Transform workplace relations	Best practice transformation of workplace mechanisms	Workplace dispute management self-assessment tool designed	Achieved Workplace dispute management self-assessment tool designed	None	None	3
		Transformation of workplace relations mechanisms updated with best practice	Achieved Transformation of workplace relations mechanisms updated with best practice	None	None	3



STRATEGIC OBJECTIVE 3: BUILDING WORKPLACE KNOWLEDGE AND SKILLS						
KPA	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	REASON FOR VARIANCE	REMEDIAL ACTION	OVERALL
Developing and delivering capacity building programmes for users aligned with the needs of the labour market	Capacity building programmes and training manual	Develop two (2) new capacity building programmes aligned with the needs of the labour market.	Achieved Seven (7) new capacity building programmes aligned with the needs of the labour market developed.	Performance on this target is attributed to the need to develop additional training material for users, over and above the identified programmes identified when the needs analysis was conducted.	None	5
Professionalising the practice of labour relations	Percentage (%) compliance with the CCMA set standard for delivery of the Labour Dispute Resolution Practice programme by contracted universities	75% compliance with the CCMA set standard for delivery of the Labour Dispute Resolution Practice programme by contracted universities.	Achieved 77.8% compliance with the CCMA set standard for delivery of the Labour Dispute Resolution Practice programme by contracted universities achieved.	Performance on this target is attributed to comprehensive compliance and monitoring support provided to the participating universities.	None	4
	Benchmarking report produced	Benchmarking against best practice means to further professionalise the labour relations practice.	Achieved Benchmarking report on best practice means to further professionalise the labour relations practice produced.	None	None	3

STRATEGIC OBJECTIVE 4: OPTIMISING THE ORGANISATION						
KPA	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	REASON FOR VARIANCE	REMEDIAL ACTION	OVERALL
Embed a culture that facilitates implementation of the new strategic direction	Number (#) of initiatives conducted on the new strategy	Thirteen (13) national promotion initiatives on the new strategy conducted	Achieved Thirteen (13) national promotion initiatives on the new strategy were conducted. Furthermore strategic furniture were produced	None	None	3
		Thirteen (13) midterm performance roadshows conducted	Achieved Thirteen (13) midterm performance roadshows were conducted.	None	None	3
Utilise resources optimally	Percentage (%) of Talent Management and Succession Plan implemented	100% of Talent Management and Succession Plan implemented.	Not Achieved 100% of Talent Management and Succession Plan implemented.	Non-performance is attributed to the fact that the target was incorrectly captured to reflect that the Talent Management and Succession Plan, which is a five (5) year rolling plan, will be implemented 100% in this financial year, whereas only 2015/16 component of the plan was to be implemented.	None	2
		100% of supply chain management turnaround plan implemented	Achieved 100% of supply chain management turnaround plan implemented.	None	None	3
		5% increase in income from rendering services year on year.	Achieved 22% increase in income from rendering services year on year achieved.	Performance on this target is attributed to an increased focus on income generation, coupled with an increased demand for rendering income generating services.	None	5



STRATEGIC OBJECTIVE 4: OPTIMISING THE ORGANISATION					
KPA	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	REASON FOR VARIANCE	REMEDIAL ACTION
Embed a culture that facilitates implementation of the new strategic direction.	Number (#) of persons developed	1 Training plan implemented to facilitate two thousand two hundred (2 200) persons undergoing capacity building exercise with a 70% quality measure achieved. ²	Achieved Training plan implemented to facilitate two thousand eight hundred and twelve (2 812) persons undergoing capacity building exercise with a 70% quality measure achieved based on two thousand five hundred and thirty one (2 531) evaluation responses.	Performance of this target is attributed to the need to ensure that Commissioners are adequately capacitated to implement the Employment Law Amendments. Furthermore, the candidate Commissioner Training was also conducted during this financial year, although not originally planned for.	None
					5

It must be noted that the target "100% of identified specialist capacity building programmes", which was captured in the 2015/16 APP, is not reported on in this Annual Report, as it was not implemented and reported on throughout the four (4) quarters of the financial year as it was, in error, not included in the annual scorecard, and as such, annual reporting is not possible.



DEPARTMENTAL PERFORMANCE INFORMATION

OPERATIONS



National Senior Commissioner
Operations
Ronald Bernickow



General Manager
Operations
Nersan Govender

INTRODUCTION

The Operations Department consists of two service delivery areas. The first is responsible for the day-to-day management of all regions, and the second is responsible for Information Systems and consists of three components or units: Case Management, Call Centre and Information Technology (IT).

The Operations Department is the delivery centre of the organisation, providing a range of services to both internal and external users. These services range from IT systems, overseeing the Case Management System (CMS), and providing advice to the public on CCMA processes. The Department also provides support to bargaining councils and to fraternal institutions in the SADC region.

Its biggest impact is within the CCMA in ensuring regional service delivery, including Commissioner Affairs. The service delivery of the Operations Department is informed by the Senz'umehluko strategy, namely:

- Playing a meaningful role in the facilitation of social dialogue and economic development on identified labour market issues, locally and internationally;
- Providing support and assistance to local, regional and international organisations;
- Entrenching the mandate of the LRA, that is, social justice, economic development and labour peace, in all CCMA services and outcomes;
- Improving accessibility of CCMA services to users;
- Transforming workplace relations with a view to embedding economic development, industrial peace and promotion of social justice;
- Improving the quality of service delivery to ensure speedy dispute resolution; and
- Implementing the revised Information and Communication Technology (ICT) strategy, benchmarking it against best practice.

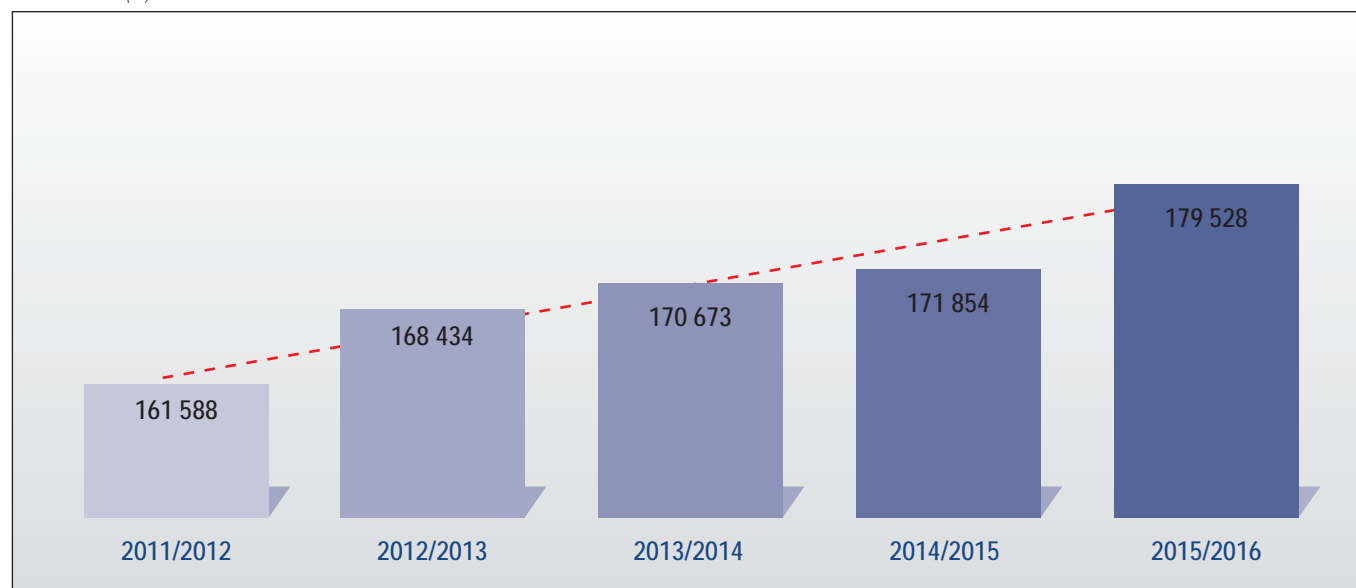


DEPARTMENTAL SERVICE DELIVERY

The biggest achievement for the period under review was the continued stabilisation of operational performance, with the regional offices mostly meeting or exceeding their set service delivery efficiency targets.

A continual strategic imperative for the CCMA is improving accessibility of services broadly, with strengthening of service delivery to vulnerable users in economically distressed areas being targeted in particular.

FIGURE 3: FIVE (5) YEAR COMPARISON OF TOTAL CASE-LOAD



REFERRALS

Altogether one hundred and seventy nine thousand five hundred and twenty eight (179 528) referrals were received during this reporting period. The case referral rate and jurisdictional cases increased by 4% and 6% respectively, clearly suggestive of the state of the labour market. This translates to an average of seven hundred and twenty one (721) new cases referred every working day, up from six hundred and eighty seven (687) for the previous year.

Non-jurisdictional cases decreased by 3%. At 14%, the Vaal office experienced the highest increase in referrals, followed by Newcastle and Northern Cape with 11% each, while Rustenburg and Port Elizabeth saw increases of 10% each. On the other hand, Johannesburg and Pietermaritzburg saw a drop in their referrals, by 7% and 8% respectively.

TABLE 4: NUMBER OF REFERRALS BY ACT

	MARCH 2016		MARCH 2015	
	COUNT	%	COUNT	%
Labour Relations Act (LRA)	169 515	95.6%	163 037	96.4%
Basic Conditions of Employment Act (BCEA)	5 121	2.9%	4 435	2.6%
Employment Equity Act (EEA)	2 713	1.5%	1 627	1.0%
Skills Development Act (SDA)	26	0.0%	27	0.0%
Unemployment Insurance Act (UIA)	0	0.0%	3	0.0%

PRE-CONCILIATIONS

The actual number of pre-conciliations heard increased by 15%, with the number settled increasing by 4%. Most regions consistently met this target throughout the period under review. The Rustenburg office, at 19%, achieved the highest settlement rate for pre-conciliations of their jurisdictional cases.



CON/ARBS

Con/arbs increased by 1.8%, with the number of cases finalised in one (1) event, increasing by 2%. Total objections to the con/arb process increased by 6%, while objections by the employer increased by 5%. Employees objected 19% more than in the previous year. The Bloemfontein and Newcastle offices finalised the highest number of cases (49%) in a single event. The Tshwane office improved the finalisation of cases in one event by 4%.

CONCILIATIONS

The total number of conciliations scheduled outside the 30-day period increased by a significant 38%, where extension of the 30-day period was not obtained from the parties. The finalisation of conciliation cases, in other words, those that were heard and closed), increased by 6%. Cases withdrawn and settled by the parties increased by 7% respectively. The Tshwane office achieved the highest improvement of settling cases (4%) at the conciliation phase.

SETTLEMENT RATE

The actual number of cases settled increased by 4%. The final settlement rate stands at 74% for the 2015/2016 financial year. The Vaal office achieved the highest settlement rate at 83%.

ARBITRATIONS

The number of arbitrations heard increased by 9% over the previous year. Late awards, submitted by Commissioners, decreased by a significant 167%. This area continues to be tightly managed nationally. Of the total seventeen thousand three hundred and thirty three (17 333) awards rendered, Twenty nine (29) were sent late to the parties, a reduction of 93% from the previous year. The use of heads of argument increased by 5%.

OTHER

Postponements and rework of cases increased respectively by 13% and 9%.

The table below shows efficiencies at a glance:

TABLE 5: FIVE (5)-YEAR OPERATING EFFICIENCIES

REQUIREMENT	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Pre-conciliations heard (10%)	16%	17%	17%	15%	17%
Pre-conciliations settled (7%)	8%	9%	11%	11%	11%
Con/Arbs finalised (35%)	36%	36%	40%	38%	37%
Conciliations heard and closed (90%)	96%	96%	96%	96%	96%
Heard outside 30 days (0%)	0%	0%	0%	0%	0%
Settlement rate (70%)	72%	73%	75%	76%	74%
Arbitrations finalised (90%)	95%	95%	95%	95%	95%
Late awards – by Commissioner (0%)	0%	0%	0%	0%	0%
Late awards – sent to parties (0%)	7%	1%	0%	0%	0%
Postponements/Adjournments (6%)	5%	5%	4%	5%	5%
Process reworks (8%)	7%	6%	5%	6%	6%
Turnaround time – conciliation (30 days)	24	24	24	23	23
Turnaround time – arbitration (60 days)	59	61	58	61	61



INFORMATION COMMUNICATION AND TECHNOLOGY

The main achievement for the 2015/16 was the finalisation of the implementation of the new case recording system known as Justice Audio Video Solutions (JAVS), in the identified pilot offices which include Benoni, Johannesburg, Head Office, Klerksdorp, Newcastle, Polokwane, Rustenburg, Vereeniging, Welkom, Witbank. The 'go live' date in these mentioned offices is pencilled for the 2016/2017 financial year. ICT thrives to continuously offer ICT services to the user community in line with various ICT projects. The following are the major projects which were implemented in the 2015/16 financial year:

- Network capacity upgrade for Head office to cater for user growth within the CCMA.
- ICT Governance Enabling policies were developed.
- Skills capacity building in various ICT technologies.
- Central data storage to optimize Microsoft technology.
- Re-engineered Remote Desktop Services to enhance user experience.
- Introduction of a Data Backup solution for National Management Committee (NMC).

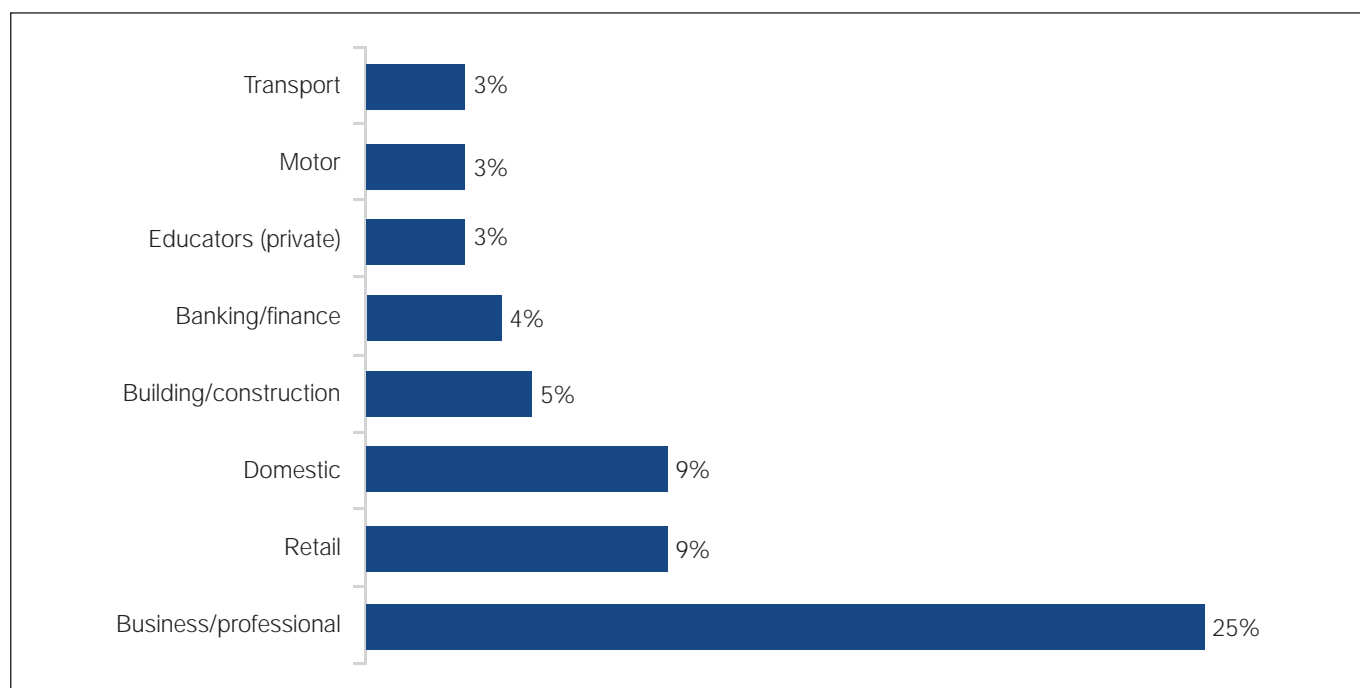
CALL CENTRE

The Call Centre continues to add value in providing a real-time query service to the public. A total of one hundred and fifty eight thousand four hundred and thirty three (158 433) calls were received during the reporting period: an average of six hundred and thirty six (636) per day, an increase of 1% over the previous year. The average call length was four minutes, and the average number of calls per agent was forty three (43) per day.

Importantly for the organisation's services accessibility expansion planning, the e-mail query facility saw a 28% increase in usage during this reporting period, with twenty five thousand six hundred and thirteen (25 613) e-mail queries responded to, representing an average of one hundred and three (103) per day. A significant increase in the traffic was registered on the CCMA social media platform, in particular Facebook, which assists the CCMA in interacting with the public on a daily basis to address more substantive-type queries.

Most CCMA Commissioners who are members of the group contribute to responding to the public's queries. The graphic below represents the sectoral spread of calls:

FIGURE 4: CALLS BY SECTOR





INTERPRETER PROJECT

During the year under review, the department embarked on a major Governing Body-approved project to reorganise and professionalise its language and interpreter services. The project was aimed at improving the employment conditions of persons who previously provided their services as independent contractors and the user experience with regards to language and interpretation services that are provided by the CCMA as part of its statutory obligations. This initiative has since resulted in the appointment of over two hundred (200) interpreters as permanent employees of the CCMA.

CONCLUSION

The Operations Department has continued to build and strengthen partnerships by providing support and assistance to stakeholders and partners nationally and internationally. The mandate of the LRA has been further entrenched in all CCMA services and outcomes by monitoring Commissioner performance and addressing non-compliance.

The quality of service delivery has been strengthened to deliver speedy dispute resolution by ensuring that all regions meet and exceed the targets set for operational efficiencies. Most importantly, accessibility of services to users across all possible platforms and entry points has been expanded.



SOUTH AFRICAN DOMESTIC SERVICE AND ALLIED WORKERS UNION – WORKPLACE DISCIPLINE PRESENTATION AT THE CCMA JOHANNESBURG OFFICE



MEDIATION AND COLLECTIVE BARGAINING



National Senior Commissioner Mediation
and Collective Bargaining
Afzul Soobedaar

INTRODUCTION

The primary role of the Mediation & Collective Bargaining Department is to provide support and guidance for all conciliation, mediation and facilitation processes; and to promote, support and assist in collective bargaining matters.

The Department supports the organisational strategy by contributing to Strategic Objective One (1), which is 'Enhancing the labour market to advance stability and growth' and Strategic Objective Two (2), namely, *'Advancing good practices at work and transforming workplace relations'*.

DEPARTMENTAL SERVICE DELIVERY

The seven (7) operational targets for the 2015/2016 financial year were as follows:

- To achieve settlement rates of 70% on conciliation;
- To achieve settlement rates of 50% on arbitration processes;
- To ensure that 95% of settlement agreements perused complied with established quality criteria;
- To achieve a settlement rate of 64% on mutual interest disputes;
- To achieve a settlement rate of 64% on public interest matters (Section 150);
- To achieve a total of 16% reinstatement and re-employment outcomes (return to work) in settlements emanating from all processes;
- To ensure that 95% of all conciliation processes assessed complied with established quality criteria.

Five (5) of the seven (7) operational targets were achieved or exceeded for the period under review. Results are reflected in the table below:

TABLE 6: PERFORMANCE OF COLLECTIVE BARGAINING OPERATIONAL TARGETS

PERFORMANCE MEASURE	TARGET	QTR1	QTR2	QTR3	QTR4	2015
Conciliation Settlement Rate	70%	73.9%	70.0%	69.3%	62.8%	70.5%
Mutual Interest Settlement Rate	64%	67.4%	66.2%	67.2%	66.6%	68.6%
Arbitration Settlement Rate	50%	54.7%	55.4%	54.3%	54.2%	55.1%
Public Interest Matters (Section 150) Settlement Rate	64%	77.1%	75.0%	81.0%	80.0%	88.1%
Settlement Quality Index	95%	97.5%	97.5%	97.9%	98.1%	97.7%
Return to Work Index	16%	15.4%	15.4%	15.2%	14.8%	16.2%
Conciliation Quality Index	95%	99.1%	99.5%	99.7%	99.7%	97.8%



The Conciliation Settlement Rate declined progressively over the period under review to 62.8%. This was below the 70% target and the result achieved in the previous period, attributable possibly to a worsening economic climate that may have impacted negatively on process outcomes.

The Mutual Interest Settlement Rate target was exceeded in respect of all mutual interest disputes and public interest matters with results of 66.6% and 80% respectively, despite a challenging collective bargaining season. Performance on these targets may be attributable to effective deployment of Commissioner resources to deal with these matters, and the commitment of parties to the process.

The Arbitration Settlement Rate target of 50% was exceeded by 4.2% points, slightly lower than the previous financial year. It reflects the willingness of parties to give conciliation a chance, but it is worth noting that more than half the matters scheduled for arbitration were successfully resolved through conciliation.

The Settlement Quality Index target was comfortably exceeded with 98.1% of the agreements perused complying with established quality criteria. The result represents a marginal increase over the previous financial year and an overall increase in the quality of agreements.

The 16% Return to Work Index (reinstatement or re-employment outcomes in settlement) was not achieved. The 14.8% result represented a decline from the previous financial year's 16.2%, despite a campaign that was undertaken to raise awareness of return to work outcomes amongst Commissioners and users. The performance on this target may be attributable to rising unemployment levels that adversely impacted on opportunities to consider reinstatement and re-employment as options for settlement as a result of strong competition for vacancies arising through dismissal.

The Conciliation Quality Index reflected that 99.7% of all conciliation processes assessed complied with established process quality criteria. The result represented an improvement over the last financial year and reflects an overall improvement in the quality of conciliation processes.

The operational targets above are the cumulative results of the twelve (12) regions – including satellite offices – of the organisation. Regional performance is determined on an overall weighted average basis across all targets. Eleven (11) of the twelve (12) regions performed at or above an acceptable level, with a relatively small performance differential separating the regions and thus indicating greater parity in service delivery by regions.

KEY PROJECTS AND INITIATIVES

The following are the key projects and initiatives of the Department:

Labour market accord

The CCMA successfully concluded a labour market accord in Phalaborwa to facilitate the R15bn expansion of the Palabora Mining Company-owned copper mine, one of the largest in the world. The process included stakeholders from company, the National Union of Mineworkers (NUM), five local tribal authorities, and the local municipality, the Ba Phalaborwa Economic Accord and the Phalaborwa Unemployment Development Forum. The signing of the accord addressed key issues related to sustainability of the mine and the Phalaborwa region, employment and business opportunities, and community interests and benefits.

The sustainability of the region depends largely on all stakeholders' participation that would see the mine expand its operations and create employment in the region until 2033. The accord also paves the way for relative industrial peace and investment in local community initiatives, with the potential for small business opportunities as well.

Collective bargaining improvement process

During the period under review the first Collective Bargaining Improvement Process was conducted, in the Pulp and Paper Chamber of the National Bargaining Council for the Wood and Paper Sector (NBCWPS). It followed the previously-reported piloting of this initiative in the Bargaining Council for the Civil Engineering Industry (BCCEI). The process was well received by the participants and the ten-point action plan to improve negotiation effectiveness that was developed as an outcome of the process has been implemented by the parties, with assistance from the CCMA. In the medium to long run, this intervention holds great promise for the labour market, by improving the practice of negotiation and reducing reliance on statutory dispute resolution for collective bargaining matters.



PARTIES IN THE NATIONAL BARGAINING COUNCIL FOR THE WOOD AND PAPER SECTOR PARTICIPATING IN THE COLLECTIVE BARGAINING IMPROVEMENT PROCESS.

Pilot workplace mediation project

A pilot workplace mediation service was launched in the fruit sector in March 2016, in collaboration with Fruit Industry Value Chain Round Table (FIVCRT), a partnership between government and the fruit industry incorporating trade organisations, business and labour.

It is sponsored by the Department of Agriculture, Forestry and Fisheries (DAFF) and Fruit SA to foster collaborative industry and government actions that help to secure an enduring competitive advantage for the fruit sector. The pilot project will run for six (6) months, until the end of August 2016. If successful, the workplace mediation service will be extended to other fruit-producing provinces in a phased roll-out.



ENGAGING WITH TRADE UNIONS IN THE WESTERN CAPE IN THE RUN-UP TO THE LAUNCH OF THE WORKPLACE MEDIATION PILOT PROJECT.

Workplace mediation is a process designed to resolve conflict in the workplace that may arise between the employer and employee(s) or between employees. This voluntary process has the overriding aim of resolving conflict at an early stage, in an effort to restore and maintain the employment relationship wherever possible and focus on working together.



Conservative estimates on the take-up of the service by parties in the fruit sector, and the efficacy of the service, promise a 15% reduction in the case-load of referrals received from the sector



CCMA WESTERN CAPE CASE MANAGEMENT OFFICERS, LIESEL DE LA CRUZ AND PATRICIA CHEPAPE, WITH THE FIRST REQUEST FOR WORKPLACE MEDIATION RECEIVED.

Collective bargaining season briefing

The department hosted the ninth Collective Bargaining Season Briefing for mediators on 12 May 2015. The briefing forms part of continuous professional development and is specifically intended to prepare Commissioners for the collective bargaining season each year.



COMMISSIONERS MARLEZE BLIGNAUT AND PATRICK MBATSANA REPORTING BACK ON ONE OF THE COMMISSIONS AT THE NINTH COLLECTIVE BARGAINING SEASON BRIEFING.

Catherine Macleod, Chief Director: Macro-economic policy in the National Treasury, addressed the briefing on the macro-economic environment. Bongani Mbali, DM&P Commissioner, presented an update on the Ekurhuleni Declaration processes. Haroun Docrat, Senior Commissioner for Mediation and Collective Bargaining, addressed the session on using advisory arbitration awards in collective bargaining matters. The presentations were followed by commissions that deliberated on how to address the challenges facing collective bargaining.



Advisory arbitration award advocacy campaign

An advocacy campaign on the use of advisory arbitration awards was conducted during the period under review. The campaign targeted Commissioners and users to promote the use of advisory arbitration awards as an impasse-breaking mechanism in collective bargaining matters.

In total, ten (10) external presentations were made to (i) the mining sector meeting (Mpumalanga), (ii) user forums (Vaal, North West, Port Elizabeth and Tshwane), (iii) stakeholder forums (Limpopo, Western Cape, North West and Ekurhuleni) and (iv) the employer summit (Ekurhuleni). Ten internal presentations, including to the 2015 Collective Bargaining Season Briefing, were made across CCMA regional offices.

The campaign was well received both externally and internally.



PRESENTATION TO THE MINING SECTOR MEETING IN MPUMALANGA ON THE USE OF ADVISORY ARBITRATION AWARDS IN COLLECTIVE BARGAINING MATTERS.

COLLECTIVE BARGAINING MATTERS

As anticipated, the 2015 collective bargaining season proved to be challenging, given the worsening economic conditions, but was characterised by fewer incidents of industrial action compared to previous years. CCMA Commissioners attended to four thousand five hundred and fifty nine (4 559) mutual interest matters in the period under review, representing a 7.5% case-load reduction from the previous financial year.

The mining industry again took centre-stage, with protracted negotiations in the gold sector that helped avert industrial action on a national scale. The coal sector negotiations progressed with relative calm, whilst collective bargaining challenges plagued the state-owned postal services (SAPO) on various fronts. The third consecutive round of wage negotiations led to an agreement in the private security sector.

As in previous years, the CCMA assisted various bargaining councils to successfully conclude their respective wage negotiations, including the National Bargaining Council for the Chemical Industry (NBCCI), National Bargaining Council for the Sugar Manufacturing and Refining Industry (NBCSMRI) and the National Bargaining Council for the Wood and Paper Sector (NBCWPS).



A summary of selected highlights are presented below:

Mining sector – gold

The gold sector wage negotiations took centre-stage, following several mediated sessions with private facilitators in July and August 2015. Six disputes were referred to the CCMA by the different unions in August 2015. The disputes were subsequently consolidated and scheduled for September and October 2015.

A three-year agreement was concluded between Harmony and AngloGold, and trade unions NUM, UASA, and Solidarity. An agreement was subsequently reached between Sibanye Gold and AMCU that effectively ruled out the potential for industrial action in the sector.



SENIOR COMMISSIONER MOE ALLY AND COMMISSIONERS MARLEZE BLIGNAUT AND MALESELA MABOYA AT THE SUCCESSFUL CONCLUSION OF THE GOLD SECTOR CONCILIATION.

Private security sector

The CCMA successfully conciliated the wage dispute between parties to the National Bargaining Forum for the private security sector. The three-year agreement brokered by the CCMA marked the third consecutive wage negotiation concluded that has resulted in almost a decade of labour peace in the sector since the violent industrial action experienced in 2006. The agreement gave new impetus to the process to register a bargaining council for the sector, and plans to this effect are well underway. The private security sector stands as a shining example in the labour market of the CCMA's commitment and ability to pro-actively support collective bargaining.



COLLECTIVE BARGAINING SUPPORT PROCESSES

The Department provides a range of services to support the process of collective bargaining from start to finish. These services include conducting verification exercises, preparation for bargaining, facilitation of wage negotiations and facilitation of working groups covering a range of subjects.

Highlights included:

Electricity sector

The CCMA facilitated a task team to address income differentials, salary disparities and equal pay for work of equal value between NUM, Numsa, Solidarity and Eskom Holdings. The outcome of this process will be considered to redress a review by the Director General on the issues above.

Health sector

The CCMA facilitated a working group comprising of Nehawu, ISA, PSA, Hospersa and the National Health Laboratory Services to address outstanding issues relating to a wage agreement reached.

National Bargaining Council for the Wood and Paper Sector (NBCWPS)

The CCMA facilitated a pre-bargaining conference and a risk management workshop for the parties in the National Bargaining Council for the Wood and Paper Sector. Both initiatives arose out of the collective bargaining improvement process. A key outcome of the pre-bargaining conference was agreement on a framework for settlement that itemised issues that would be the subject of negotiation. The risk management workshop explored the risk of new entrants into the bargaining arena and developed mitigating measures.

Transport/Logistics

Verification exercises were conducted in Autopax and Swissport. The outcome of these exercises effectively confirmed union representation at the entities. It is envisaged that parties would adopt a more co-operative model for engagement that would pave the way for constructive industrial relations at the respective entities. A recognition agreement was subsequently facilitated between Numsa and Autopax, paving the way for labour stability and an opportunity for the parties to forge a relationship.

Postal services sector

The CCMA facilitated several sessions between the South African Post Office and CWU, DEPACU and SAPWU. The purpose of the facilitation was to address key challenges relating to substantive conditions in respect of wages, agreements to phase in contract part-time workers, and several organisational rights disputes.

INTER-DEPARTMENTAL COLLABORATION

Ongoing collaboration with the Dispute Management and Prevention department and Legal Services facilitated the roll-out of the advisory award advocacy campaign at user forums and case law monitors across the country. Henceforth, the department will explore and exploit other opportunities for collaboration to enhance delivery.

DEPARTMENTAL CHALLENGES

The achievements of the department must be seen in the light of the challenges that were experienced.

The department was significantly under-resourced during the period under review. Normally the department comprises a National Senior Commissioner and two (2) Senior Commissioners in Collective Bargaining and Conciliation. However; early in the year the Senior Commissioner: Conciliation was deployed to the Operations department to act as the Convening Senior Commissioner in the North West region. Attempts to fill the position by way of a fixed-term contract were unsuccessful, resulting in a huge demand being placed on the National Senior Commissioner and the Senior Commissioner: Collective Bargaining.

The under-resourcing was exacerbated by the increased demand for collective bargaining support services, the initiation of special projects such as the pilot workplace mediation service, and the responsibility for governance roles played by the National Senior Commissioner, such as oversight of the strategy function.

Notwithstanding this, the department prides itself in delivering on its objectives without the use of external consultants, whilst operating within budget.



CONCLUSION

The Mediation and Collective Bargaining department is the smallest core function department in the CCMA, but its contribution to the labour market is significant, as evidenced by its achievements. If optimally capacitated and resourced, the department has the potential to make a greater impact on the labour market in the medium to long term.



CCMA ROADSHOW IN QUEENSTOWN, EASTERN CAPE



DISPUTE MANAGEMENT AND PREVENTION DEPARTMENT JOHANNESBURG OFFICE – ORGANISED LABOUR ENGAGEMENT



CAPACITY-BUILDING AND OUTREACH



National Senior Commissioner
Capacity Building and Outreach
Jeremy Daphne

INTRODUCTION

The Capacity-building and Outreach Department includes the Education and Training Department (ETD), the Training Development Unit (TDU), the Employment Security Unit (ESU) and the Dispute Management and Prevention Department (DM&P). Due to the divergent areas of focus and different functions of these departments, each has its own Sens'umehluko strategy objectives, requiring distinct reporting.

The ESU is responsible for all aspects of the CCMA's work regarding the promotion of employment security and relieving business distress. Key to this is its multi-faceted, holistic approach to job saving which includes working in partnership with a range of organisations.

The DM&P Department offers an extensive range of outreach services to CCMA users and social partners nationally. The main focus of the unit is capacity-building, information-sharing, awareness-raising and problem-

solving. Its main objective is effective and pro-active management of conflict and disputes, from workplaces to CCMA hearing rooms.

The ETD is responsible for all capacity-building within the CCMA. This includes the development of a workplace skills plan, skills audits, compliance reporting and the delivery of training interventions in line with the CCMA's strategic objective to build skills to achieve professionalism. The TDU, on the other hand, focuses on designing and developing training materials and courses for the CCMA's capacity-building and qualifications development activities.

ESU SERVICE DELIVERY

Operational performance objectives of the unit are:

- Effective facilitation of large-scale retrenchment processes;
- Meet and exceed the target to save 20% of jobs of employees likely to be retrenched on referred cases;
- Explore alternatives to retrenchments; and
- Engage key role-players to advance employment security.

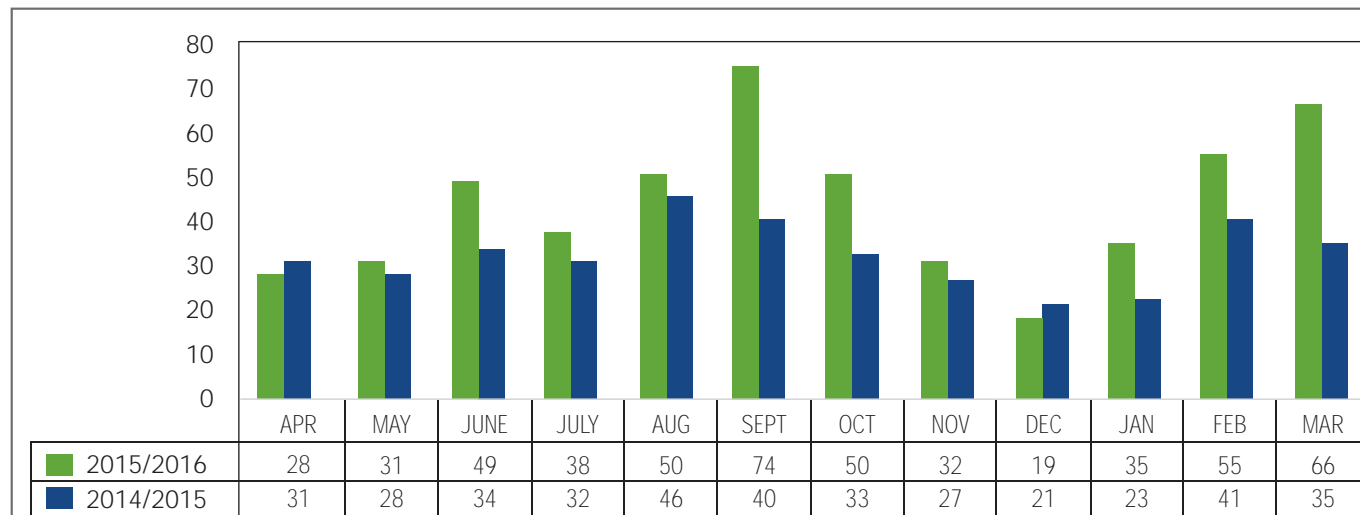
In the first quarter of the year under review, the CCMA identified an upsurge in the number of large-scale retrenchment referrals as well as the numbers of employees likely to be retrenched, particularly in the mining and metal industries. The ESU immediately established a crisis committee to ensure an appropriate response to the job loss crisis. This led to the implementation of capacity-building and other initiatives to save jobs.

The escalation in large-scale referrals to the CCMA posed significant demands on CCMA capacity. This is reflected by the 527 referrals received in the year under review compared with three hundred and ninety one (391) referrals the previous year (2014/15). This amounts to a 34.8% increase.



The figure below reflects activity in respect of large-scale retrenchment facilitations referred:

FIGURE 5: NUMBER OF SECTION 189A REFERRALS



The above chart shows that the number of s189A referrals has increased significantly. The CCMA received five hundred and twenty seven (527) referrals during the year, compared to the three hundred and ninety one (391) referrals of the previous financial year. This amounts to a 34.8% increase from an already-high base.

The table below reflects the s189A referral trend by sector:

TABLE 7: SECTION 189A REFERRALS TREND PER SECTOR

SECTOR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
Agriculture/Farming	1	1	3	1	0	3	0	4	1	1	1	3	19
Banking/Finance	0	0	0	0	0	0	0	0	0	0	1	3	4
Building/Construction	1	2	5	1	4	7	6	7	3	1	4	8	49
Business/Professional Services	4	4	4	5	9	8	9	5	3	3	11	6	71
Chemical	0	0	2	2	2	0	2	1	0	0	0	2	11
Civil Engineering	0	0	0	0	0	0	2	1	0	0	0	2	5
Cleaning/Laundry	0	1	0	0	0	0	0	0	0	0	0	0	1
Clothing/Textile (Manufacture)	0	0	1	0	0	2	1	0	0	2	0	2	8
Communications	0	0	1	0	0	0	0	0	1	0	0	0	2
Contract Cleaning	0	2	0	0	0	0	0	0	0	0	0	0	2
Distribution/ Warehousing	0	1	0	0	0	0	0	0	0	0	1	1	3
Educators (Private)	0	0	0	0	0	0	0	0	1	0	1	0	2
Electrical	0	0	0	0	1	0	1	0	0	0	0	0	2
Entertainment/Leisure	0	1	0	0	0	0	0	0	0	0	0	0	1
Food/Beverage (manufacture & processing)	3	2	1	1	3	3	2	1	2	1	2	2	23



SECTOR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
Furniture (manufacture)	1	0	0	0	0	0	0	0	0	0	0	1	2
Health (private)	0	1	1	0	1	0	0	2	0	1	2	0	8
Hotel	0	0	1	0	0	0	0	0	0	0	0	0	1
Leather	0	0	0	0	0	0	0	0	0	0	1	0	1
Manufacturing	1	0	2	1	2	0	0	0	0	1	0	0	7
Marketing/Public Relations	0	0	0	0	0	1	0	0	0	0	0	0	1
Media (private)	0	0	0	1	0	0	0	0	0	0	1	0	2
Metal	7	3	6	6	4	17	8	4	1	10	11	12	89
Mining	5	8	12	8	11	17	8	4	6	9	11	12	111
Motor	1	2	1	2	2	0	1	1	0	1	1	0	12
Motor (manufacture)	0	0	0	1	0	2	1	0	0	0	0	1	5
Other business/professional services	0	0	0	0	0	0	0	1	0	0	0	0	1
Paper/Printing/Packaging	0	2	2	2	2	2	2	0	1	1	2	3	19
Parastatals	0	0	0	0	0	1	0	0	0	0	0	0	1
Post Office	0	0	1	0	0	0	0	0	0	0	0	0	1
Public Health & Welfare	0	0	0	0	0	0	0	0	0	1	0	0	1
Public Service (General)	0	0	0	1	0	0	0	0	0	0	0	0	1
Religious/Community Service	0	0	0	0	0	1	0	0	0	0	0	0	1
Retail	1	0	2	2	2	2	2	0	0	1	0	2	14
Road Freight	0	0	0	0	2	0	0	0	0	0	0	1	3
Safety/Security (private)	1	0	0	1	0	3	1	1	0	0	2	0	9
Sugar	0	0	0	0	0	1	0	0	0	0	0	0	1
Telecommunications	0	0	0	0	0	0	0	0	0	0	1	0	1
Transport (private)	2	1	3	1	4	4	3	0	0	1	2	2	23
Waste Recycling	0	0	1	2	0	0	0	0	0	0	0	2	5
Wholesale	0	0	0	0	1	0	1	0	0	0	0	1	3
Wood & Paper	0	0	0	0	0	0	0	0	0	1	0	0	1
TOTAL	28	31	49	38	50	74	50	32	19	35	55	66	527

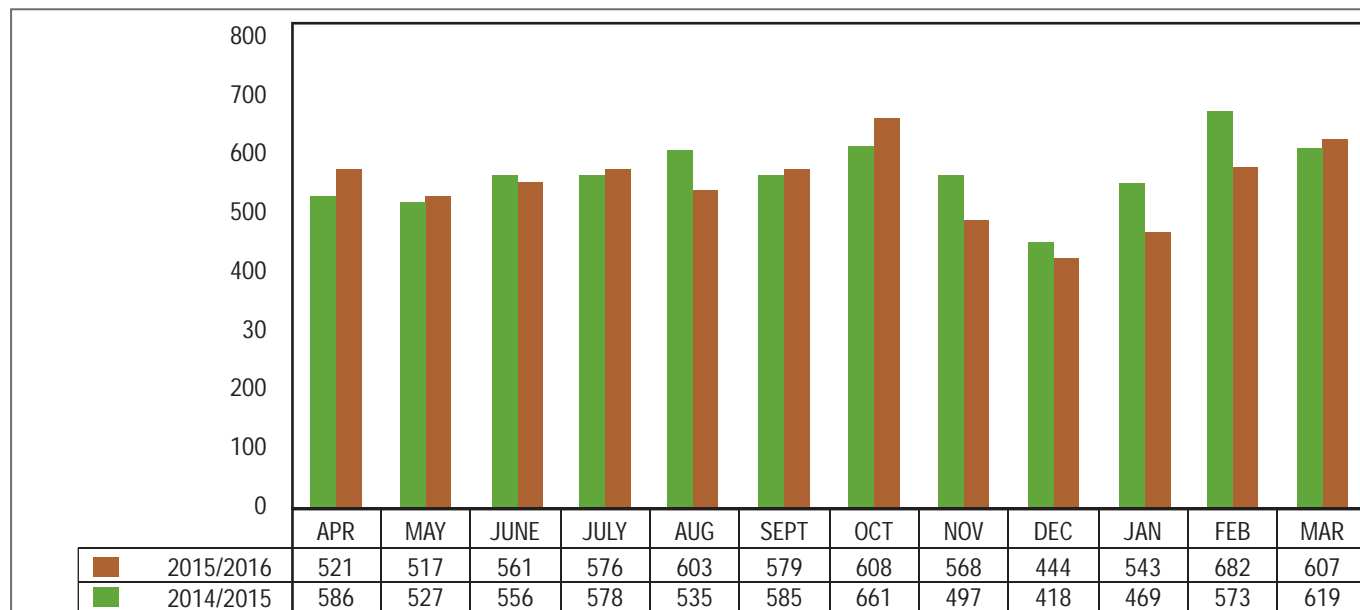
The table above shows open and closed cases referred by sector since April 2015, with Mining involving one hundred and eleven (111) cases and Metal eighty nine (89) cases

Small-scale retrenchments referrals increased by 3.1%, from six thousand six hundred and four (6 604) to six thousand eight hundred and nine (6 809) compared to the previous year. The statistics below reflect activity in respect of small-scale retrenchment matters.



The figure below compares the 2015/16 financial year, against 2014/15, in terms of the number of section 189 referrals:

FIGURE 6: COMPARISON OF THE NUMBER OF SECTION 189 REFERRALS FOR 2014/15 AND 2015/16



JOBS SAVED AND LOST

In the course of s189A facilitations, the CCMA assisted in saving 35% twenty thousand six hundred and sixty one (20 661) of the jobs of those likely to be retrenched fifty eight thousand four hundred and fifty (58 450), and actual retrenchments were recorded at thirty six thousand four hundred and eighty three (36 483) for the year. The number of jobs saved is considerably above the strategy target of 20%. This is indicative of the good work being done by Section 189A facilitators, along with the more accurate analytical method being used and which is based on closed cases. Jobs lost since April 2015 in Mining and Metal alone amount to twenty thousand seven hundred and nineteen (20 719), which constitutes 56.8% of all jobs lost.

The table below shows jobs lost and saved in completed cases in the year under review:

TABLE 8: TOTAL NUMBER OF JOBS SAVED DURING THE 2015/16 FINANCIAL YEAR

MONTH	EMPLOYEES LIKELY TO BE RETRENCHED	TOTAL RETRENCHMENTS	FORCED RETRENCHMENT	VOLUNTARY RETRENCHMENT	OTHER	JOBS SAVED (#)	JOBS SAVED (%)
April	4 841	3 327	2 325	1 002	288	1 226	25%
May	4 912	2 272	1 739	533	20	2 620	53%
June	4 929	3 209	1 608	1 601	137	1 583	32%
1st Quarter	14 682	8 808	5 672	3 136	445	5 429	37%
July	12 280	5 844	2 065	3 779	520	5 916	48%
August	3 921	3 104	2 702	402	53	764	19%
September	7 785	5 429	4 169	1 260	73	2 283	29%
2nd Quarter	23 986	14 377	8 936	5 441	646	8 963	37%
October	4 096	2 111	1 182	929	103	1 882	46%
November	3 030	1 621	671	950	107	1 302	43%
December	2 190	1 603	1 073	530	0	587	27%
3rd Quarter	9 316	5 335	2 926	2 409	210	3 771	40%
January	3 343	1 516	913	603	5	1 822	55%
February	3 595	2 931	2 416	515	0	664	18%
March	3 528	3 516	716	2 800	0	12	0%
4th Quarter	10 466	7 963	4 045	3 918	5	2 498	24%
Annual	58 450	36 483	21 579	14 904	1 306	20 661	35%



The table below shows jobs lost and saved in completed cases, per sector:

TABLE 9: 2015/16 JOBS LOST AND SAVED BY SECTOR

SECTOR	EMPLOYEES LIKELY TO BE RETRENCHED	TOTAL RETRENCHMENTS	FORCED RETRENCHMENT	VOLUNTARY RETRENCHMENT	OTHER	JOBS SAVED (#)	JOBS SAVED (%)
Agriculture/Farming	1 189	893	453	440	0	296	25%
Building/ Construction	3 402	2 088	1 379	709	54	1 260	37%
Business/Professional services	2 586	1 770	1 149	621	135	681	26%
Chemical	598	366	274	92	15	217	36%
Civil engineering	372	215	61	154	0	157	42%
Cleaning/Laundry	17	14	14	0	0	3	18%
Clothing/Textile (manufacture)	1 134	810	810	0	0	324	29%
Communications	188	116	45	71	0	72	38%
Contract cleaning	38	19	19	0	0	19	50%
Distribution/ Warehousing	413	169	13	156	0	244	59%
Electrical	221	154	66	88	2	65	29%
Educators (private)	357	211	80	131	0	146	41%
Entertainment & Leisure	34	33	33	0	0	1	3%
Food/Beverage (manufacture & processing)	1 746	743	506	237	2	1 001	57%
Furniture (manufacture)	102	102	102	0	0	0	0%
Health (private)	1 042	163	106	57	28	851	82%
Hotel	41	22	7	15	13	6	15%
Manufacturing	674	595	502	93	0	79	12%
Marketing/Public Relations	39	16	16	0	0	23	59%
Media (private)	3	3	3	0	0	0	0%
Metal	9 586	5 467	3 467	2 000	22	4 097	43%
Mining	23 806	15 252	9 444	5 808	796	7 758	33%
Motor	1 051	558	350	208	0	493	47%
Motor (manufacture)	512	292	224	68	0	220	43%
Paper/Printing/ Packaging	759	493	214	279	2	264	35%
Public Health & Welfare	15	0	0	0	0	15	100%
Public Service (General)	25	5	0	5	0	20	80%



SECTOR	EMPLOYEES LIKELY TO BE RETRENCHED	TOTAL RETRENCHMENTS	FORCED RETRENCHMENT	VOLUNTARY RETRENCHMENT	OTHER	JOBS SAVED (#)	JOBS SAVED (%)
Religious/Community Service	100	42	42	0	0	58	58%
Retail	4 530	3 744	935	2 809	0	786	17%
Road Freight	72	22	4	18	15	35	49%
Safety/Security (private)	1 261	1 083	724	359	0	178	14%
Sugar	140	0	0	0	0	140	100%
Telecommunications	20	13	1	12	0	7	35%
Transport (private)	2 256	900	513	387	222	1 134	50%
Waste Recycling	95	84	0	84	0	11	12%
Wholesale	4	4	1	3	0	0	0%
Wood & Paper	22	22	22	0	0	0	0%
TOTAL	58 450	36 483	21 579	14 904	1 306	20 661	35%

JOBS CRISIS PLAN

The CCMA developed a Jobs Crisis Plan, key aspects of which included development of partnerships and joint initiatives to save jobs, particularly in the Mining and Metals sectors; improving delivery of the Training Layoff Scheme (TLS); capacity-building; and enhanced information sharing. In addition to internal briefings, the CCMA pro-actively communicated the extent of the crisis to the social partners, with presentations on implementation of the plan to the Presidency and to NEDLAC.

The CCMA has in particular played a pivotal role in the mining sector, which signed a Sector Stakeholder Leaders' Declaration. The declaration encompasses a 10-point plan to address the challenges facing the industry, such as depressed commodity prices and the high risk of job losses. The CCMA's role includes thorough exploration of alternatives to retrenchment, assisting with the establishment of future forums, and dealing with social labour plans in the course of s189A facilitation processes in the mining industry.

The CCMA also participated in the Operation Phakisa Mining Lab, an initiative of the Presidency aimed at galvanising growth, investment and employment creation along the mining value chain in relevant input sectors and in mining-related communities. In the employment cluster work stream, the CCMA, in partnership with the ILO, was able to assist participants to recognise the need for increased levels of decent work within the industry, and the need for a Decent Work Programme to be developed.



DEVELOPMENT OF PARTNERSHIPS

This was a priority focus in order to implement the Jobs Crisis Plan. The CCMA partnered with the Department of Mineral Resources (DMR) to deliver training to s189A facilitators on social labour plans, mining regulations and the establishment of future forums. The CCMA also drafted a Memorandum of Understanding (MoU) on co-operation between the DMR and the CCMA in the course of retrenchment facilitations.

The CCMA engaged with Productivity SA to discuss the consolidation of the CCMA/Productivity SA partnership at national level, along with a revised MoU. There have been numerous other engagements, including with FEDUSA, role-players in the retail and steel sectors and AgriSA. These included discussions on current job loss and business distress, and job saving services the CCMA can offer in this regard.

IMPROVING DELIVERY OF THE TLS

The number of TLS applications increased by 21%, with twenty three (23) requests for participation in the TLS received this year, compared with nineteen (19) last year.

A CCMA/SETA Consultative Forum meeting took place to address challenges in delivery of the TLS and to strengthen working relations between the CCMA and SETAs.

The table below shows the 2015/16 TLS delivery:

TABLE 10: 2015/16 TRAINING LAYOFF SCHEME DELIVERY

STAGE OF TL PROCESS	ACTIVITY	NUMBER OF CASES	NUMBER OF AFFECTED WORKERS
Training	Training completed.	0	0
Training	TL approved by the Project Evaluation Committee (PEC) and training in progress with respective SETA.	2	1 788
SETA & UIF	TL at the stage of being processed by the SETA involved and UIF.	11	4 761
CCMA Advisory Committee	TL at the stage of being evaluated by the CCMA Advisory Committee for eligibility.	2	487
	Total cases currently in the TL process	15	7 036
Deferred by CCMA Advisory Committee	Cases deferred by the CCMA Advisory Committee.	1	108
Not recommended	Cases not recommended by the CCMA Advisory Committee.	6	919
Withdrawn	Cases that entered the TLS system but were subsequently withdrawn by the parties involved.	0	0
Liquidated	Companies that were liquidated or in the process of liquidation subsequent to submitting TL requests	1	1 894
Declined by PEC	Companies that were recommended by the CCMA Advisory Committee but declined by the Project Evaluation Committee	0	0
	TOTAL CASES PROCESSED	23	9 957



In the year under review, twenty three (23) cases involving nine thousand nine hundred and fifty seven (9 957) workers were processed. Of these, one company involving almost one thousand eight hundred and ninety four (1 894) workers was liquidated, one was deferred by the Advisory Committee and six (6) were not recommended for participation. Of the twenty three (23) cases, fifteen (15) cases involving seven thousand and thirty six (7 036) workers are currently in the TLS process.

ENHANCEMENT OF DATA CAPTURING, ANALYSIS AND REPORTING PROJECT

The ESU developed new reporting tables aimed at enhancing the analysis of s189A trends. A special CCMA management committee meeting was briefed on data integrity interventions and a case management officer workshop held, focusing on data processing and reporting.

FOCUS AREAS FOR THE COMING YEAR

The focus of ESU in the year ahead is to build on the holistic approach, including by developing a mechanism to recognise early warning signs of business distress and potential job loss, along with further developing post-retrenchment support mechanisms. The implementation of the CCMA's role in the Mining sector and continued development of partnerships remain pivotal in delivering on the strategy and ESU's plans for the year ahead.

DM&P SERVICE DELIVERY

The Dispute Management and Prevention Department's delivery is informed by the following performance areas of the Senz'umehluko strategy:

- Provide thought leadership and facilitating social dialogue;
- Strengthen partnerships for better delivery;
- Enhance accessibility to services;
- Pro-actively respond to labour market developments;
- Pro-actively facilitate improved bargaining;
- Manage conflict in the workplace;
- Transform workplace relations; and
- Develop and deliver capacity-building programmes for users aligned with the needs of the labour market.



The DM&P Department focus for year one (1) of the Senz'umehluko strategy was to create awareness on the employment law amendments and capacity-building for users, and to implement strategic interventions for identified vulnerable sectors, as well as the Building of Workplace Relations and Managing Conflict in the Workplace services.

Another important focus area was the integration and further development of the CCMA workplace transformation approach and interventions. The development and delivery of the Decent Work initiative was also prioritised, along with expanding the CCMA's footprint and improving geographic and language accessibility of outreach services.

The table below depicts the number of activities delivered by each region with respect to the APP targets:

TABLE 11: NUMBER OF KPA ACTIVITIES DELIVERED BY EACH REGION

KPA	ECEL	ECPE	FS	GAEK	GAJB	GATW	KZN	LP	MP	NC	NW	WC	Total
SO 1: Enhancing Labour market to advance stability and growth.													
KPA 1: Provide thought leadership and facilitate social dialogue	17	22	34	12	32	19	25	32	20	16	20	48	297
KPA 3: Strengthen partnerships for better delivery	17	42	42	16	37	28	22	25	15	11	14	64	333
KPA 4: Enhance accessibility to services	26	82	64	29	83	35	35	31	24	30	28	159	626
SO 2: Advancing good practices at work and transforming workplace relations.													
KPA 1: Pro-actively facilitate improved bargaining	7	11	10	12	8	9	8	10	5	3	3	11	97
KPA 2: Manage conflict in the workplace (MCW)	0	1	2	0	1	2	1	1	0	0	2	2	12
KPA 3: Transform workplace relations	10	16	16	16	24	11	4	27	13	8	12	29	186
SO 3: Building Knowledge and Skills.													
KPA 1: Align capacity-building programmes with the needs of the labour market	36	62	48	27	48	43	82	69	38	45	26	57	581
TOTAL	113	236	216	112	233	147	177	195	115	113	105	370	2 132

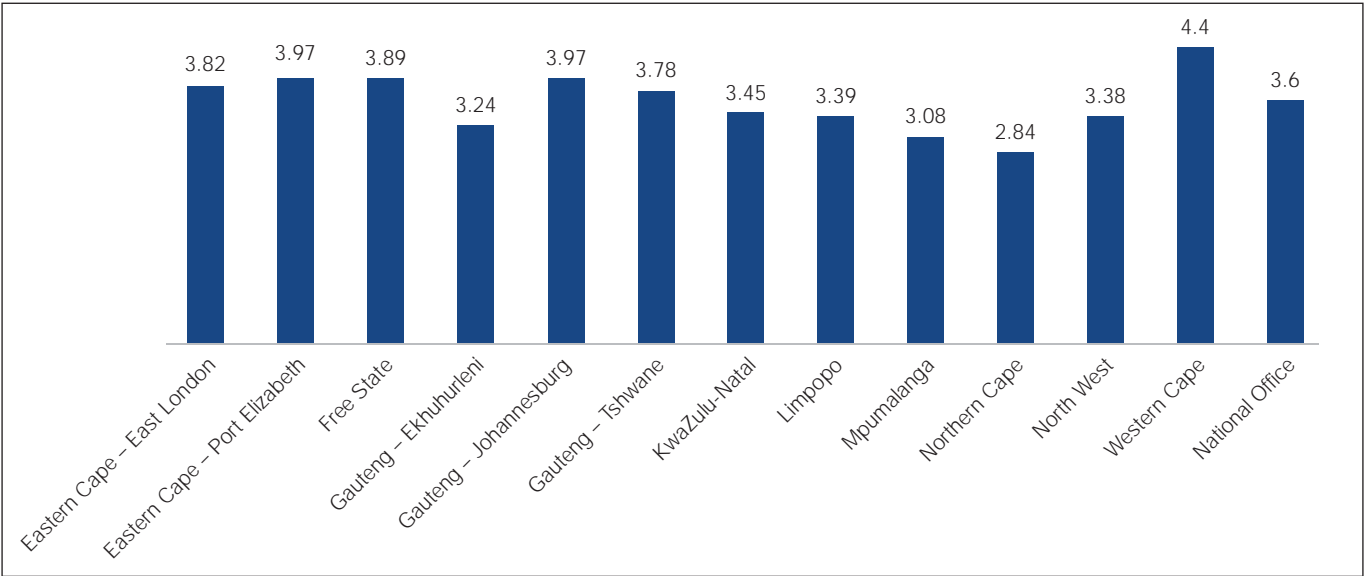


A total of two thousand one hundred and thirty two (2 132) activities were conducted across the length and breadth of the Republic. The range of activities conducted included holding CCMA user and sector forum meetings, participating in stakeholder and social partner events, radio talk shows, roadshows and izimbizo (meetings) held jointly with the Department of Labour (DoL) and other strategic partners, delivery of best practice workshops on how to use the CCMA and the law, short-session presentations, labour law seminars, facilitated Building Workplace Relations (BWR) interventions, Managing Conflict in the Workplace (MCW) training, capacity-building on unfair discrimination in the workplace, effective negotiation skills, and training in dealing with retrenchments.

The unit reached out to approximately thirty seven thousand three hundred and eighty four (37 384) people to better understand the law and their rights.

The grid below depicts the overall regional and national performance ratings for the year under review:

FIGURE 7: DM&P OVERALL REGIONAL AND NATIONAL PERFORMANCE RATINGS



Eleven (11) CCMA regions have met or exceeded their targeted performance rating, with one (1) region having significantly exceeded the set target. One (1) region has marginally failed to meet the minimum performance rating of a 3.00. This could be attributed to capacity problems and competing priorities in the region.

The unit maintained the momentum created by the joint delivery of the CCMA and DoL amendments communication campaign during the 2014/2015 financial year. The objective of that campaign was to create awareness of the main amendments, with the target audience being employers, employer organisations, human resource and legal practitioners, trade unions and advice offices.

A total of one hundred and forty eight (148) activities was delivered during this reporting period, focusing on awareness-raising and capacity-building on labour law amendments for users. The activities covered approximately four thousand four hundred and forty (4 440) participants across the country.



The table below depicts the regions and the number of labour law amendments activities delivered in each region:

TABLE 12: NUMBER OF EMPLOYMENT LAWS AMENDMENTS ACTIVITIES DELIVERED PER REGION

REGION	NO. OF ACTIVITIES DELIVERED
Eastern Cape: East London	10
Eastern Cape: Port Elizabeth	10
Free State	17
Gauteng: Ekurhuleni	15
Gauteng: Johannesburg	32
Gauteng: Tshwane	14
KwaZulu Natal	5
Limpopo	11
Mpumalanga	7
Northern Cape	3
North West	10
Western Cape	14
TOTAL	148

One of the highlights for the period under review was the development and delivery of two new capacity-building training interventions aligned with the needs of the users, namely: *Effective Negotiation Skills* and *Dealing with Retrenchments*, with positive feedback received from the users.

Another key highlight was the development and delivery of a customised training programme for ABSA/Barclays Bank decision-makers on conducting disciplinary inquiries and participating in CCMA dispute resolution processes. The training involved fifty two (52) presiding officers of disciplinary inquiries from the Eastern Cape (Port Elizabeth), Free State (Bloemfontein), Gauteng (Johannesburg and Tshwane), Limpopo (Polokwane) and the Western Cape (Cape Town).

FOCUS AREAS FOR 2016/17

The unit's focus for the second year of the Senz'umehluko strategy will be on further consolidating and taking forward key initiatives. In particular, priority will be given to specialist employment law amendments capacity-building for users, strategic interventions in identified vulnerable sectors, and the BWR and MWC services. Another important aspect will be the integration of the Effective Negotiation Skills and the Workplace Mediation interventions into the CCMA workplace transformation approaches. The delivery of the Dealing with Retrenchments training initiative will also be high on the unit's agenda.

CONCLUSION

The DM&P Department has once again experienced a successful year, filled with high impact programmes. The unit has forged strategic collaborative relationships with other organisations such as the Commission for Gender Equality (CGE), the Foundation for Human Rights (FHR) and the Association of Community Advice Offices of South Africa (ACAOSA).

Furthermore, the department also shifted the boundaries through its Enhance Accessibility to Services project which was aimed at expanding the CCMA's footprint and improving geographic and language accessibility of outreach services.



ETD SERVICE DELIVERY

The ETD's mandate is to provide for continuous professional development aligned to the needs of the organisation and its people. In pursuit of this objective, six strategic priority areas were identified as reflected below:

- Candidate Commissioner training;
- Education, training and development skills programmes;
- Specialist Commissioner capacity-building and labour law amendments training;
- Women empowerment and development programmes;
- Soft skills training; and
- Management capacity-building programmes.

During the period under review, sixty three (63) training interventions carried were out involving, two thousand eight hundred and twelve (2 812) CCMA employees in capacity-building initiatives. Of that number, one thousand one hundred and ninety two (1 192) were Commissioners who attended labour law amendments and Commissioner capacity-building programmes. A significant amount of work was carried out to further capacitate Commissioners in specialist areas. This target was qualitatively and quantitatively achieved.

TRAINING DELIVERED

The following reflects the activities carried out in implementing the priority areas listed above:

Candidate Commissioner training

Fifty-eight (58) candidate Commissioners started the 2016 training programme in February, of which twenty (20) were exempted from attending the full training programme, and only had to complete a refresher course and the coaching and mentorship programme. In the year under review, four (4) of the nine (9) modules were delivered, comprising of an Induction Programme, Social Justice, Ethics and Diversity in the CCMA Context, as well as Substantive Law, and a refresher course for the group exempted from training. The remaining modules will be completed in the next financial year. Two (2) candidate Commissioners were found not competent in the substantive law module and had to leave the training programme.



2016 CANDIDATE COMMISSIONERS ATTENDING TRAINING IN SUBSTANTIVE LAW AT THE HEAD OFFICE

Specialist Commissioner and labour law amendments training

The ETD provided extensive capacity-building for Commissioners on the labour law amendments. This involved training of a generalist and specialist nature, along with post-training briefing sessions on specific aspects regarding the practical interpretation and application of the law. Important strides were made in broadening the base of specialist panelists, thus ensuring the effective implementation of the amendments. Attendance at courses was held as follows:



TABLE 13: SPECIALIST COMMISSIONER AND LABOUR LAW AMENDMENTS TRAINING ATTENDANCE

LABOUR LAW AMENDMENTS TRAINING	EQUITY DETAILS										TOTAL
	AFRICAN		COLOURED		INDIAN		WHITE		DISABILITY		
	M	F	M	F	M	F	M	F	M	F	
Section 198 (Regulation of non-standard work)	220	101	51	41	39	19	15	20	0	0	509
Section 198 briefing sessions on labour law amendments	123	50	58	39	23	11	17	14	0	0	335
Organisational Rights Specialist training	32	12	6	2	3	2	0	0	0	0	67
Organisational Rights generalist training	162	74	46	42	30	16	12	25	0	0	407
Organisational Rights briefing session	33	10	11	3	1	6	2	6	0	0	75
Employment Equity Specialist training	24	12	3	9	3	3	1	3	0	0	58
Employment Equity briefing sessions	26	18	11	18	6	2	3	5	0	0	89
Employment Equity generalist training	121	40	38	20	15	17	13	6	4	0	264
TOTAL	1 802										

Further capacity-building activities for Commissioners

In addition to labour law amendments training, the following training was also conducted for Commissioners:

TABLE 14: COMMISSIONER TRAINING INTERVENTIONS

CAPACITY-BUILDING ACTIVITY	EQUITY DETAILS										TOTAL
	AFRICAN		COLOURED		INDIAN		WHITE		DISABILITY		
	M	F	M	F	M	F	M	F	M	F	
Minimum Service Agreements specialist training	10	5	7	5	2	0	2	0	0	0	31
Section 189A Facilitation skills	16	10	0	2	0	0	1	1	0	0	30
Arbitration and award writing refresher course	17	9	1	0	0	0	0	0	0	0	27
Advanced Conciliation refresher course	14	3	1	0	1	1	0	0	0	0	20
Mediating Mutual Interest disputes	21	8	1	0	0	1	0	0	0	0	31
Costs Orders in Arbitration	12	1	1	3	1	1	4	1	0	0	24
Demarcation	12	2	1	6	1	0	4	1	0	0	27
English grammar	12	4	0	1	0	0	3	0	0	0	20
TOTAL											190

In addition, three (3) skills development courses involving Commissioners were held. Thirty four (34) Commissioners attended the Train-the-Trainer (Facilitator course), twenty one (21) attended the Assessor training course and forty two (42) attended the Coaching and Mentorship programme.



Women empowerment and development programmes

A total of thirty three (33) women in middle management positions participated in women's empowerment and development programmes: eight (8) in power speaking and pronunciation, and twenty five (25) in management development and leadership skills for women. The women's management and leadership skills course was highly commended by attendees.



WOMEN IN MANAGEMENT ATTENDING THE MANAGEMENT DEVELOPMENT AND LEADERSHIP SKILLS COURSE AT THE NATIONAL OFFICE



WOMEN IN MANAGEMENT WHO COMPLETED THE POWER SPEAKING TRAINING



Support staff training

A total of twenty three (23) soft skills training interventions were delivered, attended by four hundred and seven (407) CCMA support staffers. The interventions included training on the Induction E-Learning programme; tools and techniques for internal audit; Excel intermediate to advanced; Conducting Audit from Cradle to Grave course; HR Blades system; Managing HP3 PAR store Serv; VMware vSphere; HR Premier system; asset management; effective business writing and advanced report-writing skills; risk management; case management system; labour law amendments; safety, health and environment management; substantive law; facilities management; telephone etiquette and customer care; supply chain management; hazard identification; and risk assessment.

Management capacity-building programmes

Fifteen (15) incumbents of middle management positions completed blocks two and three of the Emerging Management Development programme. Block one of the training programme was completed in the previous financial year.

BURSARY AND STUDY LOANS

Sixty-six (66) bursary applications were approved for payment. A total of R972 198.88 was paid to the relevant institutions on behalf of the successful candidates. No study loans were granted.

FOCUS AREAS FOR 2016/17

During 2016/17, ETD will continue to advance the Senz'umehluko strategy by providing further capacity-building activities to address the needs of the organisation. The focus areas for 2016/17 will include:

- Further capacity-building in specialist areas of labour law amendments;
- Broadening the mentorship and coaching programme for panelists to ensure effective implementation of labour law amendments;
- Promoting the delivery of training programmes on the e-learning platform within the organisation; and
- Applying innovative training methods that include the application of pre and post-training tools.

TDU SERVICE DELIVERY

The TDU service delivery is informed by the following three (3) Senz'umehluko strategic objectives:

- Enhancing the labour market to advance stability and growth;
- Advancing good practices at work and transforming workplace relations; and
- Building knowledge and skills.



ANDISWA MAKASI, AMY BECKETT, RUSHAN WYNGARD AND LAURIE WARWICK OF THE TDU.



The year under review saw a high demand for training material related to the employment law amendments. Besides aligning training materials with the amendments, the following amendments-related materials were developed for external users.

TABLE 15: SPECIALIST LABOUR LAW AMENDMENTS-RELATED TRAINING MATERIAL FOR EXTERNAL USERS

TRAINING MATERIALS
Dealing with Sexual Harassment as a form of Unfair Discrimination
Unfair Discrimination and Sexual Harassment
Employment Equity Act Amendments Resource Guide for CCMA Users
Organisational Rights (section 22 of the Labour Relations Act 66 of 1995)
Regulation of Non-standard Employment: Section 198, 198A-D of the LRA
Capacity-building for Essential Services Assessors
Managing Unfair Discrimination in the Workplace
Equal Pay for Work of Equal Value (section 6(4) of the Employment Equity Act 55 of 1998)
An overview of the CCMA Rules
Procedure to assist employees who qualify in terms of the means test to enforce awards in accordance with the amended section 143 of the LRA

DEVELOP AND DELIVER CAPACITY-BUILDING PROGRAMMES FOR USERS ALIGNED WITH THE NEEDS OF THE LABOUR MARKET

Specific capacity-building programmes for external users were identified by user requests and through the outcome of the findings of a user needs analysis survey. The nature of the capacity-building initiatives were varied and covered areas such as the employment law amendments, employee relations, conciliation skills and areas of international law related to diplomatic immunity.

The unit embraced a shift towards offering services to organisations outside South Africa. This included facilitating the observation of CCMA dispute resolution processes by twenty five (25) United Nations delegates as part of a UN leadership programme delivered by the University of Cape Town's Graduate School of Business; and developing a conciliation training and observation programme for delegates from the Ministry of Labour and Human Resource Development, Seychelles. In another new venture, workshop material was developed on Conducting Disciplinary Inquiries and Participating in CCMA Dispute Resolution Processes, along with the simplification and editing of workplace procedures and employee relations policy documents.



CCMA FACILITATORS SHARMAIN DADABHAI AND WILLIAM THOMSON WITH THE DELEGATES FROM THE REPUBLIC OF SEYCHELLES

The table below outlines the capacity-building programmes for CCMA external users:

TABLE 16: CAPACITY-BUILDING PROGRAMMES FOR CCMA EXTERNAL USERS

CAPACITY-BUILDING PROGRAMMES
Managing misconduct-related disciplinary inquiries
Equal pay for work of equal value (section 6(4) of the Employment Equities Act 55 of 1998)
Conciliation training – co-operation between the Ministry of Labour and Human Resource Development, Seychelles and the CCMA
Conducting disciplinary inquiries and participating in CCMA dispute resolution processes: Key aspects and best practice
United Nations – observation of CCMA dispute resolution processes
International Agencies – the CCMA and labour law in the Republic of South Africa.



DELEGATES FROM THE UNITED NATIONS RECEIVING A BRIEFING ON THE CCMA'S DISPUTE RESOLUTION AND PREVENTION ROLE IN SOUTH AFRICA

PRO-ACTIVELY FACILITATE IMPROVED BARGAINING – DELIVERY OF AN EFFECTIVE NEGOTIATIONS CAPACITY-BUILDING PROGRAMME

Effective Negotiations Skills course material, based partly on a similar course offered by the International Labour Organisation (ILO), was developed and piloted with delegates representing business and labour in the paper and pulp sector.

The purpose of this course is to develop and improve practical negotiation skills and to gain applicable negotiation theory to better understand the South African socio-economic and political context for negotiations/collective bargaining. The training material takes participants, amongst other areas, through theories associated with the development of conflict and disputes, the different approaches to managing conflict, the different stages of negotiation, the essential knowledge, skills and behaviours of effective negotiators, different models of negotiation and best negotiation practice.

The initial target group for this capacity-building programme is employer and trade union negotiators, negotiation teams and parties and sectors where multi-party negotiations take place.

PROFESSIONALISING THE PRACTICE OF LABOUR RELATIONS – COMPLIANCE WITH THE CCMA SET STANDARD FOR DELIVERY OF THE LABOUR DISPUTE RESOLUTION PRACTICE (LDRP) PROGRAMME BY CONTRACTED UNIVERSITIES

The LDRP Programme aims to equip participants to be competent conciliators and arbitrators, or to participate effectively in the conciliation and arbitration hearing process as a party. It will also empower participants to engage in a knowledgeable and skillful manner more broadly within the labour relations arena. A bridging component is also available in some instances for aspirant participants who have potential, but do not meet the entry requirements.

This initiative was given positive recognition by the Parliamentary Portfolio Committee on labour for the contribution it is making to capacity-building and skills development within the labour relations and dispute resolution community.

Assessment-based reviews were conducted on the LDRP programmes of Stellenbosch University, Nelson Mandela Metropolitan University, the University of the Witwatersrand and the University of the Western Cape, all of which met or exceeded the target in compliance with industry set standards. Assessment-based review meetings for the University of the Free State and the University of KwaZulu Natal, whose programmes started later than the other four universities, will be held during the 2016/2017 financial year.

A positive milestone was reached in that for the first time, LDRP graduates were included in the new intake of candidate Commissioners during the 2015 CCMA recruitment drive. On the whole, this group has shown a high level of competence in the mentorship programme and should prove to be successful Commissioners.



CCMA FACILITATORS KARDESS KOCK AND JOYCE NKOPANE WITH THE CANDIDATE COMMISSIONERS, INCLUDING LDRP GRADUATES, AT THE REFRESHER COURSE FOR EXEMPTED CANDIDATES

OTHER CAPACITY-BUILDING INITIATIVES

In addition to the capacity-building initiatives listed above and the update to existing training material, TDU developed new training material for internal users. These are listed in the table below:

TABLE 17: NEW TRAINING MATERIAL DEVELOPED FOR INTERNAL STAKEHOLDERS

NEW TRAINING MATERIAL – CCMA INTERNAL STAKEHOLDERS
Awarding costs at arbitration hearings
Demarcation training
Capacity-building for Essential Services Committee members
Refresher training for candidate Commissioners

The TDU was also required to develop Commissioner recruitment assessments, formative and summative assessments for identified candidate Commissioner training modules, and assessments for specialist commissioner training courses:

TABLE 18: DEVELOPMENT OF ASSESSMENTS

COMMISSIONER RECRUITMENT ASSESSMENTS
Three (3) Senior Commissioner recruitment assessments
Five (5) Level A Commissioner recruitment assessments
Five (5) Level B Commissioner recruitment assessments
CANDIDATE COMMISSIONER FORMATIVE ASSESSMENTS
Social Justice, Ethics and Diversity within the CCMA Context – Portfolio of evidence
Substantive Law – Portfolio of evidence



Rulings <ul style="list-style-type: none"> • Portfolio of evidence • Shadow ruling
Legal Drafting Skills – Assignment
CANDIDATE COMMISSIONER SUMMATIVE ASSESSMENTS
Substantive Law <ul style="list-style-type: none"> • Main assessment • Supplementary assessment
Conciliation <ul style="list-style-type: none"> • Main assessment • Supplementary assessment
SPECIALIST COMMISSIONER TRAINING ASSESSMENTS
Two (2) assessments for Regulation of Non-standard Employment (Section 198A-D of the Labour Relations Act) training
One (1) assessment for Organisational Rights training
One (1) assessment for Capacity-building for the Conciliation and Arbitration of Unfair Discrimination Disputes training

FOCUS AREAS FOR THE COMING YEAR

In addition to the general maintenance of existing training materials, the unit will focus on the following areas during 2016/17:

- Monitor, support and market the Labour Dispute Resolution Practice programme;
- Review identified high-impact delivery areas;
- Develop capacity-building programmes aligned with the needs of the labour market;
- Identify and implement cost-saving and income generation initiatives;
- Identify and implement innovative ways to expand TDU's services to internal and external users; and
- Explore projects with the aim of broadening outreach to other parts of Africa.

CONCLUSION

The TDU continues to support the capacity-building initiatives of the CCMA for both the CCMA's internal and external stakeholders. The LDRP university project is attracting a large number of students and has received support from the Parliamentary Portfolio Committee on Labour. The project is meaningful in terms of its continuity and the potential impact that it will have within the labour market. Furthermore, the move towards the provision of services to stakeholders outside South Africa is a positive development in that it enables the CCMA to share best practice messages with a wider audience both within South Africa and externally.



LEGAL SERVICES



Acting National Senior Commissioner
Legal Services
Floors Brand

INTRODUCTION

Legal Services draws its mandate from, in particular, section 115 of the LRA, which entails:

- Managing the arbitrations of disputes;
- Advising on procedures to follow;
- Assisting parties to obtain legal advice and representation;
- Assisting in the consideration of accreditation and subsidising of bargaining councils and private agencies;
- Assisting in the publication of guidelines on the application of any aspect of the LRA;
- Assisting with the drafting and creation of rules for the conduct of proceedings before the CCMA;
- Assisting with the institution and defending of litigation; and
- Ensuring that all contracts entered into by the CCMA are compliant with relevant legislation, treasury regulations and policy.

Legal Services also gives legal advice to other departments and to regions. It ensures that training material developed by the CCMA is compliant with legislative principles and with the latest case law.

Legal Services consists of five units, divided into focus areas: Litigation and Contracts, Councils and Agencies, Arbitration and Post-Hearing, Special Projects and Employment Equity. Legal Services also provides support to the Essential Services Committee.

The Councils and Agencies unit monitors and evaluates the quality of the dispute resolution functions of bargaining and statutory councils, and private agencies, and is also responsible for the accreditation of bargaining councils and payment of subsidies to them.

The Arbitration and Post-Hearing department is responsible for dispute resolution in general and certification of awards from bargaining councils in terms of section 143 of the LRA. This unit is additionally tasked with keeping Commissioners abreast of new employment laws by distributing Practice Notes, and provides updated Case Law and Practice and Procedure Manuals annually to Commissioners. The unit is also responsible for driving monthly case law monitors which are used to discuss contemporaneous jurisprudential developments.

The Special Projects and Employment Equity unit ensures that all Commissioners and users are continuously updated with the employment equity and employment law amendments by providing training to Commissioners, case management officers and interpreters. This is done to ensure that Commissioners interpret and apply the employment equity amendments and its related regulations consistently, and in line with their objectives.

The Litigation and Contracts Department provides legal advice and support to the CCMA. The department is tasked with instituting and defending litigation for and against the CCMA, monitoring reviews, providing legal advice, the settlement of all CCMA contracts, as well as ensuring that contracts entered into are compliant with relevant legislation, treasury regulations and policy.

COUNCILS AND AGENCIES SERVICE DELIVERY

This unit plays a pivotal role within the Legal Services department in that it is tasked with enhancing the quality of dispute resolution under the auspices of accredited bargaining and statutory Councils, as well as accredited private agencies, by implementing and applying the policies on accreditation.

Ongoing monitoring of conditions of accreditation criteria also took place to ensure compliance with the standards set by the CCMA. In addition, this department oversees the process whereby the competence of potential panellists for councils and agencies is assessed and the same quantitative criteria applicable to the appointment of Commissioners are applied in the assessment process. This is done so as to ensure consistency within the labour market in the appointment of dispute resolvers.



The unit visited the premises of various bargaining councils during the year to assist them with their dispute resolution functions, and in order to meet performance efficiencies. With few exceptions, the majority of councils performed well. Challenges experienced relate mainly to the late submission of awards and the settlement rate. Public sector bargaining councils are struggling to meet the performance efficiencies due to the lack of mandates to settle, and the use of public funds.

An ongoing process to build relations with councils and agencies is fostered. The utilisation of accredited private agencies has still been slow.



GENERAL SECRETARIES AND DISPUTE RESOLUTION MANAGERS OF BARGAINING COUNCILS ATTENDING A BRIEFING

The amount of subsidies paid to bargaining councils increased from R4 722 421 during the 2014/2015 financial year to R4 754 655 during the 2015/2016 financial year. The graph below shows the amounts paid to the respective bargaining councils.

TABLE 19: 2015/16 SUBSIDIES PAID TO BARGAINING COUNCILS

BARGAINING COUNCIL	CASES	AMOUNT
Metal and Engineering Industries Bargaining Council	3 015	1 345 326
Motor Industry Bargaining Council	2 635	1 170 605
National Bargaining Council for the Road Freight & Logistics Industry	1 484	664 213
South African Local Government Bargaining Council	522	232 244
Transnet Bargaining Council	231	98 622
Bargaining Council for the Restaurant, Catering and Allied Trades	435	193 095
Public Health and Social Development Sectoral Bargaining Council	332	148 283
National Bargaining Council for the Chemical Industry	296	132 531



BARGAINING COUNCIL	CASES	AMOUNT
Building Bargaining Council (Cape of Good Hope)	330	147 718
South African Road Passenger Bargaining Council	296	132 452
Public Service Co-ordinating Bargaining Council	223	99 656
Bargaining Council for the Food Retail, Restaurant Catering and Allied Trades	219	100 269
Safety and Security Sectoral Bargaining Council	202	90 421
Furniture Bargaining Council	138	61 750
National Bargaining Council for the Clothing Industry (Northern Chamber)	62	27 707
National Bargaining Council for the Clothing Industry (KZN)	90	39 692
National Bargaining Council for the Clothing Industry (WC)	55	24 620
Bargaining Council for the Furniture Manufacturing Industry (WC)	34	15 219
Bargaining Council for the Furniture Manufacturing Industry (KZN)	20	8 953
National Bargaining Council for the Leather Industry	19	8 482
Building Industry Bargaining Council (Southern and Eastern Cape)	13	5 819
National Bargaining Council for the Wood & Paper Sector	9	3 846
National Bargaining Council for the Electrical Industry of South Africa	7	3 133
TOTAL	10 667	4 754 655

SPECIAL PROJECTS AND EMPLOYMENT EQUITY SERVICE DELIVERY

The unit focused on the training of Commissioners to equip them to deal with amended employment laws, in particular organisational rights, section 198 and its insertions as well as discrimination disputes. Altogether one thousand eight hundred and one (1 801) Commissioners were trained in these specialist areas.

The table below reflects the number of disputes referred concerning organisational rights, section 198 and its insertions and employment equity, and the outcomes thereof. Section 198A deals with placements of employees by Temporary Employment Services (TES), section 198B deals with employees on fixed-term contracts and section 198C with employees employed on a part-time basis. The protection provided for in these sections only applies to employees whose earnings do not exceed the threshold determined by the Minister in terms of the Basic Conditions of Employment Act of 1997.

TABLE 20: 2015/2016 ANNUAL SECTION 198 STATISTICS

ISSUE	EL	PE	FS	JHB	EK	TW	KZN	LP	MP	NC	NW	WC	HO	NAT
S198A	9	14	9	47	39	4	52	8	5	0	4	11	1	203
S198B	19	4	6	90	31	11	30	9	8	4	9	18	1	240
S198C	1	3	1	10	6	0	11	1	2	0	4	3	0	42
S198D	13	15	9	71	86	52	44	7	6	1	14	28	9	355
TOTAL	42	36	25	218	162	67	137	25	21	5	31	60	11	840

In *Assign Services (Pty) Ltd vs Krost Shelving & Racking (Pty) Ltd and NUMSA* the arbitrator found that section 198A (3) (b) should be interpreted to mean that the client of the TES becomes the sole employer of the placed worker for purposes of the LRA, provided that the worker earns not more than the BCEA threshold and has been working for the client for more than three (3) months.

On review the Labour Court set aside the award and stated that the CCMA lacked jurisdiction to hear the case in the first place as there was no “live” dispute before it. The Court also held that the deeming provision in section 198A (3) (b) does not invalidate the contract of employment between the TES and the worker and proposes augmentation instead of



substitution. The Court further held that the deeming provision in section 198A (3) (b) envisaged a parallel relationships, with the client being liable for the purposes of the LRA only.

NUMSA has subsequently applied for leave to appeal this judgment, which has been granted.

TABLE 21: 2015/2016 EMPLOYMENT EQUITY ACT REFERRALS

ISSUE	NATIONAL COUNT
Arbitrary	1 206
Equal pay	685
Sexual Harassment	177
Race	121
Sex	7
Disability	29
HIV Status	44
Colour	39
Protection of Rights	43
Age	43
Psychological/Medical Testing	13
Religion	20
Belief	8
Birth	7
Gender	26
Sexual Orientation	18
Culture	5
Political Opinion	3
Marital Status	1
TOTAL CASES	2 495

In the judgment of the Labour Court handed down in the matter of Pioneer Foods the Labour Court ruled that treating people differently in the workplace in accordance with their length of service with the employer does not impair their fundamental human dignity and does not affect them adversely in a comparably serious manner. The Court stated that there is nothing arbitrary or irrational about the uniform application of a rule which sets different pay levels for employees with different length of service as employees, even if a newly-recruited employee has the same level of experience and expertise

TABLE 22: 2015/2016 ORGANISATIONAL RIGHTS REFERRALS

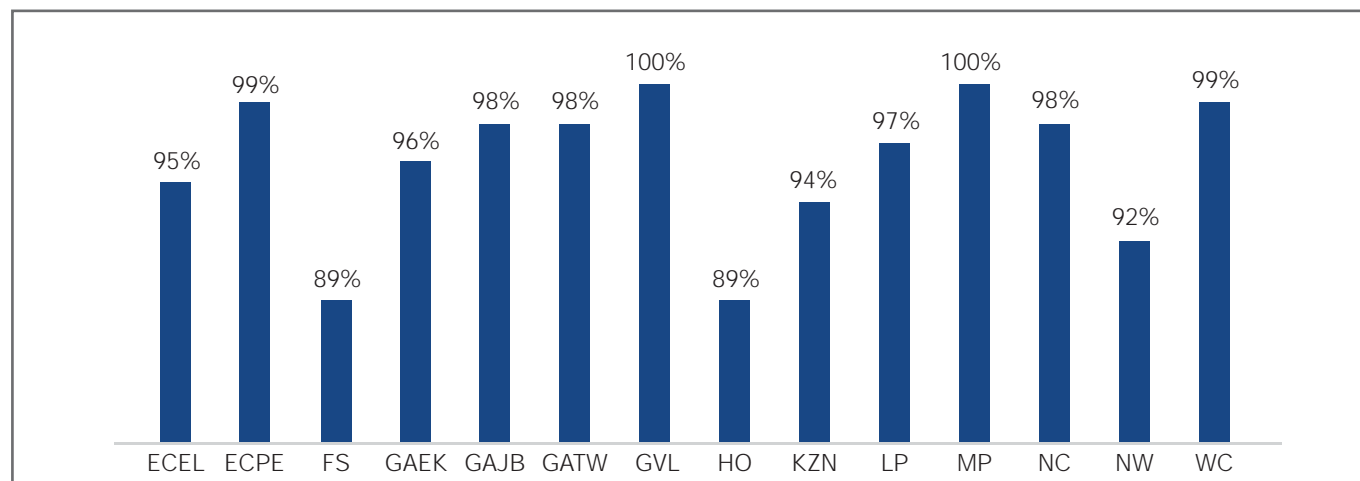
SECTION	TYPE	COUNT
Organisational rights	Establishment	1 264
Organisational rights	Interpretation or application	752
Organisational rights	Verification/ballot	12
Organisational rights	Withdrawal	83
TOTAL NUMBER OF CASES REFERRED		2 111



ARBITRATION AND POST-HEARINGS

The graph below reflects the quality of awards nationally.

FIGURE 8: 2015/16 AWARD QUALITY INDEX



An ongoing process is underway to enhance the quality of awards by identifying weaknesses in the award-writing skills of Commissioners. If necessary, Commissioners are compelled to attend refresher courses to address their particular weaknesses.

The department experiences challenges with the enforcement of awards. The Labour Court has ruled in the *MBS Transport* matter that a writ from the Labour Court is required to enforce an award for the payment of money, as was the case prior to the amendments to section 143 of the LRA. The CCMA lodged an appeal against the judgment. The appeal was heard and the CCMA is awaiting the judgment of the Labour Appeal Court.

In order to assist vulnerable employees to enforce awards for the payment of money, the CCMA undertook to pay the sheriffs for services rendered to enforce such awards. The *MBS Transport* judgment also created challenges in this regard.



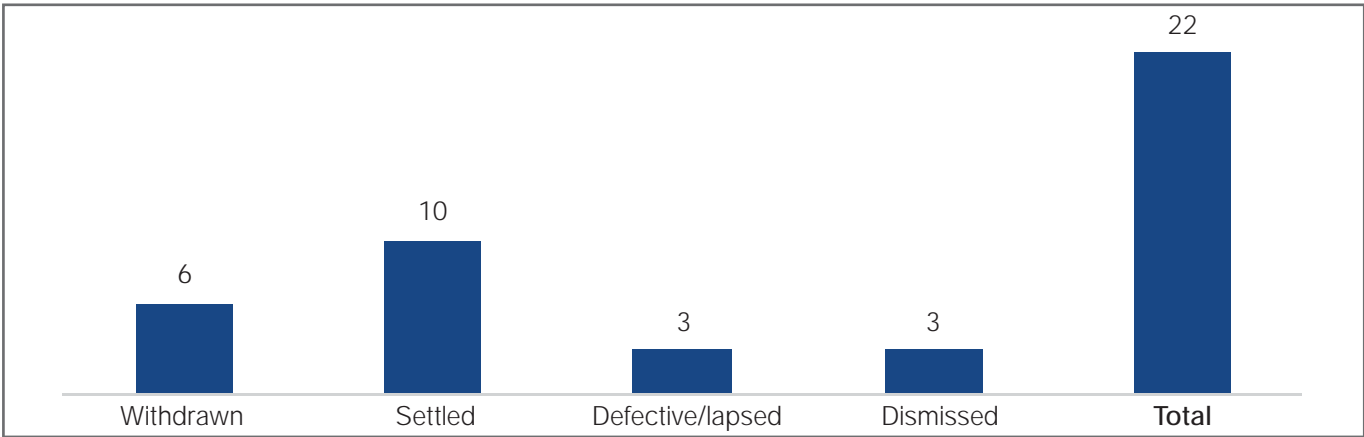
LITIGATION AND CONTRACTS SERVICE DELIVERY

LITIGATION

The Litigation and Contracts Department provides legal advice and support to the CCMA. The department is tasked with instituting and defending litigation for and against the CCMA, monitoring reviews, providing legal advice, the settlement of all CCMA contracts, as well as ensuring that contracts entered into are compliant with relevant legislation, treasury regulations and policy.

During this financial year 22 litigation matters were finalised as follows:

FIGURE 9: 2015/16 FINALISED LITIGATIONS MATTERS

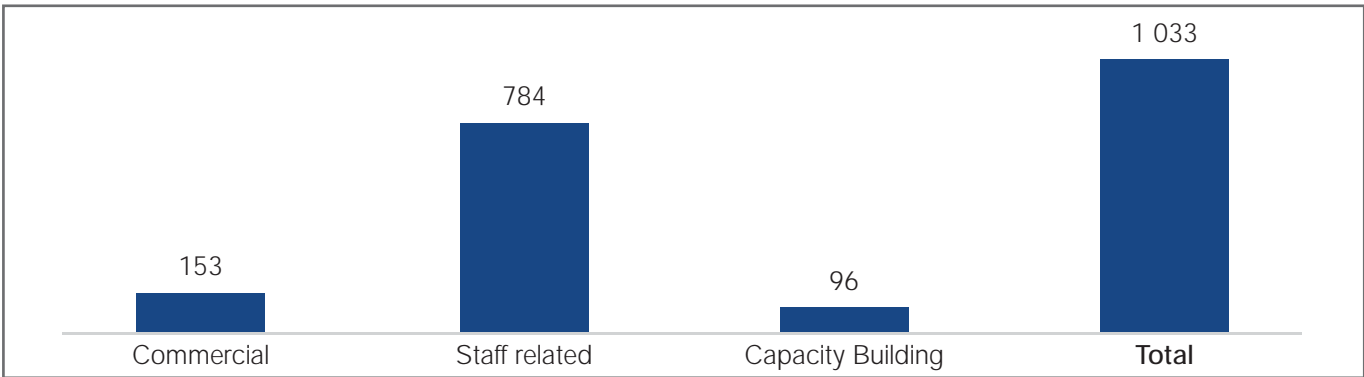


R67 042. 21 worth of costs awarded to the CCMA was recovered, with R114 238.08 currently outstanding. A total of R2 857 040.79 was paid in legal fees during the 2015/2016 financial year, which indicates a saving of R557 959. Twenty one (21) when viewed against the total amount of R3 415 000.00 spent in the previous financial year, this is a significant saving, considering the increase in litigation matters in the year under review. It should be noted that a substantial part of the saving was as a result of the Unit's decision to internalise the management of most litigation matters, thus limiting the outsourcing of drafting of court papers and court appearances to complex matters and matters issued out of Higher Courts.

CONTRACTS

The Unit processed 1 033 contracts during the 2015/2016 financial year, the breakdown of which is provided below:

FIGURE 10: 2015/16 CONTRACTS PROCESSED



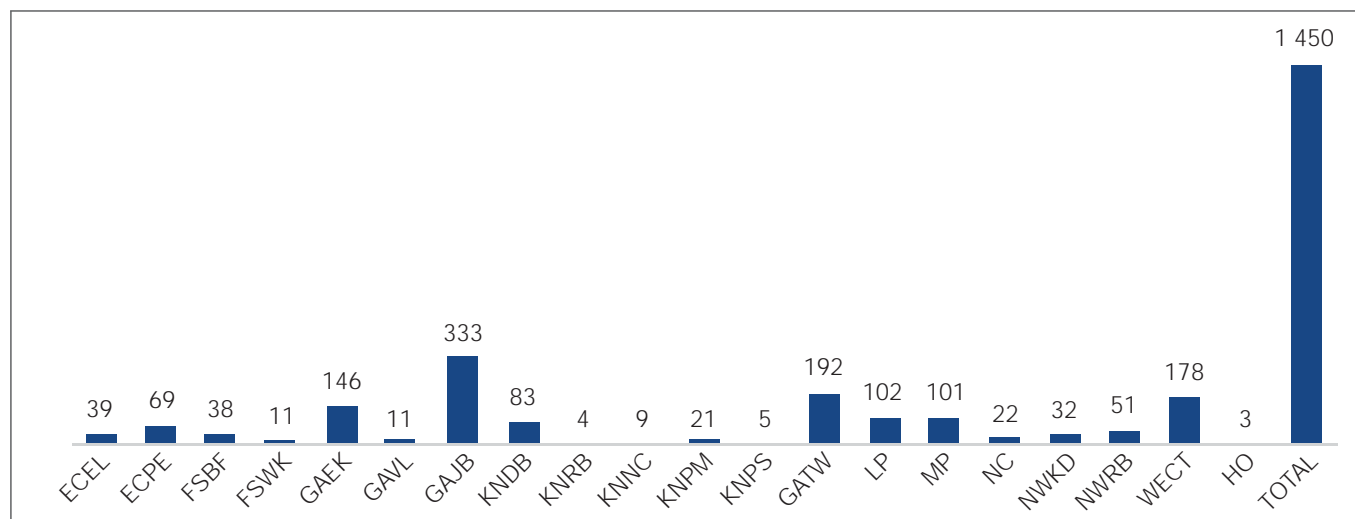
The number of contracts processed increased by 276 when compared to the 757 processed during the previous financial year. All the above recorded contracts were drafted and/or processed internally. No contractual disputes were instituted by or against the CCMA in the current financial year.

The Unit is currently piloting a new contract management system, which is electronic based and 100% paperless. The system is intended to provide standardised contract templates; an authenticated audit trail; a central depository for all contracts, which will ensures better record management and keeping; and automated reminders to ensure that deadlines such as expiry dates are not missed, thus enabling the organisation to commence with procurement processes timeously.



REVIEWS

FIGURE 11: 2015/16 REVIEW APPLICATIONS



The number of review applications filed in this financial year increased by two hundred and eighty two (282) from the 2014/2015 year. This is in line with the increased number of dispute referrals occasioned by the labour law amendments.

Johannesburg has consistently remained the region with the highest number of awards taken on review. This could be attributed to the region's high case-load compared to other regions. Of the one thousand four hundred and fifty (1 450) reviews filed, only one hundred and ninety three (193) sought cost orders against either the CCMA and/or the Commissioner. The majority of the applications for costs have been withdrawn and the remainder duly opposed.

FIGURE 12: 2015/16 QUARTERLY TRENDS ANALYSIS – REVIEW APPLICATIONS

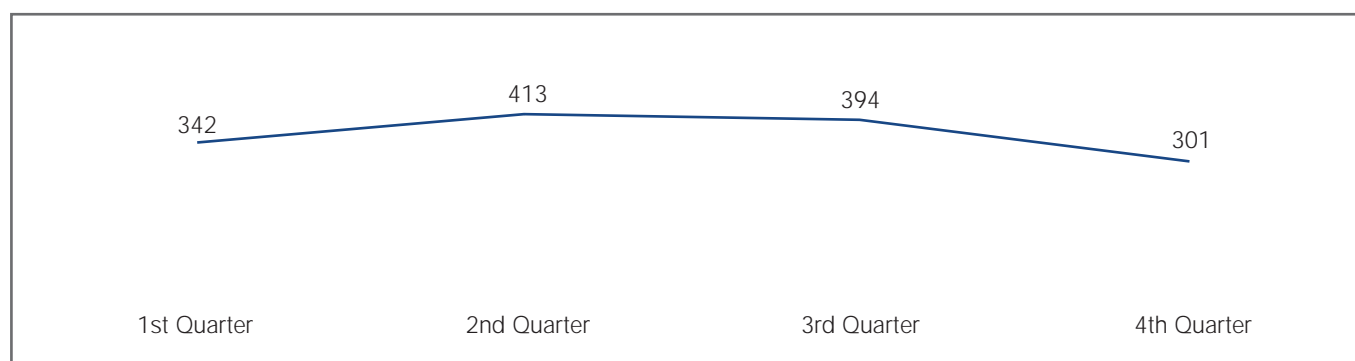
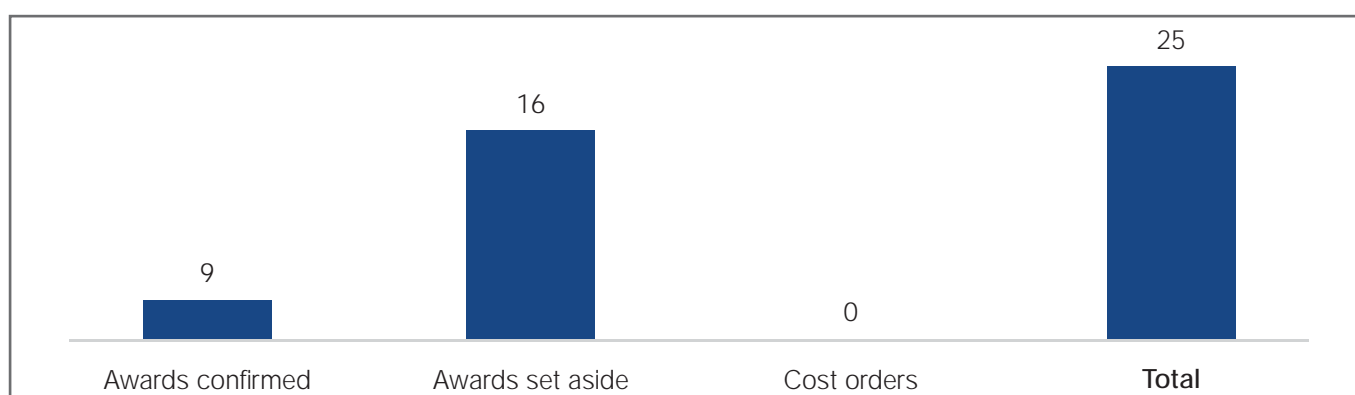


FIGURE 13: 2015/16 LC & LAC REVIEW JUDGEMENTS





ESSENTIAL SERVICES COMMITTEE



Chairperson: Essential
Services Committee
Luvuyo Bono

ESSENTIAL SERVICES COMMITTEE SERVICE DELIVERY

This reporting period is the second since the 2014 Labour Relations Amendment Act (LRAA) came into operation, and which introduced significant changes to the mandate of the Essential Services Committee (ESC).

The ESC continues to make advances in its mandate to help bring certainty to the labour market insofar as essential services are concerned. The ratification of minimum service agreements (MSAs) mean that the labour market parties can expect structured industrial action, with greater assurance that only designated employees participate in industrial action.

The year under review elicited the following important developments:

- Re-composition of the ESC – as a consequence of the LRAA, Government is now represented on the ESC for the first time: one from local government and another representing provincial and national government;
- Concluding of a framework MSA with the South African Local

Government Bargaining Council (SALGBC). This means that all of South Africa's two hundred and seventy eight (278) local authorities now commit to concluding MSA's, a huge step forward considering that between 1996 and 2014 only four such agreements had been ratified by the Committee;

- A successful intervention in the Rand Water strike in 2015, through discussions with the Amanzi Bargaining Council to which Rand Water is party. This led to the concluding of a framework agreement between the bargaining council and the unions. Rand Water's signing of the framework agreement will enable further negotiations –at enterprise-level on the annexures to the framework agreement – to commence. All agreements concluded at utility-level will be sent to the ESC for ratification;
- The ESC undertook a benchmarking exercise, traveling to Australia and New Zealand to look at their essential services dispensations. The ESC has since produced a report which contains suggestions on legislative amendments in order to improve and streamline our system.

COMMITTEE COMPOSITION

TABLE 23: COMMITTEE MEMBERS

MEMBER	DESIGNATION	CONSTITUENCY	
Luvuyo Bono	Chairperson		
Joyce Nkopane	Deputy chairperson		
Rio Nolutshungu	Constituency representatives	Government	Local government
Nomazotsho Memani			Provincial & national government
Johan Koen		Labour	
Sifiso Khumalo			
Annelie Gildenhuys			
Coleen Slabbert		Business	
Nic Smythe (from Feb 2016)			



ATTENDANCE BY COMMITTEE MEMBERS AT SCHEDULED MEETINGS

TABLE 24: ESC MEMBERS' ATTENDANCE AT SCHEDULED MEETINGS

MEMBERS	APRIL 2015	JUNE 2015	AUG 2015	OCT 2015	DEC 2015	JAN 2016	MAR 2016	TOTAL ATTENDANCE
Luvuyo Bono	√	√	√	√	√	√	√	7/7
Joyce Nkopane	√	√	√	√	√	√	√	7/7
Johan Koen	√	√	√	√	X	√	√	6/7
Coleen Slabbert	√	√	√	√	√	√	X	6/7
Annelie Gildenhuys	√	√	√	√	X	X	√	5/7
Nomazotsho Memani	√	√	X	√	√	√	√	6/7
Rio Nolutshungu	√	√	√	√	√	√	√	7/7
Sifiso Khumalo	X	√	√	√	√	√	√	6/7
Nick Smythe (from Feb 2016)							X	1/7

OPERATIONS

The Essential Services Committee was seized with the following strategic issues in the year under review:

Communication

In the 2015/16 period, the objectives of the Committee communications and outreach activities were focused on the LRAA. Altogether eleven (11) roadshows were held from 12 – 30 October 2015, in line with the ESC's aim to constantly create awareness of essential services. A total of five hundred and three (503) representatives of various stakeholders attended the ESC workshops, at an average of forty five (45) per session.

TABLE 25: 2015/2016 ATTENDANCE AT ESC LRAA ROADSHOWS

ROADSHOWS		
DATE	LOCATION	ATTENDANCE
12/10/15	Port Elizabeth	15
13/10/15	East London	22
15/10/15	Pietermaritzburg	52
16/10/15	Durban	114
20/10/15	Johannesburg	10
21/10/15	Pretoria	18
23/10/15	Mafikeng	44
26/10/15	George	12
27/10/15	Cape Town	27
29/10/15	Polokwane	124
30/10/15	Nelspruit	65
TOTAL		503



Public Service Co-ordinating Bargaining Council (PSCBC) intervention

The Public Service Co-ordinating Bargaining Council-proposed framework agreement we reported on in the previous year is still under negotiation. Although it has proven challenging to finalise the PSCBC agreement, we have made progress and look forward to concluding it in the 2016/17 year.

SALGBC intervention

Ensuing from the finalised SALGBC framework agreement, the ESC has to date received over forty (40) MSAs from local authorities for ratification. It is a gratifying response to the hard work put into securing the SALGBC umbrella arrangement.

Monitoring and evaluation of designations and MSAs

In 2014/15 we reported that we had developed a tool – finalised toward the end of 2015 – to monitor and evaluate designations and MSAs. The opportunity to test the tool on the only two strikes in the last financial year, one in the City of Cape Town involving SAMWU, the other involving fire-fighters in the City of Johannesburg, did unfortunately not materialise. We still hope for confirmation from the parties concerned that they are available for this exercise.

Training

Training in MSAs was conducted for both Commissioners and Committee members as follows:

TABLE 26: 2015/2016 MSA TRAINING CONDUCTED

15 July 2015	Thirty (30) Commissioners
7 & 8 December 2015	Six (6) new ESC members

Bedding down the LRAA

With the exception of challenges experienced in relation to the PSCBC MSA, the ESC is compliant with the amendments to the LRA. The ESC is now enforcing MSAs in all sectors that have been determined essential. We have now established a monitoring and evaluation capability, in line with our obligations in terms of the amendments.

The two cases inherited in 2012 (one involving the Department of Social Development, the other a matter involving NUM and Eskom) were finalised, although the Eskom-NUM matter will be the subject of a review. This matter has thrown up an interesting challenge for the ESC to contend with. Generally-speaking, two types of essential services regimes are employed world-wide that require minimum service levels: one purely *by number*, requiring an agreed minimum number of employees to remain on duty; the other *by department* that would permit, for example, the out-patient department (OPD) at a hospital to participate in industrial action, while requiring casualty staff to continue remain on duty. The approach to be adopted is usually codified in national legislation, and this is the case, for example, in Germany, which follows the departmental approach.

In South Africa, however, the approach to be followed is not spelt out in law, and the *departmental* approach agreed in the NUM-Eskom case is the first in the history of the ESC. It remains unclear why South Africa has favoured the *number* approach. The challenge before the Committee therefore is to conduct its own research, and make legislative proposals that will finally put this matter to rest.

Budget

The budgetary issues referred to in the 2015/16 annual report were all resolved.

ESC Regulations

The regulations finalised and promulgated in 2014/15 were in place and operational in the year under review.



Priority work plan for 2016/17 financial year

- Communication Plan
- PSCBC Intervention
- SALGBC Intervention
- Monitoring and Evaluation Function
- Engagement Programme with Social Partners & Stake Holders
- Review of current determinations
- Research (Members of the ESC)
- Amanzi Bargaining Council
- Privately-owned Homes for the Aged

Case-Load

The ESC's case-load increased in 2015/16 compared to the previous reporting period. This is due the increased number of MSAs that have to be concluded, and because many more sectors now require certainty as to whether they are deemed an essential service, as reflected in the increase in section 73 referrals from parties. Although for reporting purposes we reflect some matters as 'open', many are in fact at various stages of being finalised.

Forty-five (45) local authorities have been identified for the purpose of the facilitation for MSA for which eighteen (18) MSA's have been received so far, and of which in turn three are ready for ratification.

TABLE 27: 2015/2016 MSA CASES REFERRED

MATTERS REFERRED IN 2015/16				
CASE NO	PARTIES	ISSUE	DATE REFERRED	STATUS
ES38	NEHAWU vs Independent Electoral Commission	s73	2015/04/21	Case still on referred
ES39	NEHAWU vs Independent Electoral Commission	s73	2015/06/26	Closed – declared an essential service
ES40	Amanzi Control CC vs SACWU	s75	2015/08/21	Closed – settled
ES43	Wellness Health Outcome vs NEHAWU	s73	2015/11/09	Case set down 2016/08/03 for DBN site & 016/08/12/08 for JHB site
ES44	Pixley ka Seme Municipality vs SAMWU & IMATU	s72	2015/11/10	Case still on referred
ES45	Mjindi Farming vs NEHAWU	s73	2015/11/13	Continuing in process – MSA
ES46	PFG Building Glass vs NUMSA	s72	2015/11/30	Closed – ruled an essential service
ES47	NEHAWU vs ACSA	s72	2015/12/15	Continuing in process
ES48	Belvidere Park HOA vs Representatives: Kimber & Others	s75	2016/01/25	Continuing in process
ES49	Bill Buchanan Association vs NEHAWU	s72	2016/01/25	Continuing in process
ES50	IMATU vs Waterberg Municipality	s73	2016/02/08	Case still on referred
ES51	NEHAWU vs Independent Electoral Commission	s72	2016/02/10	Case still on referred



MATTERS REFERRED IN 2015/16

CASE NO	PARTIES	ISSUE	DATE REFERRED	STATUS
ES52	Ulundi Local Municipality vs SAMWU & IMATU	s72	2016/02/16	Continuing in process
ES53	John Taolo Gaetsewe Municipality vs SAMWU & IMATU	s72	2016/02/16	Case still on referred – MSA
ES54	Frances Baard District Municipality vs SAMWU & IMATU	s72	2016/02/16	Case still on referred – MSA
ES55	Threewaterskloof Municipality vs SAMWU & IMATU	s72	2016/02/16	Case still on referred – MSA
ES56	Zululand District Municipality vs SAMWU & IMATU	s72	2016/02/16	Case still on referred – MSA
ES57	Uthungula Municipality vs SAMWU & IMATU	s72	2016/02/16	Case still on referred – MSA
ES58	Amathole District Municipality vs SAMWU & IMATU	s72	2016/02/16	Case still on referred – MSA
ES59	Naledi Municipality vs SAMWU & IMATU	s72	2016/02/16	Case still on referred – MSA
ES60	Okhahlamba Municipality vs SAMWU & IMATU	s72	2016/02/16	Case still on referred – MSA
ES61	Chris Hani District Municipality vs SAMWU & IMATU	s72	2016/03/08	Case still on referred – MSA
ES62	Amahlathi District Municipality vs SAMWU & IMATU	s72	2016/03/09	Case still on referred – MSA
ES63	Senqu Municipality vs SAMWU & IMATU	s72	2016/03/09	Case still on referred – MSA
ES64	Elundini Municipality vs SAMWU & IMATU	s72	2016/03/09	Case still on referred – MSA
ES65	Sarah Baartman District Mun. vs SAMWU & IMATU	s72	2016/03/09	Case still on referred – MSA
ES67	Overstrand Municipality vs SAMWU & IMATU	s72	2016/02/23	Case still on referred – MSA
ES68	Eskom Rotek Industries Soc Ltd vs Numsa & Others	s73	2016/03/22	Parties to file discovery bundles by 2016/07/08
ES69	Amatubatuba Municipality vs SAMWU & IMATU	s72	2016/03/18	Ruling sent to parties
ES70	Mossel Bay Municipality vs SAMWU & IMATU	s72	2016/03/23	Parties to submit by 2016/06/09



FIGURE 14: STATUS OF MATTERS REFERRED IN 2015/16

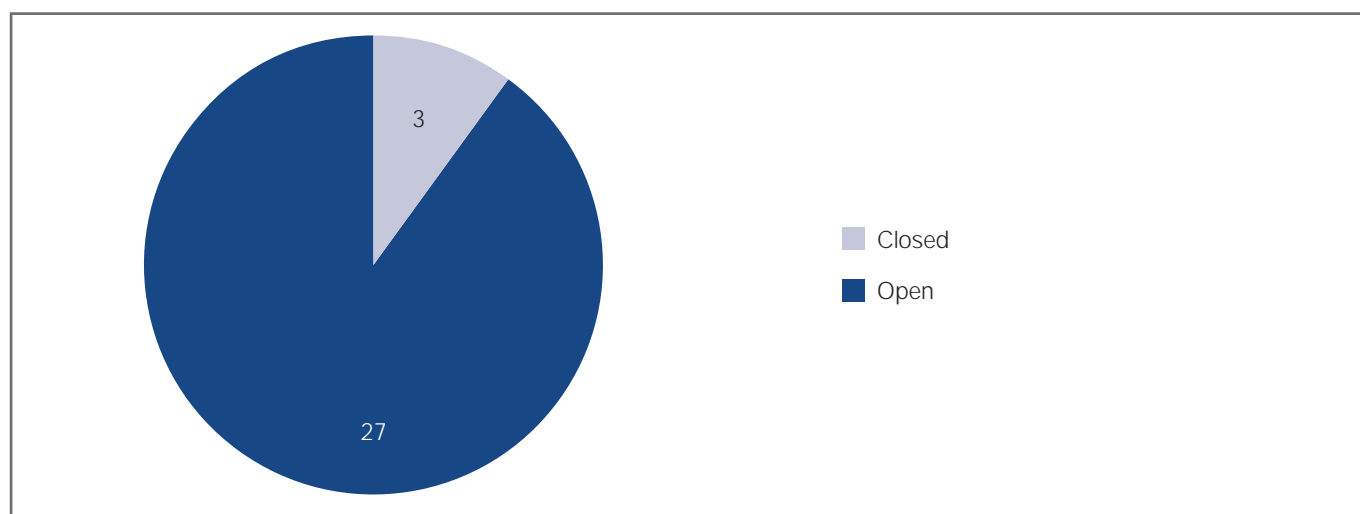


FIGURE 15: TYPES OF MATTERS REFERRED IN 2015/16

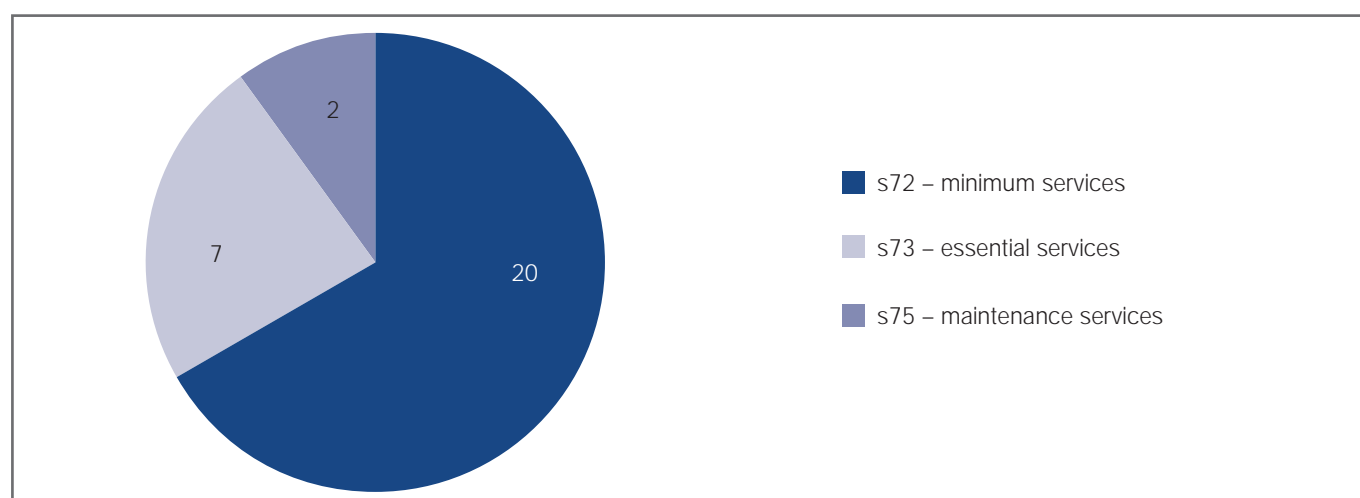
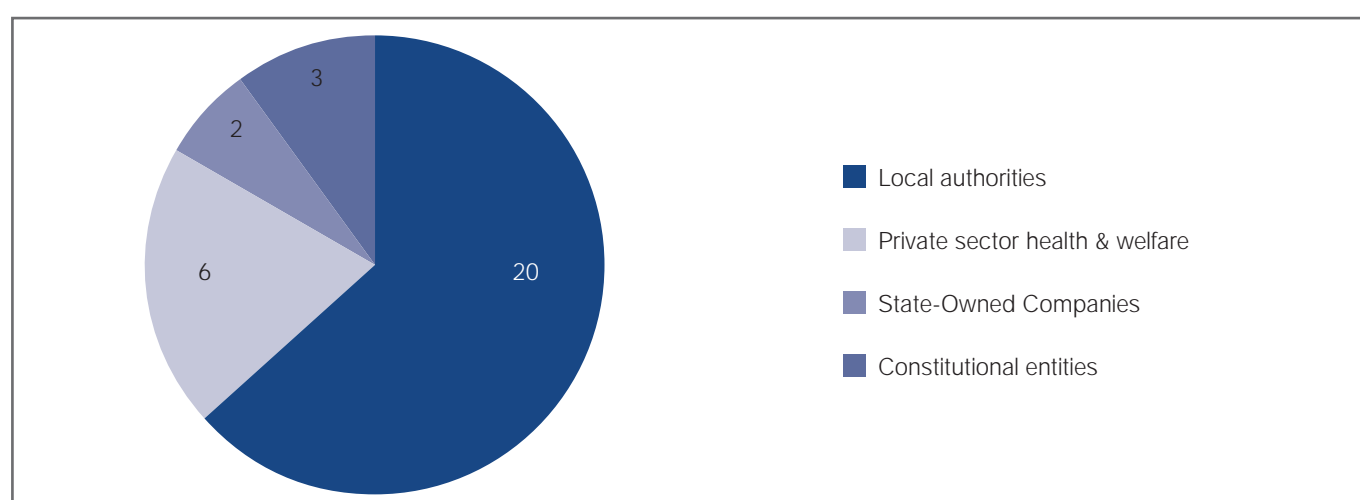


FIGURE 16: 2015/16 REFERRAL OF MATTERS BY SECTOR





Budgetary considerations for the forthcoming year

The 2015 amendments to the Labour Relations Act introduced additional statutory mandates for the Essential Services Committee to execute. These include ensuring that MSAs are in place for (i) all workplaces that render essential services, or (ii) for which the ESC determines minimum services to be maintained during strike action.

Given the 2010 public service strikes that brought a standstill to essential services, the aim of an MSA is to ensure that a regulated number of employees continue to render essential services while the rest of the employees may embark on protected strike action.

In 2015 the ESC focused its attention on the different spheres of the public service, creating a platform for the conclusion of such MSA's. The ESC engaged the parties to the South African Local Government Bargaining Council (including SALGA, IMATU and SAMWU), and the Public Service Co-ordinating Bargaining Council, with particular attention paid to the Public Health and Social Development Sectoral Bargaining Council and the Safety and Security Sectoral Bargaining Council as the latter two especially are affected by essential services.

Due to the budget cuts, the ESC had to completely abandon the following projects:

- A public service co-ordinating bargaining council intervention;
- Research on minimum services; and
- Training for ESC members.

Also as a consequence of the budget cuts, the ESC reduced by half a social dialogue conference on the non-compliance with essential services legislation by workers. The aim of the conference is to talk about why there is general non-compliance with essential service legislation, and why workers in essential services go on strike when they are not supposed to. The conference also looks at an international comparative study on how compliance with essential services legislation is achieved globally.

The ESC's view is that the minimum services project in the public service is a five-year programme. All police stations, hospitals, social centres, and municipalities, among others, need to have minimum service agreements.

Until late 2015, the ESC has always understood the minimum services concept involved ensuring a minimum number of employees that an essential service can operate with. In a recent case the ESC's attention was drawn to the model used by countries such as Germany, where minimum services are the services that are absolutely critical to prevent an endangering personal safety, health and the life of the population or part thereof, and not necessarily minimum numbers needed to manage an essential service. In simple terms, the ESC interprets and applies minimum services as number of employees required to deliver an essential service, e.g. a percentage of the total nursing staff in a hospital. Other countries interpret minimum services as certain critical departments e.g. the casualty section in a hospital, as opposed to, say, the out-patients' department.

Parties have approached the ESC on its interpretation of minimum services, hence the importance of the research, as it could change the formulation, interpretation and application of minimum services.

Lastly, six of the eight members of the ESC are new; they only joined the ESC last year. They require training in order for them to be at the desired level to be able to execute their duties optimally.

The budget cuts removed the provision for training funds. This has limited the capacity of the ESC to fully execute its statutory mandate as some of its members are not confident of doing the work.



CONCLUSION

The ESC would welcome consideration of the following items for inclusion in the provisioning for the 206/17 reporting period, so as to enable it to more fully deliver on its statutory mandate:

- Training of ESC members: R1,2m.

There is ILO training offered in September 2016, which would be beneficial to the ESC members on the work they are performing.

- Research: R1m.

The research is important so as to investigate the viability of the second or alternative minimum services approach. The ESC needs to explore this with the countries using such an alternative approach, to test its feasibility for South Africa.



FACILITIES MANAGEMENT

INTRODUCTION

The Facilities and Administration Department is at the forefront of planning, designing and managing facilities. This includes all regional and satellite offices and venues where CCMA services are accessed by members of the public. The role of the department is to encompass the strategic integration of people, premises, processes and technology, and to ensure their alignment with the CCMA five-year strategy and related objectives. At an operational level, the department is responsible for the support services areas of lease management processes, travel management, occupational health and safety, fleet management, cleaning and security services.

Facilities and Administration contributes directly towards the delivery of the organisation's mandate and five-year strategic plan by delivering on the KPA " *To efficiently and effectively manage all organisational facilities and related services*". This includes an APP target to explore all opportunities to broaden and improve user accessibility to the CCMA.

DEPARTMENTAL SERVICE DELIVERY

The focus area for the period under review was directed at improving user accessibility to the CCMA in targeted geographical areas, and drew on the recommendations from the review conducted during the previous financial year. These user accessibility improvement recommendations continue to drive the work of the department, with numerous accessibility and new lease projects being managed simultaneously throughout the country.

FOCUS AREAS FOR THE FORTHCOMING YEAR

While the previous year's review process showed that CCMA services are generally accessible to its users, room exists to continue such accessibility improvement initiatives and to improve and enlarge some existing facilities to enhance the overall user experience.

This includes giving consideration to establishing satellite offices in towns such as Nelspruit, and to source new and improved provincial office facilities in Ekurhuleni, Tshwane, and the Western Cape. The relocation of the National Office to new, improved facilities would also fall under consideration.

Presently, supply chain processes are underway to find increased office space for the location of the Umthatha office as the previous specifications have since been overtaken by the growth in case-load in the broader geographic areas that are serviced from the East London office.



OFFICE OF STRATEGIC MANAGEMENT

INTRODUCTION

This Department consists of four units: Planning and Performance Monitoring (PPM), Research and Library Services, Communications and Community Social Responsibility (CSR).

The PPM unit is responsible for the development and embedding of strategy in the organisation. This unit is also tasked with performance planning, performance monitoring, performance management reporting and governance compliance reporting. In addition, policy management and recording is situated in this unit.

Research is the gateway of innovative knowledge building in the organisation, providing research, analysis and assessment services internally, as well as providing information to external stakeholders on request.

The Communications Unit is responsible for internal communications and media liaison, whereas CSR is responsible for the volunteer, internship and exchange programmes, as well as the CCMA's sustainable development and social investment initiatives. The social investment initiative celebrates, educates and commemorates social justice campaigns that culminate in the organisation observing specified cause days.

DEPARTMENTAL SERVICE DELIVERY

As this reporting period is the first year of the CCMA's *Senz'umehluko* strategy 2015/16-2019/20, the primary focus for the PPM unit was to embed the new strategy into the organisation and further expand the planning and performance practice throughout the organisation. The new strategy propels the CCMA into a new delivery mindset that is anchored in the organisation, making a difference in a complex and demanding operating environment. It requires the organisation to focus on delivering innovative conflict prevention services while continuing to deliver effective conflict management services.

A dynamic programme to entrench the CCMA's *Senz'umehluko* strategy has been conducted, launching with a regional programme which was led by the chairperson of the Governing Body, Mr Daniel Dube, and further sustained quarterly by holding strategic message-reinforcing activities.

The 2015/16 APP, as well as the technical indicators, were developed and approved for implementation. The development of a total of eleven (11) departmental operational plans and twelve (12) regional operational plans concomitant with the APP further advanced the alignment of planning, budgeting and reporting. It has strengthened the institutional strategic management, governance compliance and performance reporting processes.

This unit also developed and monitored the quarterly and annual Scorecards. This reporting period saw the introduction and addition of departmental and regional Scorecards to the stringent APP performance monitoring system, with one hundred and twenty (120) quarterly Scorecard submissions to be monitored annually. The long-time, clean compliance submission record held by the CCMA was continued with the SP, APP, quarterly reports and annual reports submitted prior to the legislated submission dates as determined by the National Treasury. The Policy Management programme was further implemented, enhancing the policy adoption process and building on the policy administration systems.

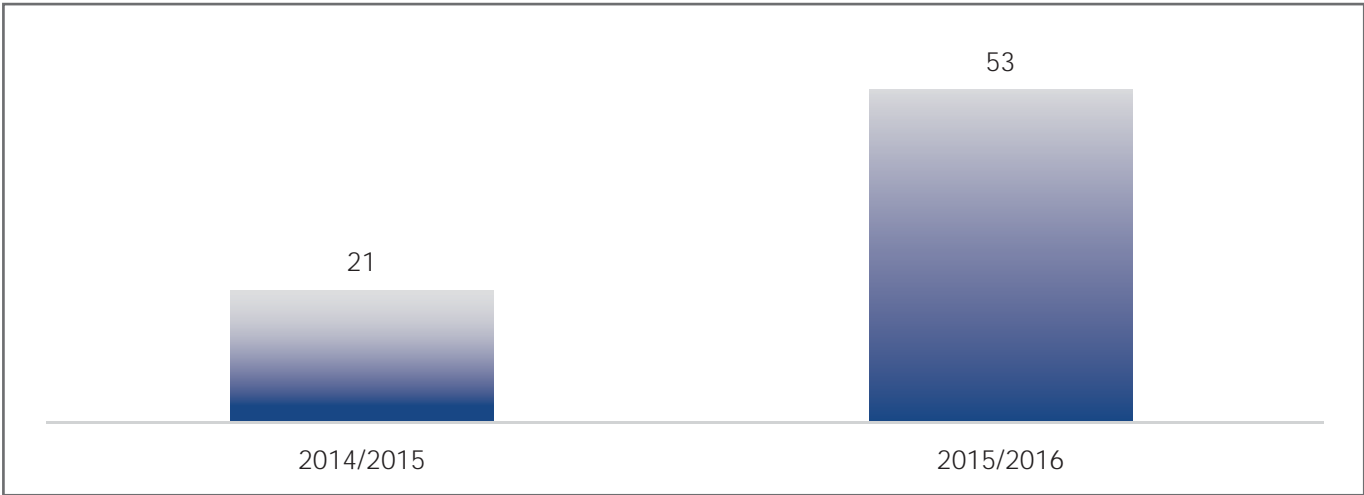
For the next reporting period, the unit will specifically focus on strengthening the organisation's intelligent performance management reporting capabilities.

The Research unit has embraced its redefined identity as the engine driving the organisation's knowledge acquisition. Not only did the unit provide a basis for evidence-based decision-making amongst key stakeholders within the CCMA, but the research conducted made a significant contribution to delivering on a number of strategic targets in this reporting period.



During the 2015/2016 financial year, the Research unit delivered fifty three (53) research papers aimed at assessing and reviewing the CCMA’s operations and furthering the organisation’s delivery on its mandate. This represents an increase of 152% in the number of research projects completed, compared to the previous financial year.

FIGURE 17: NUMBER OF RESEARCH PAPERS DELIVERED



Research conducted in this reporting period covered the following strategic performance areas:

- Identification of measures that can advance accessibility of CCMA services to users;
- Development of a self-diagnostic workplace conflict tool;
- Scoping of the labour market conflict prediction tool framework;
- Professionalising the labour market practice benchmarked; and
- Designing a workplace mediation model.

Responding to the strategic imperative to “*make a difference*”, the Research unit has evolved from a purely reactive support function to a more proactive knowledge and innovation generation hub with a focus in the next financial year on:

- Hosting an annual Research Peer Roundtable;
- Developing a labour market economic Dashboard;
- Publishing a CCMA research quarterly;
- Using technology innovatively to poll users’ experience of service delivery;
- The development of a case referral app that will be downloadable and accessible to all users (android system, web-based, etc.);
- The development of the CCMA’s Bureau of Labour Research in consultation with identified tertiary institutions;
- The administration of an online library function;
- The administration of an interactive “chalkboard” for “hot” topics geared at Commissioner engagement.

Amongst the identified and planned innovations, the Research Unit, along with its library services function, continues to broaden its skills capacity and alignment with best practice through its mutually-beneficial networks and strategic partnerships with labour and research institutions.

The Communications unit has been significantly strengthened, the results of which are evident in this reporting period. There is a marked increase in the responsive and proactive impact of the communication and media activities held internally and externally. Media statements were issued on all major matters, and all media queries were responded to in less than two (2) hours, unless extended because of the complexity of the issue.



Campaigns have been conducted and publications produced throughout the year, highlights of which include the launching of two new quarterly newsletters to keep stakeholders updated on section 198 (Non-standard employment) and the Employment Equity matters following the introduction of the labour law amendments. An internal awareness campaign was conducted on the Ekurhuleni Declaration project, and an external advocacy campaign on using advisory awards. The enhancement of the social media infrastructure is progressing, with the website revamping process in its final stage and the SharePoint landing page maturing into a dynamic source of information within the CCMA.

The foremost initiative undertaken by the Communications unit in this reporting period was the implementation of phase one of the Labour Law Amendments campaign during the period September to December 2015, including adverts in all eleven (11) official languages on sixty (68) community radio stations nationally, and adverts in 38 community print titles. Of equal significance was the translation into isiZulu and Afrikaans of the information sheets explaining fifteen (15) CCMA processes, as well as the LRA 7.1.1 & 7.13 referral forms. This contributed to the implementation of the CCMA language policy and the strengthening of accessibility to CCMA services by all users.

Strategic communication partnerships were formed with Workers' World Media and the Department of Labour. This focus on strengthening Communication's reach and saturation through strategic partnerships was equally applied internally with the hosting of the CCMA/Sector Education Training Authorities' (SETA) consultative forum to address the Training Layoff Scheme challenges in collaboration with Employment Security Unit. The meeting was attended by representatives from ten (10) SETAs.

The focus of Communications in the upcoming year ahead is to build the profile of the CCMA, conduct strategic information campaigns on important issues such as anti-touting, and job security services offered by the CCMA. There are also plans to launch the CCMA internal e-news.

CONCLUSION

The Department is committed to advancing innovative and impactful delivery of the social justice imperatives underpinning the ground-breaking CCMA Senz'umehluko strategy 2015/16-2019/20.



OFFICE OF THE CHIEF FINANCIAL OFFICER



Chief Financial Officer
Ntombi Boikhutso

INTRODUCTION

The Office of the Chief Financial Officer oversees four (4) units, namely: Financial Management, Supply Chain Management, Risk Management and Financial Information Systems.

Financial Management focuses on designing, maintaining and implementing sound financial processes and controls, and ensuring full compliance with the provisions of the Public Finance Management Act, (as amended), the Labour Relations Act (as amended) and other legislative prescripts. The unit is responsible for:

- Financial Planning;
- Management Accounting;
- Financial Accounting (including Payroll); and
- Financial Reporting.

The unit is tasked with helping to embed risk management within the organisation, and assists in identifying and assessing strategic and operational risks. Furthermore, it monitors procedures aimed at mitigating risks to be at an acceptable levels, by using the set limits of the risk appetite and tolerance levels.

It is also responsible for monitoring occupational health and safety (OHS) compliance, insurance, and the monitoring of audit findings raised by the regulatory audit (the Auditor-General) as well as findings arising from the Internal Audit. The Risk Management and Internal Audit functions work closely together to provide combined assurance on the identification and management of key risks faced by the organisation.

The risk management policy, framework and plan are approved annually and are used as a base for risk management activities. The strategic and operational risk assessments were conducted nationally in all twelve (12) regional offices and eighteen (18) departments.

Risk management is a standing item in the Audit Committee meetings. Risk management reports are tabled quarterly at Audit Committee and Finance & Risk Committee meetings. The CCMA developed a risk appetite and tolerance framework which will be used to monitor key risk within the organisation. Risk management will monitor the set tolerance and appetite limits to ensure continuous improvement. The entity will also be implementing Combined Assurance Model to improve assurance coverage and quality through better co-ordination of the assurance providers.

Supply Chain Management is the base that supports the operations of the CCMA. It focuses on managing the inter-dependent activities of demand, acquisition, inventory and disposal management, and supporting the strategic goals of the organisation through strategic sourcing of goods and services. All procurement processes of the CCMA are managed centrally at Head Office through an Enterprise Resource Planning (ERP) system to ensure compliance with the provisions of the PFMA and PPPFA, National Treasury regulations, and other legislative prescripts.

The unit is also responsible for:

- Ensuring that the procurement system is fair, equitable, transparent, competitive and cost effective;
- creating a common understanding, interpretation and implementation of government's preferential procurement policy objectives;
- Effectively communicating supply chain management policy and processes to all employees of the CCMA; and
- Providing business support and advisory services for procurement and contracts management.



The Financial Information Systems unit is responsible for the ongoing support and training services of applications and tools used by Financial Management, Payroll, Supply Chain Management, Risk Management, Human Resources Management and other operational units within the CCMA. These applications provide management with the information necessary to guide financial operations, support timely decision-making and help monitor progress towards reaching the CCMA's goals and objectives.

The unit leads business and technical analysis sessions to support new development efforts to meet current and projected business needs. It also provides expertise on the systems' capabilities and limitations as it relates to business goals. Additionally, it is responsible for quality assurance management, training on financial application systems, managing service-level agreements, and developing and improving internal control systems within the available financial application systems of the CCMA. In the new financial year, the unit is embarking on process re-engineering projects – process automation and systems integration – that support the strategic objective of optimising organisational performance.

DEPARTMENTAL SERVICE DELIVERY

The Office of the Chief Financial Officer has aligned its operational objectives to the achievement of the organisation's strategic objective of optimising the utilisation of the organisation's resources. Some activities as informed by the Strategy is listed below:

- Strengthening partnership with four (4) strategic partners;
- Conducting thirteen (13) annual CFO's office roadshows;
- Implementing the supply chain management turnaround plan implemented; and
- Increasing the revenue derived from the rendering of services by 5% year-on-year.

Compliance with the PFMA and raising awareness of risk management principles throughout the organisation were some of the priorities of the department. Highlights in this regard include:

- Effective management of working capital with a liquidity ratio of 1.19:1 (2014/15: 1.25:1);
- Cash and cash equivalents at year-end of R90,2m (2014/15: R94,2m) which is equivalent to cash cover of 1.41 to meet its short-term financial obligations;
- Actual expenditure was within allocated budget – a 4% budget saving was achieved; and
- Upgrade of the SAGE 300 enterprise management and accounting application successfully completed.

CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

The tables below outline key supplementary financial information:

TABLE 28: 2015/16 CCMA INFRASTRUCTURE ASSETS

INFRASTRUCTURE PROJECTS	2014/2015			2015/2016		
	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER-EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER-EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
Recording System	16 300	16 244	56	–	–	–
Servers	2 700	2 565	135	3 574	3 574	–
Computer Equipment & Accessories	4 913	4 025	888	3 769	3 769	–
TOTAL	23 913	22 834	1 079	7 316	7 316	–



The actual spend on infrastructure during the year was R7 316 000 (2014/15: R22 834 000). Infrastructure over-expenditure is due to the acquisition of servers and other computer equipment. No infrastructure projects are currently underway and there are no plans to close down or down-grade any current facilities.

TABLE 29: FIXED ASSET HOLDINGS (R'000)

ASSET CLASS	OPENING COST	ADDITIONS YTD	DISPOSALS YTD	ADJUSTMENT YTD	DEPRECIATION ON DISPOSAL	ACCUMULATED DEPRECIATION	CLOSING BOOK VALUE
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Computer Equipment	30 731	7 316	(5 859)	(377)	5 129	(6 213)	30 728
Computer Software	5 146	646	(526)	526	411	(2 418)	3 289
Furniture & Fittings	6 191	39	(822)	-	756	(890)	5 274
Leasehold Improvement	5 234	708	(8 084)	152	7 899	(1 743)	4 166
Motor Vehicle	30			-	-	(10)	20
Office Equipment	2 118	200	(3 322)	339	2 982	(1 077)	1 238
Leased Motor Vehicle	904	-	-	-	-	(301)	603
Leased Office Equipment	9 828	-	-	-	-	(5 361)	4 467
TOTAL	60 182	8 909	(18 613)	640	17 177	(18 013)	49 785

The non-current assets holdings of the organisation have decreased by 1.7% in net book value, with total additions amounting to R9m. The accumulated depreciation totals R15m and a total Disposal Value of R18m is on the books. The material increase in assets additions mainly relates to the procurement of new replacement laptops.

Assets verifications are conducted on a monthly basis, concluded and reported bi-annually and at year-end respectively. Assets reconciliations between the asset register and the general ledger were prepared throughout the year on a monthly basis, and non-reconciling items were resolved. These measures have assisted in ensuring that the organisation's asset register remained up-to-date during the period under review.

Statistical financial information for the financial period under review is recorded in the tables below:

TABLE 30: FOUR-YEAR REVIEW

ITEM	2012/13	2013/14	2014/15	2015/16
	R'000	R'000	R'000	R'000
Grant income and services rendered	484 103	597 741	690 372	737 918
Accumulated surplus	8 933	34 554	60 416	50 674
Interest received	9 837	7 184	14 482	16 560
Investments and cash	71 702	79 921	94 167	90 182
Average cost per case referred	3 019	3 416	3 969	4 261
Average cost per settlement	6 059	6 337	7 343	7 931
Current ratio	1.02	1.09	1.25	1.19



TABLE 31: LINKING PERFORMANCE WITH BUDGETS

	2014/2015				2015/2016		
STRATEGIC OBJECTIVES	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER-EXPENDITURE	STRATEGIC OBJECTIVES	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER-EXPENDITURE
	R'000	R'000	R'000		R'000	R'000	R'000
Deliver excellent service rooted in social justice ensuring balance between quality & quantity	268 949	271 985	(3 036)	Enhancing labour market to advance stability and growth	400 155	377 066	23 089
Build skills to achieve professionalism	21 535	21 694	(159)	Advancing good practices at work and transforming workplace relations	31 775	27 452	4 327
Enhance & entrench internal processes & systems for optimal deployment of resources	178 945	168 620	10 325	Building knowledge and skills	21 600	18 943	2 660
Align the structure that will enable optimal implementation of the strategy	193 819	195 247	(1 428)	Optimising the organisation	340 631	341 498	(827)
Enrich the role of CCMA in the labour market	3 500	4 722	(1 222)	–	–	–	–
Entrench an organisational culture that supports the delivery of our mandate	20 007	19 930	77	–	–	–	–
TOTAL	686 755	682 198	4 557		794 161	764 959	29 202



The CCMA's budget allocation for strategic objectives amounted to R794 161 (2015: R686 755). The organisation had sufficient budget to ensure successful execution of its new Senz'umehluco strategic plan. Actual expenditure was under budget by R29 296 (2015: R4 557) mainly due to case referrals carried over, part-implementation of the accessibility project and the labour law amendments campaign.

TABLE 32: REVENUE COLLECTION (R'000)

SOURCES OF REVENUE	2014/2015			2015/2016		
	ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER)/UNDER-COLLECTION	ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER)/UNDER-COLLECTION
	R'000	R'000	R'000	R'000	R'000	R'000
Government grant	687 096	687 096	–	717 226	733 911	16 685
Rendering of services	4 449	3 276	1 173	4 000	4 007	(7)
Other income	1 000	906	94	500	739	(239)
Investment income	14 150	14 482	(332)	20 751	16 560	4 191
TOTAL	706 695	705 760	935	742 477	755 217	20 630

The main source of revenue for the CCMA is a government grant of R733m (2015: R687m). Other revenue comprises rendering of services, and other income. Revenue generated for the current and previous financial years was in line with estimates, with an over/under-collection of R246 000 (2015: R1.2m). This did not have any material impact on service delivery.

The under-collection of revenue from rendering of services in the previous financial year was mainly due to lower than anticipated demand from the public for services rendered. Investment income under-collection of R4.1m was mainly due to over-estimation of investment income at the planning stage.

For the following financial year, the department's focus is the following:

To innovate by focusing on the automation of budget and report processes; and

Automating financial information systems processes as follows:

- To innovate by focusing on the automation of budget and report processes; and
- Automating financial information systems processes by:
 - Upgrading current ERP system to version 2016;
 - Automating approval of invoices as a control over expenditure and reducing printing costs;
 - Developing and implementing an integrated information management solution to improve on key
 - Financial and supply chain information availability and control over missing information; and
 - Integrating CCMA supplier database to the national Centralised Supplier Database (CSD).



PART C

GOVERNANCE

INTRODUCTION

Section 23 of the Constitution affords everyone the right to fair labour practices, and some of these rights are expressed in the Labour Relations Act (LRA), and other labour-related legislation. The LRA establishes the CCMA and details its mandatory and discretionary functions. The CCMA is governed by a Governing Body (Accounting Authority) appointed by the Minister of Labour (the Executive Authority), which in turn appoints the Director (Accounting Officer) of the CCMA. Governing Body members are drawn from the CCMA's social partners: organised labour, organised business and the state. The independence of the CCMA's operations from the state, any political party, trade union, employer, employer's organisation, federation of trade unions or federation of employers' organisations is legislated.

PORTFOLIO COMMITTEES

The CCMA, represented by members of the Governing Body and management, made presentations to the Parliamentary Portfolio Committee on Labour (PPCL) on 12 May 2015 on the challenges that have been experienced with the lease for the CCMA Western Cape office. Members were concerned that the tender process had been open to manipulation and that irregularities occurred. Members of the Governing Body and management again presented to the PPCL on 9 September 2015 on two aspects: the status of the Western Cape CCMA office lease and the Labour Dispute Resolution Practice Programme. Both presentations were well received by the PPCL.

EXECUTIVE AUTHORITY

Executive summaries of quarterly Governing Body meetings were submitted to the Executive Authority on 22 July 2015, 19 October 2015 and 10 March 2016. These reports highlight key resolutions taken by the Governing Body in those quarters. Some of the key issues reported to the Executive Authority over the reporting period were:

- The term of contract of the former CCMA Director, Ms Nerine Kahn expiring on 31 March 2016 and the process of appointing a new Director;
- The progress of integration of the Essential Services Committee into the CCMA; and
- The passing of Mr Leon Grobler, Governing Body member representing organised labour, on 26 December 2015 after a short illness.

GOVERNANCE MANDATE

The CCMA is a National Public Entity listed under Schedule 3A of the Public Finance Management Act 1 of 1999, as amended (PFMA). In pursuit of governance excellence, the CCMA ascribes to the principles of the Code of Corporate Practices and Conduct contained in the King III Report, as well as the Protocol on Corporate Governance in the Public Sector 2002. The Governing Body's administration is performed in accordance with the guidelines contained in the handbook for the appointment of boards of public institutions.

OVERSIGHT

CCMA financials and performance information are subjected to annual regularity audits by the Auditor-General, and are augmented by continuous scrutiny by the Internal Audit department under the guidance of the Audit Committee. The Audit Committee exercises oversight in response to the effectiveness of controls as reported upon by the Internal Audit department, as well as on matters reported in the external regularity audits. As a public entity, the CCMA receives the majority of its funding from the fiscus, with some income generated from its activities.



THE GOVERNING BODY

The roles and responsibilities of the Governing Body are stipulated in the LRA as well as being derived from the Public Finance Management Act and Treasury Regulations. The Governing Body may delegate some of its functions to its committees or to the Director but may not delegate the following:

- The appointment of the Director;
- Appointment of Commissioners, or removing Commissioners from office;
- Depositing or investing surplus money;
- Accrediting of councils or private agencies, or amending, withdrawing or renewing their accreditation; and
- Subsidising accredited councils or accredited agencies.

In terms of the LRA, other functions of the Governing Body include the delegation of certain functions to the Director and the variation or setting aside of decisions taken by its delegates.

The Governing Body is additionally responsible for:

- The development and monitoring of the execution of the strategy;
- Ensuring that an evaluation system is in place to monitor major capital projects;
- Implementing of appropriate and effective measures to prevent unauthorised, irregular and/or fruitless expenditure and wasteful expenditure, or losses from criminal conduct.

THE GOVERNING BODY CHARTER

A Governing Body Charter, which is reviewed annually, guides the workings of the Governing Body and mandates the existence of its committees. The Governing Body meets every quarter, and when deemed necessary. Governing Body members are keenly involved in the interview process for Commissioners and members allocate a substantial amount of their time towards this function.

COMPOSITION OF THE GOVERNING BODY

GOVERNING BODY MEMBERS' PROFILES AND SERVICE ON OTHER BOARDS AND COMMITTEES:

TABLE 33: GOVERNING BODY COMPOSITION

GOVERNING BODY MEMBERS					
NAMES	CONSTITUENCY	APPOINTMENT DATE	COMMITTEES	AREA OF EXPERTISE	BOARD DIRECTORSHIPS/OTHER COMMITTEES/MINISTERIAL TASK TEAMS
Daniel Dube	Independent Chairperson	1 October 2013	<ul style="list-style-type: none"> • Governing Body (GB) chairperson • Governance, Social and Ethics committee (GSEC) chairperson 	<ul style="list-style-type: none"> • Labour Relations • Training • Skills Development 	<ul style="list-style-type: none"> • Self Help and Resource Exchange (chairman 2005 to date)
Bheki Ntshintshali	Organised Labour	Re-appointed 1 November 2014	<ul style="list-style-type: none"> • Governing Body member 	<ul style="list-style-type: none"> • Labour Market • Social Dialogue • Policy Formulation 	<ul style="list-style-type: none"> • Proudly South Africa • Employment Conditions Commission (Dept of Labour) • Human Resource Development Council (DHET) • NALEDI (Research Institute) • ILO Governing Body (Geneva)



GOVERNING BODY MEMBERS

NAMES	CONSTITUENCY	APPOINTMENT DATE	COMMITTEES	AREA OF EXPERTISE	BOARD DIRECTORSHIPS/OTHER COMMITTEES/MINISTERIAL TASK TEAMS
Elias Monage	Organised Business	Re-appointed 1 November 2015	<ul style="list-style-type: none"> Governing Body member Human Resources 	<ul style="list-style-type: none"> Governance Labour Market Policy Strategy Human Resources (Human Capital) 	<ul style="list-style-type: none"> ARABELA Holdings (Pty) Ltd RX Health (Pty) Ltd Steloy Castings (Pty) Ltd CAPES Industry Provident Fund NEDLAC Labour Market Policy
Sifiso Lukhele	Organised Business	Appointed 1 November 2014	<ul style="list-style-type: none"> Governing Body member Procurement committee chairperson Human Resources committee chairperson Governance, Social and Ethics 	<ul style="list-style-type: none"> Negotiation Employee Relations Employee Wellness Performance and Rewards Leadership Development Ethics and Governance 	<ul style="list-style-type: none"> Member of the Global Barclays Bank PLC Employee Relations EXCO Member of the Barclays Bank PLC Extended Leadership Team Member of the Barclays Africa Group Senior Leadership Team Member of the BUSA Social Policy Committee Member of the Judicial Service Commission for the Labour and Labour Appeals Courts
Ian Macun	Government	Re-appointed 1 November 2014	<ul style="list-style-type: none"> Governing Body member Accreditation & Subsidy chairperson 	<ul style="list-style-type: none"> Labour Relations Research, Monitoring & Evaluation Management 	<ul style="list-style-type: none"> NEDLAC Labour Market Chamber
Kaizer Moyane	Organised Business	Re-appointed 1 November 2014	<ul style="list-style-type: none"> Governing Body member Governance, Social and Ethics 	<ul style="list-style-type: none"> Labour Relations And Employment Law 	<ul style="list-style-type: none"> Commissioner in the Employment Conditions Commission Business Convenor of the Labour Market Chamber of NEDLAC Member of the Section 77 Standing Committee of NEDLAC Chairperson: Social & Transformation Policy Standing Committee (BUSA)
Leon Grobler	Organised Labour	Re-appointed 1 November 2014 to 26 December 2015	<ul style="list-style-type: none"> Governing Body member Finance & Risk committee chairperson Governance, Social and Ethics 	<ul style="list-style-type: none"> Senior Management Labour Law H/R Skills Development 	<ul style="list-style-type: none"> SSETA – Member Accounting Authority, Chairperson Governance and Strategy Assessor COIDA Trustee Sentinel Retirement Fund Board Member Diamond Regulator of South Africa, Technical Committee (Ministerial appointment) FEDUSA MANCO, EXCO NEDLAC EXCO, MANCO, LMC, Chief Negotiator



GOVERNING BODY MEMBERS

NAMES	CONSTITUENCY	APPOINTMENT DATE	COMMITTEES	AREA OF EXPERTISE	BOARD DIRECTORSHIPS/OTHER COMMITTEES/MINISTERIAL TASK TEAMS
Narius Moloto	Organised Labour	Re-appointed 1 November 2014	<ul style="list-style-type: none"> Governing Body member Accreditation & Subsidy Human Resources 	<ul style="list-style-type: none"> Labour Market Labour Relations Policy Formulation Collective Bargaining Organisational Development 	<ul style="list-style-type: none"> NEDLAC (EXCO, MANCO) Chairperson – Gauteng Building Industry Retirement Fund Trustee Construction Industry Retirement Fund Alternate member Construction SETA
Ntsoaki Mamashela	Government	Re-appointed 1 November 2014	<ul style="list-style-type: none"> Governing Body member Finance & Risk 	<ul style="list-style-type: none"> Labour Relations (EEA, LRA, BCEA, SDA, COIDA, UIA), Policy Formulation and Development Legal Drafting Strategic Planning Risk Management Financial Management Strategic Leadership Strategic Communication and Negotiation Skills Project Management Human Resource Management & Corporate Governance 	<ul style="list-style-type: none"> NEDLAC MANCO NEDLAC Labour Market Chamber NEDLAC HR and Remuneration Committee and DoL National Performance Review Board
Thembinkosi Mkalipi	Government	Re-appointed 30 June 2011	<ul style="list-style-type: none"> Governing Body member Human Resources 	<ul style="list-style-type: none"> Labour Market, Industrial Relations Policy Formulation Collective Bargaining 	<ul style="list-style-type: none"> NEDLAC Labour Market Chamber NEDLAC (EXCO, MANCO) member NEDLAC (Government Representative Section 77)
Nerine Kahn ¹	CCMA Director	Ex-officio from 2006 until 17 December 2015	<ul style="list-style-type: none"> Governing Body Finance & Risk Human Resource Accreditation & Subsidy Audit Governance, Social & Ethics 	<ul style="list-style-type: none"> Law, Labour Law Industrial Relations People Management Strategic Management Governance PFMA Accounting Officer Facilitation 	None

¹. Ms Nerine Kahn served a three month out of office notice period with last day of duty on 31 March 2016



GOVERNING BODY MEMBERS					
NAMES	CONSTITUENCY	APPOINTMENT DATE	COMMITTEES	AREA OF EXPERTISE	BOARD DIRECTORSHIPS/OTHER COMMITTEES/MINISTERIAL TASK TEAMS
Cameron Morajane ²	CCMA Acting Director	Ex-officio from 17 December 2015 to 31 March 2016	<ul style="list-style-type: none"> • Governing Body Member • Finance & Risk • Human Resource • Accreditation & Subsidy Audit • Governance, Social & Ethics 	<ul style="list-style-type: none"> • Policy Formulation • Strategy • Employment Law • Labour Market • Governance • Contract Law and Litigation 	None

Hereunder is the table outlining meeting attendance:

TABLE 34: GOVERNING BODY MEETING ATTENDANCE

NAMES	GOVERNING BODY MEETING ATTENDANCE								
	22 MAY 2015	29 JULY 2015	25 AUG 2015	5 SEP 2015	20 OCT 2015	15 NOV 2015	27 NOV 2015	25 FEB 2016	8 MAR 2016
Daniel Dube	√	√	√	√	√	√	√	√	√
Bheki Ntshalintshali	√	√	√	X	√	√	√	√	√
Leon Grobler	√	√	√	√	√	√	√		
Narius Moloto	X	√	√	X	√	X	√	√	√
Thembinkosi Mkalipi	√	X	√	√	√	√	√	√	√
Ntsoaki Mamashela	√	X	√	X	√	√	√	√	X
Ian Macun	√	√	√	X	√	√	√	√	X
Kaizer Moyane	√	√	√	X	√	√	X	√	X
Sifiso Lukhele	√	√	√	√	√	√	√	√	√
Elias Monage								√	√
Nerine Kahn	√	√	√	X	√	N/R	√		
Cameron Sello Morajane								√	√

². Mr Cameron Morajane was the Acting Director for the last quarter of the financial year



Hereunder is a table depicting Governing Body special meeting attendance:

TABLE 35: GOVERNING BODY SPECIAL MEETINGS

NAMES	GOVERNING BODY SPECIAL MEETINGS									
	1 APR 2015	8 APR 2015	17 APR 2015	19 JUN 2015	25 OCT 2015	19 NOV 2015	23 NOV 2015	26 NOV 2015	12 DEC 2015	19 JAN 2016 TRAINING
Daniel Dube	√	√	√	√	√	√	√	√	√	√
Bheki Ntshalintshali	√	X	X	X	√	√	X	X	√	√
Leon Grobler	√	√	√	√	√	√	√	√	√	
Narius Moloto	√	X	X	X	X	√	X	X	X	√
Thembinkosi Mkalipi	√	√	√	√	√	√	√	√	√	√
Ntsoaki Mamashela	√	√	X	X	X	√	X	X	√	√
Ian Macun	√	√	X	X	√	√	X	X	√	X
Kaizer Moyane	X	X	X	X	√	X	X	X	√	√
Sifiso Lukhele	√	X	√	√	√	√	√	X	√	√
Nerine Kahn	√	√	X	X	N/R	N/R	N/R	N/R	N/R	
Cameron Sello Morajane										√

REMUNERATION OF GOVERNING BODY MEMBERS

Governing Body and committee members are remunerated in accordance with the annually-approved National Treasury rates as defined for a sub-category A-2 board. Members are also paid a preparation fee in addition to the approved daily fee. Representatives from government (Department of Labour) are not entitled to remuneration. Other reimbursements relate to claims for travel, processed in terms of CCMA policy.

2016:

TABLE 36: 2015/16 GOVERNING BODY REMUNERATION

NAMES	MEMBER FEES (R'000'S)	COMMITTEE FEES (R'000'S)	OTHER FEES (CONSULTANCY FEES TO	TOTAL (R'000'S)
Daniel Dube	310	–	–	310
Elias Monage	49	–	–	49
Bheki Ntshalintshali	112	–	–	112
Narius Moloto	157	–	–	157
Leon Grobler	234	–	–	234
Kaizer Moyane	113	–	–	113
Sifiso Lukhele	262	–	–	262
Thembinkosi Mkalipi	Government representative: not entitled to remuneration			
Ntsoaki Mamashela	Government representative: not entitled to remuneration			
Ian Macun	Government representative: not entitled to remuneration			



2015:

TABLE 37: 2014/15 GOVERNING BODY REMUNERATION

NAMES	MEMBER FEES (R'000'S)	COMMITTEE FEES (R'000'S)	OTHER FEES (CONSULTANCY FEES)	TOTAL (R'000'S)
Daniel Dube	329	–	–	329
Elias Monage	113	–	–	113
Bheki Ntshalintshali	58	–	–	58
Narius Moloto	70	–	–	70
Leon Grobler	226	–	–	226
Kaizer Moyane	26	–	–	26
Sifiso Lukhele	129	–	–	129
Aruna Ranchod	84	–	–	84
Thembinkosi Mkalipi	Government representative: not entitled to remuneration			
Ntsoaki Mamashela	Government representative: not entitled to remuneration			
Ian Macun	Government representative: not entitled to remuneration			

GOVERNING BODY AND COMMITTEE MEMBERSHIP

The Governing Body may, in terms of section 121 of the LRA, establish committees to assist the Commission, and the following committees have been established to fulfil this need: Human Resources, Audit, Finance and Risk, Accreditation and Subsidy, and Governance, Social and Ethics.

FINANCE AND RISK COMMITTEE

The Finance and Risk Committee is established as a committee of the Governing Body in terms of section 121 of the LRA. Its functions are, *inter alia*, to assist the Director and the Governing Body to fulfil the financial management, working capital management, asset management, supply chain management, risk management and control responsibilities in accordance with legislation and appropriate governance principles.

TABLE 38: FINANCE AND RISK COMMITTEE

NAME	FINANCE AND RISK COMMITTEE			
	6 MAY 2015	24 JULY 2015	27 JUL 2015	29 OCT 2015
Leon Grobler	√	√	√	√
David Lakay	√	√	√	√
Ntsoaki Mamashela	√	X	X	√
Nerine Kahn	√	√	√	√



ACCREDITATION AND SUBSIDY COMMITTEE

The Accreditation and Subsidy Committee considers and makes recommendations to the Governing Body regarding the accreditation of statutory councils, bargaining councils and panelists, as well as ratification of the payment of subsidies to councils.

TABLE 39: ACCREDITATION AND SUBSIDY COMMITTEE

NAME	ACCREDITATION AND SUBSIDY COMMITTEE			
	4 MAY 2015	3 AUGUST 2015	17 NOVEMBER 2015	2 FEBRUARY 2016
Ian Macun		√	√	√
Narius Moloto	√	√	√	√
Sifiso Lukhele	√			
Lucio Trentini	X	√	√	√
Nerine Kahn	√	√	√	
Cameron Morajane				√

GOVERNANCE, SOCIAL AND ETHICS COMMITTEE

The Governance, Social and Ethics Committee considers and advises the Governing Body on all matters that relate to governance, organisational good citizenship and compliance. The functions of this committee are, *inter alia*, to:

- Develop the CCMA's approach to matters of corporate governance and make recommendations to the Governing Body;
- Evaluate the effectiveness of the Governing Body and its committees, and report thereon to the Governing Body;
- Assist in developing and monitoring the organisation's strategy; and
- Guide the organisation's good citizenship strategies by reviewing the relevant community social responsibility programme.

TABLE 40: GOVERNANCE, SOCIAL AND ETHICS COMMITTEE

NAME	GOVERNANCE, SOCIAL AND ETHICS COMMITTEE				
	6 MAY 2015	27 JULY 2015	17 AUG 2015	27 OCT 2015	25 JAN 2016
Daniel Dube	√	√	√	√	√
Freddie Petersen	√	√	√	√	√
Kaizer Moyane	√	√	√	√	√
Leon Grobler	√	√	√	√	X
Narius Moloto					√
Nerine Kahn	√	√	√	√	
Cameron Morajane					√



AUDIT COMMITTEE

The Audit Committee's primary role and functions are derived from the PFMA and other enabling statutes and regulations. These are to review the effectiveness of the internal audit function, review the audit reports of internal and external auditors and the quarterly and annual review of financial statements, and performance information. Combined assurance on the appropriateness and effectiveness of internal controls is provided by the co-ordinated efforts of the Internal Audit function, management and the Audit Committee. This assurance is provided by means of an independent, objective appraisal and evaluation of risk factors, management processes, internal controls and governance processes.

TABLE 41: AUDIT COMMITTEE

NAME	AUDIT COMMITTEE			
	20 MAY 2015	30 JUL 2015	30 OCT 2015	15 JAN 2016
William Gumede	√	√	√	√
Ramona Clark	X	√	√	√
Freddie Petersen	√	√	X	√
Velile Pangwa	X	√	√	√
Faith Burn	X	√	X	√
Jim Wilson	√	√	√	√
Nerine Kahn	√	√	√	√
Cameron Morajane	√	√	√	√

JOINT AUDIT, FINANCE & RISK COMMITTEE

TABLE 42: JOINT AUDIT FINANCE AND RISK COMMITTEE

NAME	JOINT AUDIT, FINANCE AND RISK COMMITTEE			
	22 MAY 2015	24 JULY 2015	28 JAN 2016	23 FEB 2016
Leon Grobler	√	√	√	√
Ntsoaki Mamashela	X	X	√	√
David Lakay	√	√	√	√
William Gumede	√	√	√	√
Jim Wilson	√	√	√	√
Ramona Clark	X	√	√	√
Freddie Petersen	√	√	√	X
Velile Pangwa	X	X	√	√
Faith Burn	X	X	X	√
Narius Moloto	√	√	√	X
Nerine Kahn	√	√	√	√
Cameron Morajane	√	√	√	√



HUMAN RESOURCES COMMITTEE (HRC)

Human resource matters are considered by this committee for recommendation to the Governing Body for approval. The focus of this committee is on areas affecting Commissioners: reviewing appointments, conduct, ethical and disciplinary challenges, and Commissioners' performance as part of the non-delegable functions of the Governing Body. This also involves constituting interview panels for appointment or renewal of all Commissioner contracts. This committee has oversight of human resource policies and their implementation, and serves as the remuneration committee of the organisation.

TABLE 43: HUMAN RESOURCES COMMITTEE

NAME	HUMAN RESOURCES COMMITTEE								
	11 MAY 2015	23 MAY 2015	25 JUL 2015	11 AUG 2015	28 AUG 2015	17 NOV 2015	1 FEB 2016 SPECIAL	9 FEB 2016	13 FEB SPECIAL
Thembinkosi Mkalipi	√	√	√	√	√	√	√	√	√
Narius Moloto	√	√	√	√	√	√	√	X	√
Sifiso Lukhele	√	√	√	√	√	√	√	√	√
Josias Mpe								√	
Elias Monage								√	√
Nerine Kahn	√	√	√	√	√	√			
Cameron Morajane							√	√	N/R

RISK MANAGEMENT

The primary function of the Risk Management section is to review the effectiveness of the organisation's risk management systems, processes and procedures, and to provide recommendations for improvement. The section is tasked with helping to embed risk management within the organisation. It assists in identifying and assessing strategic and operational risks, and monitors procedures aimed at mitigating them to acceptable levels by using the set limits of the risk appetite and tolerance levels. The Risk Management section is also responsible for occupational health and safety (OHS), insurance, and the monitoring of audit findings raised by the regulatory audit (the Auditor-General) as well as findings arising from the Internal Audit. The Risk Management and Internal Audit functions work closely together to provide combined assurance on the identification and management of key risks faced by the organisation.

The risk management policy, framework and plan is approved annually and is used as a base for risk management activities. The strategic and operational risk assessments were conducted nationally with twelve (12) regions and 18 departments. Risk management has a standing agenda item at the Audit Committee, whereby risk management reports are tabled quarterly at Audit Committee and Finance & Risk committee meetings. The entity developed a risk appetite and tolerance framework which will be used to monitor key risk indicators. Risk management will be keeping an eye on the set tolerance and appetite limits to ensure continuous improvement. The entity will also be implementing combined assurance to ensure integrated reporting on factors and criteria for consideration of the probability or likelihood of risk materialising.

INTERNAL CONTROL UNIT

The establishment of an internal control unit is underway, with an Internal Control and Compliance officer in place from June 2016. In the meantime the PFMA and National Treasury checklists have been developed to monitor and inspect key control activities. Compliance with checklists are monitored and reported on a monthly basis.



Chief Audit Executive
Sello Hlalele

INTERNAL AUDIT

Internal Audit is an independent appraisal function designed to provide the Governing Body – through the Audit Committee – with assurance on the adequacy and effectiveness of the CCMA systems of internal controls. The work of Internal Audit is focused on the areas of greatest risk to the CCMA, both current and emerging, as determined by a comprehensive, risk-based planning process. The Audit Committee approves the Annual Internal Audit Plan and any subsequent material amendments.

Internal Audit's role is performed through analysing, examining and evaluating the organisation's governance, risk management and control processes. Internal controls comprise the methods and procedures implemented by management to achieve the objectives of safeguarding the organisation's assets, efficient and effective employment of resources, the prevention and detection of errors and fraud, ensuring the accuracy

of accounting records and the timely production of reliable financial and operational information.

The mandate of the Internal Audit function, which is captured holistically in the Internal Audit Charter and reviewed biennially by the Audit Committee, includes independently appraising the appropriateness, adequacy and effectiveness of the organisation's systems of internal controls and reporting on these to management and the Audit Committee and the Governing Body.

KEY ACTIVITIES AND OBJECTIVES OF THE INTERNAL AUDIT

The CCMA Internal Audit evaluates the adequacy and effectiveness of controls in responding to risks within the organisation's governance, risk management and control processes regarding the:

- Achievement of the organisation's strategic objectives;
- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations and programmes;
- Processes of safeguarding of the organisation's assets; and
- Programme of and actual compliance with laws, regulations, and contracts.

SUMMARY OF SPECIFIC AUDIT WORK DONE

In line with the risk assessment outcome, the breadth coverage of internal audit (IA) work done during the 2015/2016 financial year was concentrated in the areas of Supply Chain Management, bidding processes, Operations and Education and Training. Continuous effort is still required to improve systems of internal control in order for the organisation to achieve its strategic objectives and to impact positively on its constitutional mandate.

In line with the 2016/2017 Internal Audit plan, effort has been expanded to include other areas for strategic audits, viz. Information and Communication Technology, Compliance and Financial Management.

FRAUD, IRREGULARITIES, WASTE AND ABUSE

Internal Audit work takes into consideration irregularities, waste, abuse and fraud risks. The identification of the indicators for fraud are pertinently documented and reported.

For the period under review, Internal Audit has not undertaken any investigations. Anonymous tip-offs received through the fraud-hotline were referred for Forensic Investigation by the external service provider.



FOCUS AREAS FOR THE FORTHCOMING YEAR

For the coming financial year, the main focus area is to promote the combined assurance model. The model will provide management and various governance structures with a comprehensive view of the adequacy and effectiveness of governance, risk management and controls within the organisation.

COMPLIANCE WITH LAWS AND REGULATIONS

The compliance with laws and regulations are inspected as part of overall risk assessment. Checklists were developed from the National Treasury's CFO handbook, to monitor compliance. Compliance testing was done and reported on a monthly basis. An Internal Control and Compliance Officer – to monitor and report on compliance with laws and regulations – was appointed. The incumbent will commence duty on 1 June 2016.

FRAUD AND CORRUPTION

The Fraud and Prevention plan is reviewed every two years. The review process for the 2016/2017 financial year is underway. Fraud awareness sessions were conducted nationally, in all twelve (12) regional offices and at the head office.

The following fraud and corruption reporting processes were developed and actioned during the year under review:

- If an employee has a concern about malpractice, he/she must raise it first with his/her manager/supervisor. This may be done verbally or in writing;
- If an employee is unable to raise the matter with his/her manager, for whatever reason, he/she must raise the matter either with any EXCO member; and
- If these channels have been followed but the employee still has concerns, or if an employee thinks that the matter is so serious that he/she cannot discuss it with any of the above, he/she must contact the Director.

The CCMA has a safe and anonymous hotline which is available in all official languages and is available 24 hours a day. Matters reported to the Hotline are analysed and followed up by the Chief Audit Executive, who then reports to the Audit Committee on a quarterly basis, or as and when the need arises.

Details for reporting suspected fraud are:

Hotline Number: 0860 666 348
Fax 086 726 1681
ccma@thehotline.co.za
Call back: 072 595 9135

MINIMISING CONFLICT OF INTEREST

All newly-appointed Bid committee members are trained on their roles and responsibilities in accordance with the National Treasury's *Code of Conduct for Supply Chain Practitioners*. Bid committee members are appointed annually. For the 2016/17 financial year, training is scheduled for 10 June 2016.

CODE OF CONDUCT

The CCMA has a Policy on Disciplinary & Grievance Management as well as a Code of Conduct. The Policy on Disciplinary & Grievance Management incorporates a Disciplinary Code, which lists typical acts of misconduct, applicable sanctions and processes to be followed in sanctioning employees who misconduct themselves, while The Code of Conduct provides guidelines on ethical conduct in order to assist employees avoid conduct contrary to the Disciplinary Code. All misconduct or breaches of the Code of Conduct are addressed in terms of the Policy on Disciplinary & Grievance Management.

Except in cases of serious misconduct, the CCMA applies progressive discipline in the form of verbal counselling, verbal warnings, and written and final written warnings before invoking a formal disciplinary process. In certain instances, employees are placed on precautionary suspension, with full pay, in order to expedite a fair investigation process. The Policy on Disciplinary & Grievance Management does not allow for an appeal process but employees have recourse to processes enshrined in the Labour Relations Act with regard to unfair labour practice and/or dismissal disputes, in order to ensure disputes are resolved and finalised expeditiously.



HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

Given the nature of the institution and its statutory mandate, the CCMA delivers public services across the country from leased regional and satellite offices and hearing venues. Given this reality, its primary consideration is the health and safety of its users and employees who use such facilities. Such considerations include ensuring that all CCMA facilities are safe and that the overall environment supports the general health of users and employees, and includes:

- Effective maintenance of buildings and other facilities to ensure that it is safe and healthy for users and employees;
- Installation of smoke detectors, fire alarms and water sprinkler systems;
- Effective maintenance of air conditioning systems to ensure that air quality is not compromised;
- Fire risk assessments that are conducted once every year;
- Regular fire and evacuation drills in all buildings that are conducted twice per year; and
- Regular inspection, maintenance and safety certification of all elevator and related machinery to ensure it is safe for public use.

The CCMA also contributes towards the medical aid of its employees. They have full access to an Employee Assistance Programme (EAP) as the organisation's success relies on the wellbeing of its employees. The EAP provides confidential support and assistance to all employees and their immediate family members.

Overall, the CCMA is committed to having systems in place that ensure the health and safety of its working environment and consciously promotes and supports recycling and other environmentally-friendly programs within its own ambit of operations, and encourages its employees and users to do the same.

COMPANY SECRETARY

Mr Dawood Dada is the Acting Company Secretary of the CCMA.

SOCIAL RESPONSIBILITY

In the reporting period the organisation hosted thirteen (13) commemorative events in all regions. Events included celebrating Women's Day, Africa Day and World Social Justice Day. The CCMA participated in Mandela day celebrations, blood donation drives were held and all regional offices participated in the 67 Minutes for Mandela by knitting blankets and making many pots of hearty soup. Special campaigns were conducted during this reporting period including an anti-xenophobia drive, the Say No to Discrimination against Persons with Disabilities mobilisation, and a rolling Keep Girl Children at School sanitary towel collection.

The pioneering initiative to commemorate the contribution made by past President Nelson Mandela, the Nelson Mandela Commissioner Indaba Community Development Legacy Project, continued in this reporting period. The CCMA Commissioners and staff donate both time and resources to initiate each project during the Indaba and thereafter the respective region assumes responsibility for the project's sustainability. In 2015 the legacy project beneficiary that enshrined the spirit of Nelson Mandela and stood as a beacon of the CCMA's commitment to his legacy of social justice, was the Sarah Fox Children's Home in Cape Town. The CCMA furnished the mothers' room that will allow vulnerable parents to stay for longer periods with their convalescing children, and donated considerable amounts of educational material for the learning centre, and child hygiene and wellness products.



AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2016.

AUDIT COMMITTEE MEMBERS

The Audit Committee consists of the members listed under the Corporate Governance section and for the year under review, have met in accordance with the scheduled meetings of the committee.

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from section 51(1)(a) of the Public Finance Management Act, No. 1 of 1999 (PFMA) and Treasury Regulation 27 in overseeing the activities of the organisation and thereby ensuring that the controls as designed by the Governing Body have been implemented and are effective for year under review.

A fully independent Audit Committee, comprising of representatives from the three social partner stakeholders and two independent members, also assist the work of the Governing Body. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

THE EFFECTIVENESS OF INTERNAL CONTROLS

In line with the PFMA and the King III 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.

Oversight over the management and reporting of strategic risks has been identified as an area which requires improvement.

From the various reports (Management, Internal and External Audit – Auditor-General South Africa), explanations given, discussions with Internal Audit as well as the report on financial statements, the Committee is of the opinion that there were matters reported that indicate weaknesses in the aspects of internal controls within the organisation for the period under review.

Where deficiencies, weaknesses and deviations were identified in internal controls, corrective action was taken to reduce the risks, and compensating controls have been instituted to ensure the organisation's assets were safeguarded, proper accounting records maintained and resources utilised efficiently.

The Audit Committee had reviewed the quality of management quarterly reports submitted in terms of the PFMA and the Treasury Regulations, and is satisfied with the content and quality of quarterly reports prepared and issued by the Accounting Authority of the entity during the year under review.



EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The Audit Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Authority;
- Reviewed the Auditor-General of South Africa's management report and management's response thereto;
- Reviewed changes in accounting policies and practices;
- Reviewed the entities compliance with legal and regulatory provisions;
- Reviewed significant adjustments resulting from the audit;
- Reviewed the effectiveness and adequacy of the Internal Audit function and adequacy of its annual work plan;
- Considered whether the independence, objectives, organisation staffing plans, financial budgets, audit plans and standing of the internal audit function provide adequate support to enable the committee to meet its objectives;
- Reviewed the results of the work performed by the internal audit and any significant investigation and management response thereto;
- Reviewed the internal audit charter to ensure that the internal audit function discharges its responsibilities with independence and objectivity and in accordance with the international standards for the professional practice of internal auditing (standards).
- Reviewed the external auditors findings and reports submitted to management; and
- Reviewed the independence and objectivity of the external auditors.

The Audit Committee herewith confirms the going-concern status of the CCMA's financial situation.

EVALUATION OF PERFORMANCE INFORMATION

For the year under review, on a quarterly basis, the Audit Committee evaluated the performance information as presented by management. The committee is satisfied that performance information was presented in line with the National Treasury guidelines for annual reporting purposes, and concurs with the overall opinion of the Auditor-General.

The Audit Committee concurs with and accepts the Auditor-General of South Africa's conclusions on the annual financial statements, and is of the opinion that the audited financial statements be accepted and read together with the report of the Auditor-General, and therefore recommends that the Annual Financial Statements as submitted, be approved.

PROFESSOR WILLIAM GUMEDE

Chairperson of the Audit Committee



PART D

HUMAN RESOURCE MANAGEMENT

INTRODUCTION

The transformation of the Human Resources Department into a world class service function – first implemented during the previous financial year – continued during the period under review, with most of the projects and processes complete or nearing completion.

In line with best practice, the review of Human Resources policies is an ongoing endeavour, as policies have to be reviewed at regular intervals. The following was accomplished during the financial year:

- The Talent Management Framework was finalised;
- The results of the remuneration benchmark survey undertaken during the 2014/2015 financial year were implemented;
- The Job Profiling & Job Grading was finalised;
- The Organisational Structure Review was completed during the financial year and implementation is in progress. The reviewed Organisational Structure is geared to support the new Senz'Umehluko organisational strategy, and as such has seen functions and departments re-structured.

DEPARTMENTAL SERVICE DELIVERY

Below are the Key Performance Areas resulting from the Departmental Operational Performance Objectives:

- Utilise resources optimally – the talent mapping process (talent Management Framework) in respect of the CSC and EXCO talent forums has been completed;
- Enhance accessibility to services – turnaround parameters in filling vacancies were tightened. The staff turnover rate is among the lowest not just in the public sector but also in the South African labour market in general, attesting to a highly effective retention strategy. In terms of the LRA the recruitment and termination of Commissioners is the exclusive function of the Governing Body and this structure plays a central role throughout the Commissioner recruitment process. The organisation annually advertises Commissioner vacancies and the year under review was no exception. The following regions recruited Commissioners during the 2015/2016 financial year: National Office, Limpopo, Western Cape, Johannesburg, Ekurhuleni, North West, Mpumalanga, East London, Port Elizabeth, Tshwane, Free State, Kwa-Zulu Natal and Northern Cape. Renewal of existing contracts for these regions was also attended to.
- Owing to its unique nature, Commissioner recruitment is conducted on a project basis and includes written assessments, a three-phase short-listing process, two sets of interviews, and a six-month training programme. The process culminates in a three-month long mentorship programme before a Commissioner is placed in a hearing room. The 2015/2016 recruitment process commenced in March 2015 and concluded with the newly-appointed Commissioners commencing training on 1 February 2016. Overall, one thousand three hundred and sixty five (1 365) applications were received, of which 60 new candidate Commissioners were appointed. Forty nine (49) existing Commissioners' contracts were reviewed, while six (6) existing Commissioners whose contracts expired outside of the recruitment period received short-term extensions. The Commissioners on short-term extensions will be prioritised for long-term renewal during the 2016/2017 recruitment process. The tables on page 112 depict both new appointments and contracts for 2015.



FIGURE 18: 2015/16 COMMISSIONER CANDIDATES RECOMMENDED FOR APPOINTMENT BY THE GOVERNING BODY

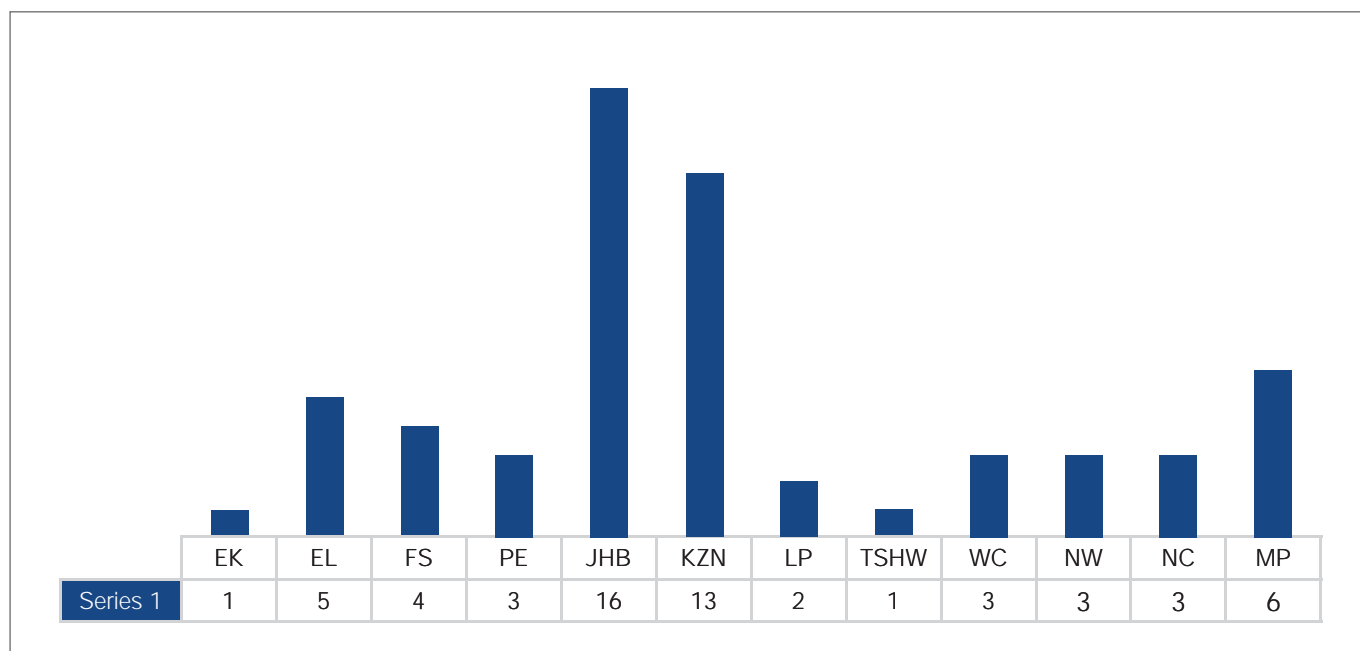
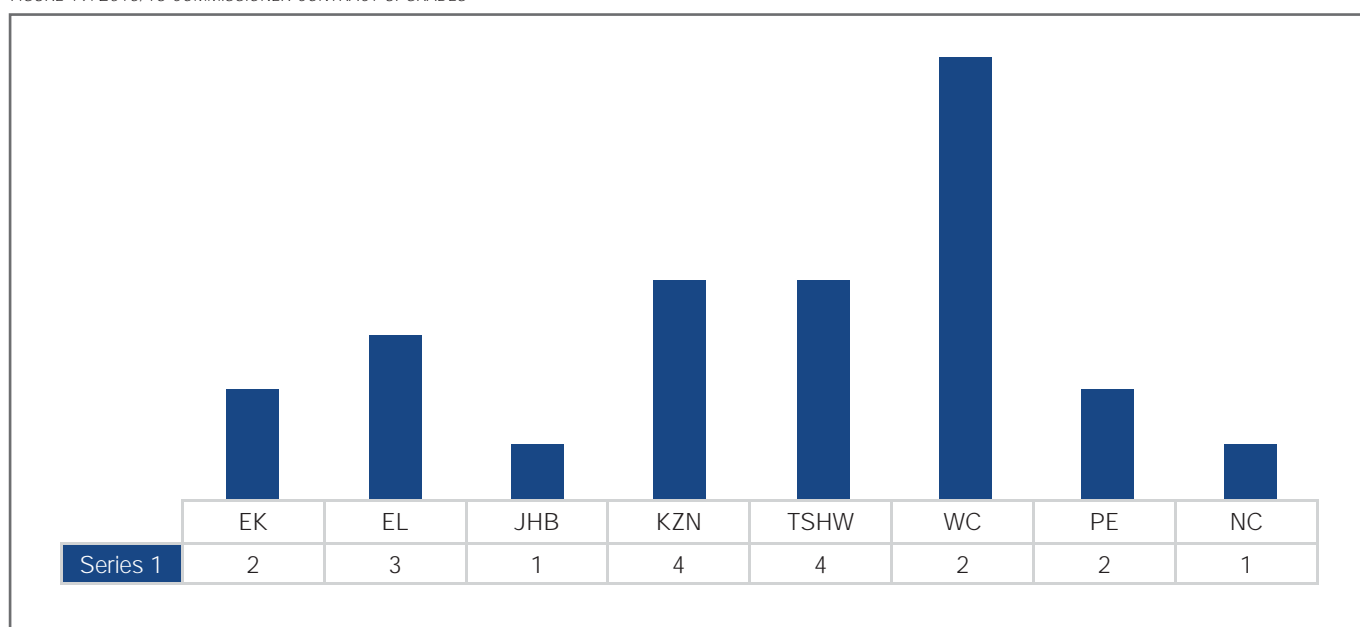


FIGURE 19: 2015/16 COMMISSIONER CONTRACT UPGRADES



- *Remuneration and benefits* – the CCMA continuously benchmarks its reward strategy in order to enhance the organisation's ability to attract, develop and retain talent;
- *Promote and maintain employment equity* – with the 2015 labour law amendments the CCMA has become a bastion of employment equity legislation, through its legislated role of arbiter in this field. As an employer, the CCMA has positioned itself as a model and innovator. To this end, a new organisational strategy is being developed and will be adopted during the 2016/2017 financial year;



FIGURE 20: 2015/16 EMPLOYMENT EQUITY BY RACE

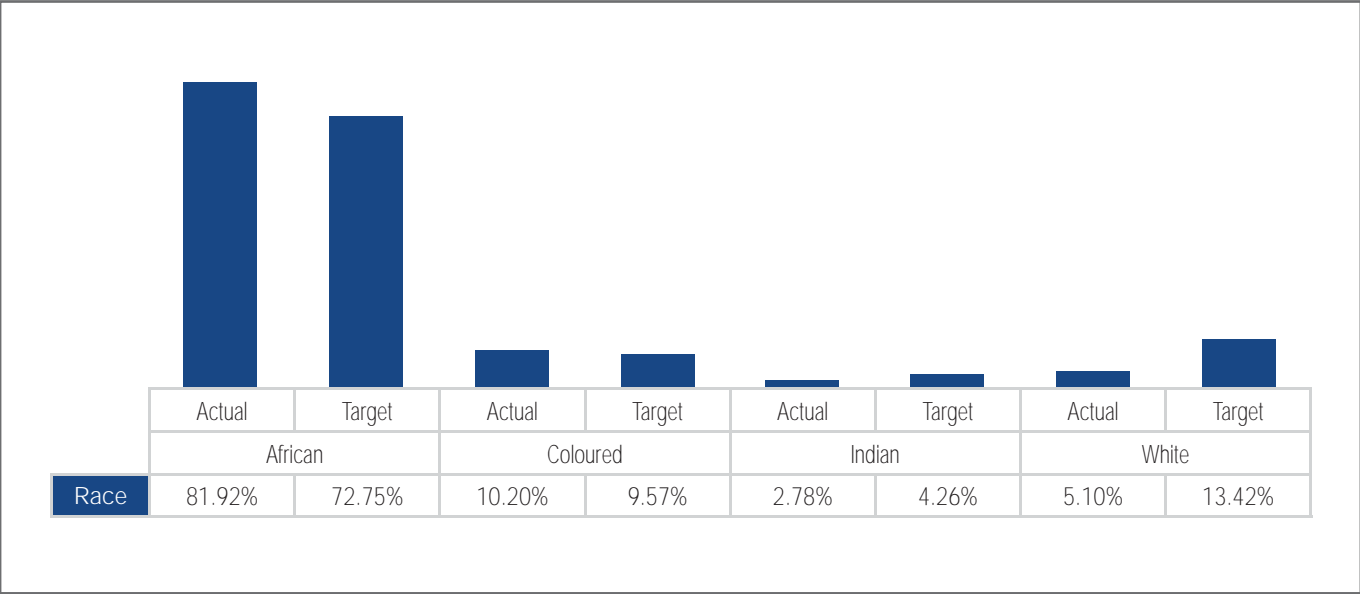


FIGURE 21: 2015/16 EMPLOYMENT EQUITY BY GENDER

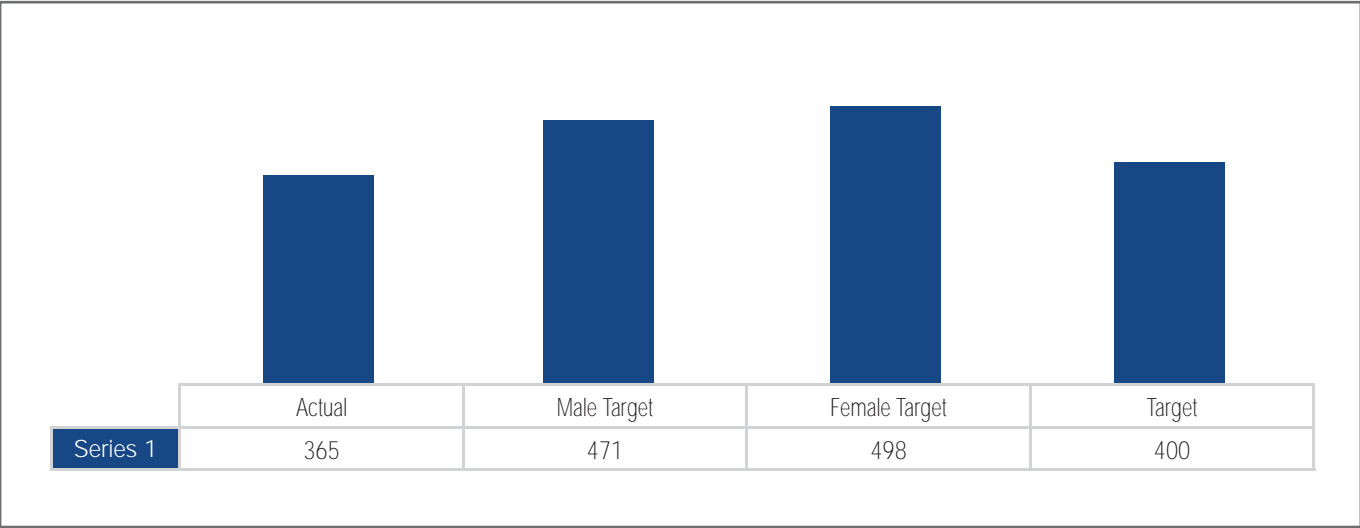
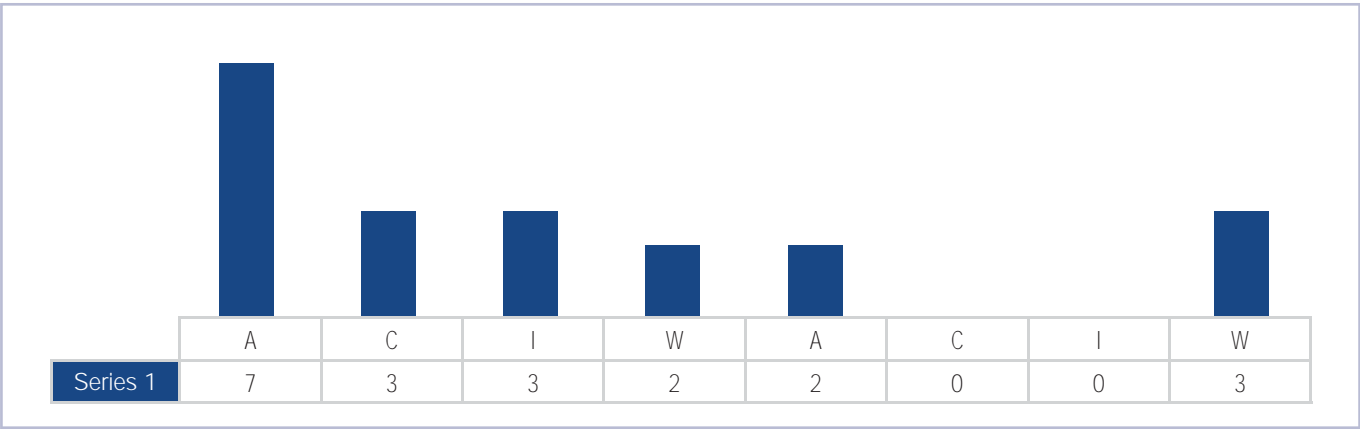


FIGURE 22: 2015/16 MANAGEMENT EMPLOYMENT EQUITY PROFILE

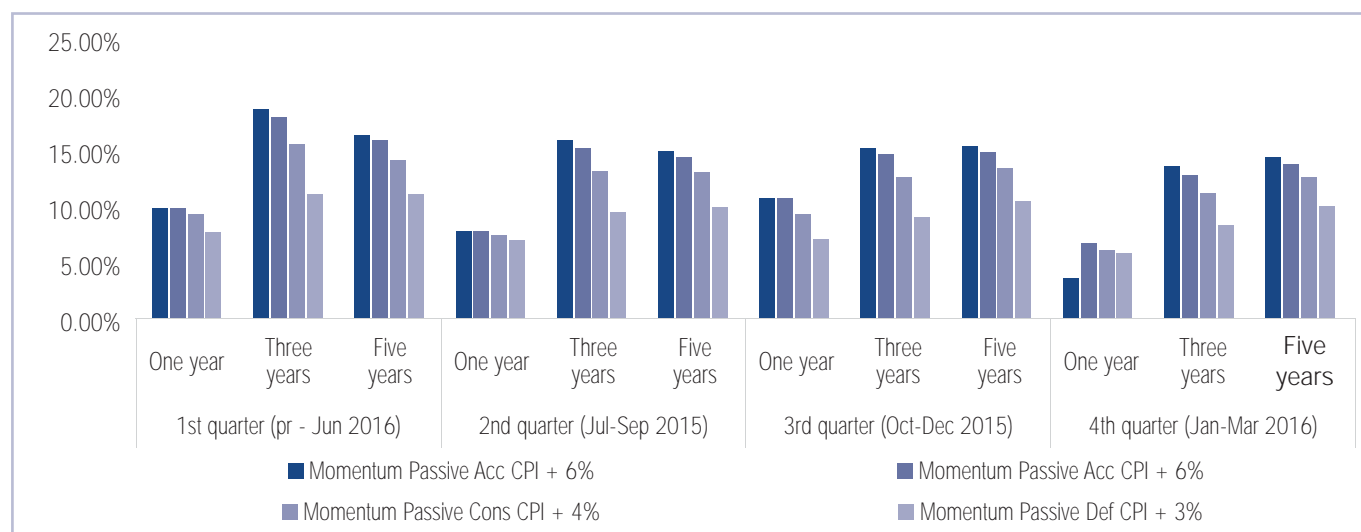




- *Employee relations to promote workplace* – the year under review was characterised by an improvement in the relationship between management and the resident employee union, the Commission Staff Association (CSA). A three-year wage and substantive agreement was concluded and successfully implemented in its first year; and
- *Conduct job evaluation and job grading processes* – work on job evaluation and job grading started in earnest during the year under review. Other than the fact that regular review of job compendia and job grades ensures currency of job content and ranking in organisational hierarchy, the job re-grading exercise has readied and prepared the organisation to address any issues that may arise from the *equal pay for work of equal value* dictum emanating from the amendment of the Employment Equity Act.

The organisation's remuneration and benefits practices are intrinsic to its retention strategy. In this strategy, year-end performance evaluations are the cornerstone of the organisation's success. The CCMA's approach is constant performance monitoring and development, culminating in year-end performance assessments which are aimed primarily at recognising and rewarding good performance. The CCMA offers two medical schemes to employees. It is a condition of employment that all employees belong to a medical aid. The CCMA provides comprehensive risk benefits to its employees, coupled with a retirement fund benefit.

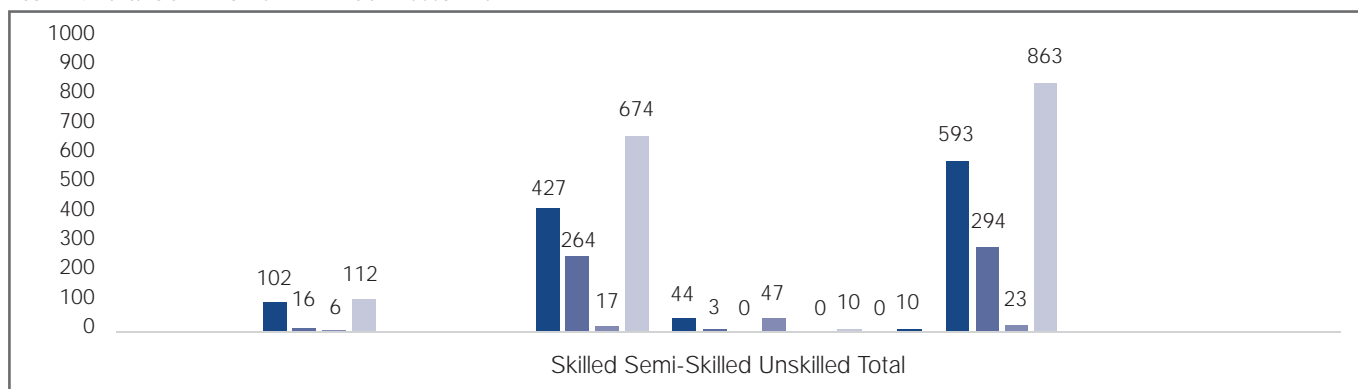
FIGURE 23: ANNUAL MOMENTUM INVESTMENT PERFORMANCE REPORT





- *Recruitment of management and support staff* – An analysis of vacancies, key and scarce skills loss results in the identification of suitable replacements and fast-tracking of the filling of those skills. Both overall and scarce and key skills losses are consistently below organisational and industry benchmark, signalling a sound retention strategy.

FIGURE 24: 2015/16 STAFF TURNOVER ANALYSIS BY OCCUPATIONAL LEVEL



HUMAN RESOURCES OVERSIGHT STATISTICS

TABLE 44: PERSONNEL COST BY PROGRAMME/ACTIVITY/OBJECTIVE

PROGRAMME/ACTIVITY/OBJECTIVE	PERSONNEL EXPENDITURE (R'000'S)	PERSONNEL; EXP. AS A % OF TOTAL EXP.	NO OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000'S)
Full time Commissioner, Interpreter Fee and Allowance	101 091	28%	699	145
Call Centre	13 070	4%	15	871
Capacity-building & Outreach	23 493	7%	10	2 349
Director's office	23 415	6%	9	2 602
Facilities & Admin	9 477	3%	18	526
Finance	31 354	9%	19	1 650
Human Resources	21 416	6%	13	1 647
Information Technology	19 072	5%	15	1 271
Internal Audit	14 646	4%	7	2 092
Legal	22 575	6%	13	1 737
Mediation	9 028	3%	3	3 009
Operations & Information	25 418	7%	13	1 955
Research	5 792	2%	4	1 448
Risk Management	6 785	2%	4	1 696
Strategy	12 386	3%	6	2 064
Supply Chain	16 075	4%	11	1 461
Training	5 476	2%	4	1 369
TOTAL	360 570	100%	863	



TABLE 45: PERSONNEL COST BY SALARY BAND

LEVEL	PERSONNEL EXPENDITURE (R'000)	% OF PERSONNEL EXPENDITURE	NO OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Top Management	3 760	1%	9	418
Senior Management	4 596	1%	11	418
Professional qualified	46 795	13%	112	418
Skilled	281 604	78%	674	418
Semi-skilled	19 637	5%	47	418
Unskilled	4 178	1%	10	418
TOTAL	360 570	100%	863	

TABLE 46: PERFORMANCE REWARDS

PROGRAMME/ACTIVITY/OBJECTIVE	PROGRAMME REWARDS	PERSONNEL EXPENDITURE (R'000'S)	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST
Top Management	Performance Management System	4 053	29%
Senior Management	Performance Management System	1 258	9%
Professional qualified	Performance Management System	4 333	31%
Skilled	Performance Management System	4 193	30%
Semi-skilled	Performance Management System	140	1%
Unskilled	Performance Management System	0	0%

TABLE 47: TRAINING COST

PROGRAMME/ACTIVITY/OBJECTIVE	PERSONNEL EXPENDITURE (R'000'S)	TRAINING EXPENDITURE (R'000'S)	TRAINING EXPENDITURE AS A % OF COST	NO OF EMPLOYEES TRAINED	AVG. TRAINING COST PER EMPLOYEE
CCMA	360 570	17 138	4.75%	2812	6 094



TABLE 48: EMPLOYMENT AND VACANCIES PER PROGRAMME

PROGRAMME/ACTIVITY/ OBJECTIVE	2014/2015 NO OF EMPLOYEES	2014/2015 APPROVED POSTS	2015/2016 NO OF EMPLOYEES	2015/2016 VACANCIES	% OF VACANCIES
Full time Commissioner, Interpreter fee and allowance	467	708	699	9	81%
Call Centre	18	15	15	0	2%
Capacity-building & Outreach	7	11	10	1	1%
Director's office	9	11	9	2	1%
Facilities & Admin	7	18	18	0	2%
Finance	8	21	19	2	2%
Human Resources	12	13	13	0	2%
Information Technology	13	17	15	2	2%
Internal Audit	6	8	7	1	1%
Legal	12	15	13	2	2%
Mediation	5	5	3	2	0%
Operations & Information	6	15	13	2	2%
Research	4	4	4	0	0%
Risk Management	3	4	4	0	0%
Strategy	5	7	6	1	1%
Supply Chain	8	11	11	0	1%
Training	4	5	4	1	0%
TOTAL	593	889	863	26	100%



RECRUITMENT OF MANAGEMENT AND SUPPORT STAFF

Vacancies under the Senior Management and Professionally Qualified occupational levels result from new positions created during the year under review. All of the vacancies have been advertised. Some have been filled and others are in the process of being filled.

TABLE 49: EMPLOYMENT CHANGES

SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENT	TERMINATION	EMPLOYMENT AT END OF THE PERIOD
Top Management	8	1	0	9
Senior Management	11	0	0	11
Professional qualified	102	16	6	112
Skilled	427	264	17	674
Semi-skilled	44	3	0	47
Unskilled	0	10	0	10
TOTAL	593	294	23	863

TABLE 50: REASONS FOR STAFF LEAVING

REASON	NUMBER	% OF TOTAL NO. OF STAFF LEAVING
Death	1	4.35%
Resignation	15	65.2%
Dismissal	3	13.0%
Retirement	2	8.7%
Ill health	0	0.0%
Expiry of contract	2	8.7%
Other	0	0.0%
TOTAL	23	100.0%

TABLE 51: LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal warning	5
Written warning	18
Final written warning	8
Dismissal	0



TABLE 52: 2015/16 EMPLOYMENT EQUITY – MALE

LEVELS	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	3	3	1	1	2	1	1	1
Senior Management	4	5	2	1	1	0	1	1
Professional Qualified	40	120	7	18	2	14	6	55
Skilled	255	345	20	43	2	13	1	39
Semi-skilled	13	12	2	1	1	0	0	0
Unskilled	1	0	0	0	0	0	0	0
TOTAL	316	485	32	64	8	28	9	96

TABLE 53: 2015/16 EMPLOYMENT EQUITY – FEMALE

LEVELS	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	1	2	0	0	0	0	1	0
Senior Management	1	4	0	0	0	0	2	1
Professional Qualified	32	77	11	12	6	12	8	32
Skilled	323	316	40	41	10	13	23	37
Semi-skilled	25	21	5	2	0	0	1	1
Unskilled	9	0	0	0	0	0	0	0
TOTAL	391	420	56	55	16	25	35	71

TABLE 54: 2015/16 STAFF WITH DISABILITIES

LEVELS	DISABLED STAFF			
	MALE		FEMALE	
	CURRENT	TARGET	CURRENT	TARGET
Top Management	0	0	0	0
Senior Management	1	0	0	0
Professional Qualified	1	4	0	2
Skilled	5	9	5	7
Semi-Skilled	0	3	1	3
Unskilled	0	0	0	0
TOTAL	7	16	6	12



FOCUS AREAS FOR THE FORTHCOMING YEAR

The following are the priorities of the Department for the next financial year:

- Implement the Talent Management Framework & Succession Plan;
- Finalise the Job Profiling and Job Grading project;
- Develop and implement a new Employment Equity Strategy and Plan;
- Empower and improve the Employee Wellness and Employee Relations functions;
- Finalise the implementation of the revised Organisational Structure; and
- Review Human resources policies.

CONCLUSION

Delivery of world-class human resources interventions continues to improve, as it has over the past five years. Evidence of this is the creation and filling of a human resources executive position, the elevation of the human resources function “into the boardroom” is an unequivocal statement of intent. The CCMA continuously strives to innovate and implement best practice. What better way to do that than to invest in the physical and spiritual wellness of one’s employees? Our Employee Wellness (a new position dedicated to employee wellness management has been created and filled during the financial year), Employment Equity and Employee Relations practices embody this noble philosophy.



CCMA Regional Heads

(From Left To Right): Bongumusa Khumalo, Acting Convening Senior Commissioner Kwazulu-Natal; Shawn Christiansen, Convening Senior Commissioner Johannesburg; Hendrick Oliphant, Senior Commissioner Northern Cape; Elias Hlongwane, Convening Senior Commissioner North West; Carmen Ward, Convening Senior Commissioner Free State; Morwa-Mapale Setlago, Convening Senior Commissioner Tshwane; Nowethu Ndiki, Senior Commissioner East London; Grace Mafa-Chali, Convening Senior Commissioner Limpopo; Xolani Nduna, Convening Senior Commissioner Mpumalanga; Carlton Johnson, Convening Senior Commissioner Western Cape; Arnause Mohlala, Convening Senior Commissioner Ekurhuleni; Marius Kotze, Convening Senior Commissioner Port Elizabeth.



REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION

REPORT ON THE FINANCIAL STATEMENTS

INTRODUCTION

1. I have audited the financial statements of the Commission for Conciliation, Mediation and Arbitration (CCMA) set out on pages 116 to 164, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

ACCOUNTING AUTHORITY'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The governing body, which constitutes the accounting authority, is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 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.

AUDITOR-GENERAL'S RESPONSIBILITY

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the International Standards on Auditing. 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.
4. 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.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

6. 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 2016 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA.



REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

PREDETERMINED OBJECTIVES

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the public entity for the year ended 31 March 2016:
- Strategic objective 1: Enhancing the labour market to advance stability and growth, on pages 21 to 25.
 - Strategic objective 4: Optimising the organisation, on pages 28 to 29.
9. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).
10. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
11. The material findings in respect of the selected objectives are as follows:

STRATEGIC OBJECTIVE 1: ENHANCING THE LABOUR MARKET TO ADVANCE STABILITY AND GROWTH

USEFULNESS OF REPORTED PERFORMANCE INFORMATION

12. I did not raise any material findings on the usefulness of the reported performance information for strategic objective 1: Enhancing the labour market to advance stability and growth.

RELIABILITY OF REPORTED PERFORMANCE INFORMATION

13. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable supporting evidence could not be provided for the reported achievements against planned targets of 13% of indicators.

STRATEGIC OBJECTIVE 4: OPTIMISING THE ORGANISATION

USEFULNESS OF REPORTED PERFORMANCE INFORMATION

14. Treasury regulation 30.1.3(g) requires that the annual performance plan form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 33% reported targets were not consistent with those in the approved annual performance plan.
15. The FMPPI requires that performance targets should be specific in clearly identifying the nature and required level of performance. A total of 33% targets were not specific.

RELIABILITY OF REPORTED PERFORMANCE INFORMATION

16. I did not raise any material findings on the reliability of the reported performance information for strategic objective 4: Optimising the organisation.



ADDITIONAL MATTERS

17. I draw attention to the following matters:

ACHIEVEMENT OF PLANNED TARGETS

18. Refer to the annual performance report on pages 20 to 29 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 13 to 15 of this report.

ADJUSTMENT OF MATERIAL MISSTATEMENTS

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of strategic objective 1: Enhancing labour market to advance stability and growth as well as strategic objective 4: Optimising the organisation. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information.

COMPLIANCE WITH LEGISLATION

20. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

ANNUAL FINANCIAL STATEMENTS AND PERFORMANCE REPORTS

21. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA. Material misstatements of cash and cash equivalents, the cash flow statement, contingent liabilities and financial instruments disclosures identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.
22. The 2015-2016 strategic plan did not form the basis for the annual report of the entity, as required by section 55(2)(a) of the PFMA and treasury regulation 30.1.3(g), as set out in paragraph fourteen (14) of this report.

EXPENDITURE MANAGEMENT

23. Effective steps were not taken to prevent irregular expenditure amounting to R37 536 million as disclosed in note 29 to the financial statements, as required by section 51(1)(b)(ii) of the PFMA.

PROCUREMENT AND CONTRACT MANAGEMENT

24. A contract was awarded to bidders based on preference points that were not allocated and calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.

INTERNAL CONTROL

25. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

LEADERSHIP

26. There was inadequate oversight by the accounting authority and management in the areas of financial reporting and performance reporting to ensure accurate financial information, accurate performance reporting, and that compliance with legislation is adequately monitored.

FINANCIAL AND PERFORMANCE MANAGEMENT

27. The entity did not have adequate controls for the maintenance of accurate and complete information that supports the reported financial information and performance information contained in the financial statements and annual performance report, respectively, resulting in material misstatements identified that had to be corrected.
28. Daily and monthly processing and reconciling of transactions relating to financial and performance reporting were not fully adequate and effective. Existing internal controls and review measures were not adequate to ensure that financial and performance information reported is accurate and complete.



OTHER REPORTS

29. I draw attention to the following engagements that could potentially have an impact on the public entity's financial, performance and compliance related matters. My opinion is not modified in respect of these engagements that are either in progress or have been completed.

INVESTIGATIONS

30. An independent consulting firm performed an investigation at the request of the public entity, which covered the period November 2013 to November 2015. The investigation was initiated based on allegations of improper awarding of a tender for the contracting of rental properties at the Durban regional office. The investigation concluded on 19 November 2015 and resulted in the suspension of, and disciplinary proceedings being instituted against three employees. At the time of this report, the proceedings were in progress for two of the employees and were completed for one employee, for whom the suspension was revoked and a final written warning was issued. The governing board instituted a further investigation (second-phase investigation). The purpose of the further investigation was to establish whether there was any corruption on the awarding of the contract. The outcome of the investigation is expected during the 2016-17 financial year.
31. An independent consulting firm performed an investigation at the request of the public entity, which covered the period June 2014 to November 2014. The investigation was initiated based on allegations of irregularities in the procurement of services and appointment of staff within the strategy unit of the CCMA. The investigation concluded on 3 December 2015. Disciplinary proceedings were instituted but the employee subsequently resigned.

Auditor - General

Pretoria

29 July 2016



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



PART E

FINANCIAL INFORMATION



Commission for Conciliation, Mediation and Arbitration (CCMA)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016



Commission For Conciliation, Mediation and Arbitration (CCMA)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Business address

JCI House 28 Harrison Street
Marshalltown
Johannesburg
2001

Postal address

Private Bag X94
Marshalltown
2107

Bankers Standard Bank South Africa

Auditors Auditor-General of South Africa

Secretary (ACIS) Mr Dawood Dada

Jurisdiction The CCMA is a national public entity under the Department of Labour

Accounting Authority Governing Body



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

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

INDEX

	Page
Accounting Authority's Responsibilities and Approval	119
Accounting Authority's Report	120
Statement of Financial Position	132
Statement of Financial Performance	133
Statement of Changes in Net Assets	134
Cash Flow Statement	135
Statement of Comparison of Budget and Actual Amounts	136
Accounting Policies	137 – 148
Notes to the Annual Financial Statements	149 – 164



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

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 annual financial statements and related financial information included in this report. It is the responsibility of the Governing Body to ensure that the annual 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 annual financial statements.

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

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

The Governing Body acknowledges that it is ultimately responsible for the system of internal financial controls established by the entity and places 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 policies.

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 annual 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 March 31, 2017 and, in the light of this review and the current financial position, it is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the Department of Labour operational grant for continued funding of its operations. The annual 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 audited annual financial statements set out on pages 132 to 164 which have been prepared on the going concern basis, were approved by the Governing Body on May 2016 and were signed on its behalf by:

MR DANIEL DUBE
GOVERNING BODY CHAIRPERSON

MR CAMERON MORAJANE
DIRECTOR



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

ACCOUNTING AUTHORITY'S REPORT

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 (as amended) (LRA) 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 23 of the Constitution of the Republic of South Africa of 1996 (as amended).

The CCMA's compulsory statutory functions are to:

- Conciliate workplace disputes;
- Arbitrate certain categories of disputes that remain unresolved after conciliation;
- Facilitate consultations regarding large-scale dismissals due to operational requirement;
- Conduct inquiries by arbitrator;
- Establish picketing rules;
- Determine disputes about demarcation between sectors and areas;
- Facilitate the establishment of workplace forums and statutory councils;
- Compile and publish information and statistics about its activities;
- Consider applications for accreditation and subsidy by bargaining councils and private agencies;
- Administer the Essential Services Committee.

The CCMA's discretionary statutory functions are to:

- Supervise ballots for unions and employer organisations;
- Provide training on any aspect of employment law;
- Advise a party to a dispute about the procedures to follow;
- Offer to resolve a dispute that has not been referred to the CCMA;
- Make rules on practice and procedure; and
- Publish guidelines on any aspect of the LRA.

This being the first year of the 5-year CCMA Sens'umehluko strategy 2015/16-2019/2020, the period has been hallmarked by an increasingly complex operating environment located in a continued sluggish economy that has placed ever-increasing demands on the organisation; to which it has responded with creativity and innovation. The Sens'umehluko strategy 2015/16-2019/2020 marks an expansion of the CCMA's position and role within the labour market, beyond a primary focus on dispute resolution, into more proactive dispute prevention and management and value added services, in line with the mandatory and discretionary functions of the CCMA. This strategic shift has required of the organisation to continue delivering service excellence in the areas of dispute management, build on the existing dispute prevention services and introduce high-impact, innovative conflict prediction, detection and prevention initiatives.



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

ACCOUNTING AUTHORITY'S REPORT

1. ESTABLISHMENT (continued)

The crux of the CCMA's mandate is to deal with workplace disputes and this service demand has increased year on year from a total case-load of 171854 in 2014/15 to 179 528 in this reporting period. The actual number of cases settled has increased by 4% year on year. The CCMA has not just provided services to the increased number of cases but has significantly improved service delivery, piloted new services, expanded access including extending the CCMA's business languages to three (3) official languages, impacted on public interest collective bargaining matters, empowered stakeholders and saved jobs all while remaining within allocated resources. In this reporting period there was a year-on-year increase of 7% in the number of conciliations from 127 997 in the previous reporting period to 136 959 in the current period with a concomitant increase of 9% year-on-year in the number of arbitration matters from 43 975 to 48 130. In terms of service delivery improvement a significant year-on-year increase of 15% in the number of pre-conciliations heard translates into an increase in accessible and rapid service delivery for users and a decrease in operating costs. In numbers, the total number of conciliations heard outside of the 30 days has increased by 44% over the previous year from 187 in 2014/15 to 333 in the current reporting period, with consent granted by parties in all but 82 cases. Most importantly average turnaround times have remained constant at 23 days in respect of conciliation and 61 days in respect of arbitration in the current reporting period. The specialised focus on public interest collective bargaining matters has made a significant impact on the labour market. The Section 150 settlement rate for 2015/2016 was 80%, well above the annual target set of 64%. This was achieved despite the challenging bargaining session. The promotion of employment security is part of the CCMA's strategic objective to enrich the role of the CCMA in the labour market. The CCMA's Employment Security Strategy involves a holistic approach to dealing with any job and employment insecurity situation, saving 20

661 jobs in this reporting period. This translates into 35% of jobs saved compared to employees likely to be retrenched, achieving well above the 20% target set for this financial year.

The promulgation of the Employment Laws amendments has impacted on case-load, with 2978 EEA cases and 1202 s198 cases finalized. While it is of grave concern that this case-load indicates high levels of discrimination continue to plague South Africa workplaces, it is cause for optimism that employees are exercising their rights in pursuance of transformed democratic workplaces.

2. PERFORMANCE INFORMATION

The Treasury Regulations requires that an Accounting Officer of a public entity must prepare a strategic plan for the forthcoming medium term expenditure framework (MTEF) period and submit it for approval to the relevant Executive Authority.

The CCMA Director and Governing Body prepared a Strategic Plan, which runs from April 2015 to March 2020. The plan referred to as the Senz'umehluko strategy, is being implemented to provide strategic direction for the CCMA for five years from April 2015 to March 2020. This strategy completed its first year at the reporting date of 31 March 2016. The key highlights, achievements and challenges of the implementation of the strategy during the 2015/16 financial period and its duration are outlined in the Chairperson's and Director's reports, which form part of the annual report.

Achievement of the strategic targets was assessed against the CCMA scorecard for Senz'Umehluko, which is comprised of two strategic goals and four strategic objectives. The two goals and their concomitant objectives are as follows:



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

ACCOUNTING AUTHORITY'S REPORT

2. PERFORMANCE INFORMATION (continued)

Goal 1: Enhance and extend service delivery to transform workplace relations and advance development.

- SO1 Enhancing the labour market to advance stability and growth
- SO2 Advancing good practices at work and transforming workplace relations
- SO3 Building knowledge and skills

Goal 2: Strive for organisational effectiveness

- SO4 Optimising the organisation

3. REVIEW OF ACTIVITIES

Main business and operations

3.1 Dispute resolution operations review

The 2015/2016 financial year saw the continued stabilisation of operational performance with all 21 regional offices exceeding their set service delivery efficiency targets. All comparisons are against the previous (2014/2015) financial year.

3.1.1 Referrals

The case referral rate and jurisdictional cases increased by 4% and 6% respectively, indicating growth in the number of referrals and clearly suggestive of the state of the labour market. A total of 179 528 referrals was received which translates to an average of 721 (687 for the previous year) new cases referred every working day. Non-jurisdictional cases decreased by 3%.

The Vaal office experienced the highest increase in referrals at 14% followed by Newcastle and Northern Cape at 11% each, while Rustenburg and Port Elizabeth saw increases of 10% each. Johannesburg and Pietermaritzburg saw a drop in their referrals by 7% and 8% respectively.

3.1.2 Pre-conciliations

The actual number of pre-conciliations heard increased by 15% and the number settled increased by 4%. Most regions consistently met this target throughout the period under review. The Rustenburg office achieved the highest settlement for pre-conciliations of their jurisdictional cases at 19%.

3.1.3 Con/arbs

Con/arbs heard increased by 1.8% year-on-year with a total of 60 383 con/arbs heard in this reporting period. Total objections to the con/arb process increased by 2%. Total objections to the con/arb process increased by 6%, while objections by the employer increased by 5%. Employees objected 19% more than in the previous year. The Bloemfontein and Newcastle offices finalised the highest number of cases (49%) in a single event. The Tshwane office improved the finalisation of cases in one event by 4%.

3.1.4 Conciliations

Some 131 092 conciliations were heard of which only 333 were scheduled outside the statutory 30-day period. The finalisation of conciliation cases (those that were heard and closed) increased by 6%. Cases withdrawn and settled by the parties increased by 7% each.

The Tshwane office achieved the highest improvement of settling cases (4%) at the conciliation phase.



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

ACCOUNTING AUTHORITY'S REPORT

3. REVIEW OF ACTIVITIES (continued)

3.1.5 Settlement rate

The actual number of cases settled increased by 4%. The final settlement rate stands at 74% for the 2015/2016 financial year. The Vaal office achieved the highest settlement rate at 83%.

3.1.6 Arbitrations

The number of arbitrations heard increased from the previous year by 9%. The late awards (submitted by commissioners) decreased by a significant 167% and this area continues to be tightly managed nationally. Of the total 17 333 awards rendered, 29 were sent late to the parties, a reduction of 93% from the previous year. The use of heads of argument increased by 5%.

3.1.7 Employment Laws Amendments

The long-awaited amendments to the three pieces of employment legislation — the Labour Relations Act, the Employment Equity Act and the Basic Conditions of Employment Act — were promulgated in the previous financial year. This being the first full year of implementation, the preparations made over the preceding years were robustly tested with constant monitoring, evaluation and revisions to processes where necessary. As predicted, the labour laws amendments have had an impact on the CCMA's workload with a total of 2 978 EEA cases and 1 202 s198 cases finalised.

3.1.8 Other

Postponements and rework of cases increased respectively by 13% and 9%. The Call Centre continues to add value in terms of providing a real-time query to the public at a daily average of 636 calls, with assistance provided in all 11 official languages. The 'e-mail query' facility saw a 28% increase in usage. The social media platform, Facebook, assists the CCMA in interacting with the public on a daily basis to address more substantive-type queries.

3.2 Grant income

Government grant income allocated to the CCMA for the financial year under review has increased by 6.8% from the 2014/15 base financial year to R734 million.

3.2.1 Case disbursements

Case disbursement expenditure grew by 12.2% year on year, from R272 million to R305 million, mainly due to the appointment of additional commissioners, annual commissioner fee increases and increased use of commissioners to meet the increased inflow of cases.

3.2.2 Employee costs

The multi-year agreement with the Commission Staff Association (CSA) for the year was a 6 percent across-the-board (ATB) increase, with a performance-based salary increase of 0,5% for a performance rating of 3; 1,5% for a performance rating of 4 and 3% for a performance rating of 5. The agreement has assisted in stabilising and giving certainty to existing staff costs.

The intake of additional staff for new offices and support staff for projects, ATB and performance-based salary increases contributed to a 19% year-on-year increase in employee costs.



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

ACCOUNTING AUTHORITY'S REPORT

3. REVIEW OF ACTIVITIES (continued)

3.2.3 Administrative expenses

Administration expenditure increased by 10.67%, year on year, which is a result of annual inflationary increases and ongoing costs for implementation of the Labour Law Amendments, Employment Security Unit and the opening of new offices.

3.3 LEGAL SERVICES

Legal Services consists of five sections, namely: Litigation and Contract, Councils and Agencies, Arbitration and Post-Hearing, Employment Law Amendments and Employment Equity, and also provides support to the Essential Services Committee.

Litigation and Contracts department is tasked with instituting and/or defending litigation for and against the CCMA, as well as ensuring that all contracts entered into are compliant with relevant legislation, treasury regulations and policy. It also provides legal advice and support to the CCMA, when required. During the year under review 46 litigation matters were dealt with and 24 matters remain active. During the financial year 22 litigation matters were finalised with 6 being withdrawn, 10 settled, 3 defective or lapsed and 3 matters dismissed. Costs of R67 042 21 awarded to the CCMA was recovered, while R114 238.08 is currently outstanding. A total of R2 857 040.79 was paid in legal fees, which indicates a saving of R557 959.21 when viewed against the total amount of R3 415 000.00 spent in the previous financial year. Some 1 033 contracts were reviewed during this reporting period, and 1 450 reviews were filed in the year under review in relation to arbitration awards rendered.

The Arbitration and Post-hearing section is responsible for dispute resolution in general and certification of awards from bargaining councils. It supports and assists CCMA commissioners in keeping abreast of recent jurisprudential developments as well as updates the Practice and Procedure Manual, the Case Law Monitor for Commissioners and distributes Practice Notes. Members of the department participate in annual law conferences, case law monitor sessions and other information-sharing workshops. The department continues to experience challenges with the enforcement of awards despite the amendments to the LRA in this regard. The Labour Court has ruled in the MBS Transport matter that a writ from the Labour Court is required to enforce an award for the payment of money, as was the case prior to the amendments to section 143 of the LRA. The CCMA lodged an appeal against the judgment. The appeal was heard and the CCMA is awaiting the judgment of the Labour Appeal Court. In order to assist vulnerable employees to enforce awards for the payment of money, the CCMA undertook to pay sheriffs for services rendered to enforce such awards. The MBS Transport judgment has additionally created challenges in this regard.

The Councils and Agencies section is tasked with implementing the accreditation and subsidy function of the Governing Body. This includes accreditation of bargaining councils, private agencies and panellists, as well as ongoing monitoring in relation to accredited entities' compliance with accreditation criteria. The unit also evaluates and pays out subsidies to agencies that comply with the subsidy policy. The amount of subsidies paid to bargaining councils increased from R4 722 420.75 during the 2014/2015 financial year to R4 754 655.00 during the 2015/2016 financial year. The unit provided support to various bargaining councils during the year, assisting them with their dispute resolution functions in order to meet the set performance efficiencies. The majority of councils performed well. The few exceptions were mainly due to the submission of late awards and settlement rates. Public sector bargaining councils are finding meeting the performance efficiencies a struggle due to the lack of mandates to settle, and the use of public funds.



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

ACCOUNTING AUTHORITY'S REPORT

3. REVIEW OF ACTIVITIES (continued)

The Essential Services Committee (ESC) is tasked with designating services which are considered essential with reference to the definition provided in Section 213 of the LRA. The Committee currently consists of the chairperson, Mr. Luvuyo Bono and nominated members from the respective social partners. Twenty-five (25) referrals and inquiries were received and/or dealt with in 2015/16. Of great significance in this reporting period was the successful concluding of the Framework Minimum Service Agreement for Local Government.

The Employment Equity and Employment Amendments units focused on the training of commissioners to equip them to deal with amended employment laws, in particular organisational rights; section 189 and its insertions as well as discrimination disputes. Altogether 1 801 commissioners were trained in specialist areas. A total of 1 048 disputes were referred on organisational rights, section 198 and its insertions and employment equity. The CCMA received 2 723 Employment Equity referrals, and 2 299 Organisational Rights referrals in the period under review.

3.4 CAPACITY-BUILDING AND OUTREACH

This cluster consists of four sections, namely the Education and Training Department (ETD), Training Development Unit (TDU), Dispute Management and Prevention Department (DM&P) and the Employment Security Unit (ESU).

The ETD is responsible for the development of staff at all levels and played a strategic role in addressing organisational training needs. During the 2015/16 financial year, 63 training interventions involving 2 812 CCMA employees were delivered. Fifty-eight candidate commissioners started the 2015/16 training programme which will be completed in the next financial year. Given the Employment Laws Amendments, a specific focus was given to delivering specialist commissioner and labour law amendments courses in this reporting period. A total of 33 women in middle management positions participated in women's empowerment development programmes. A total of 23 soft skills training interventions for staff members were delivered. Fifteen managers in middle management positions attended the Management Development programme. Sixty-six bursary applications were approved in this reporting period, an increase from the 52 bursary applications in the last financial year. No study loans were approved for payment.

The TDU, which designs and develops training materials for both internal and external capacity, made significant progress in the delivery of the Labour Dispute Resolution Practice programme, with the successful culmination of the initiative for the period under review. Assessment-based reviews were conducted on the LDRP programmes of Stellenbosch University, Nelson Mandela Metropolitan University, the University of the Witwatersrand and the University of the Western Cape, all of which met or exceeded the target in compliance with industry set standards. The reviews are conducted in terms of set criteria. Assessment-based review meetings for the University of the Free State and the University of Kwa-Zulu Natal, whose programmes started later than the other four universities, will be held during the 2016/2017 financial year. Ten new specialist labour law amendments training materials were developed, and six capacity building programmes were delivered. A total of approximately 26 assessments were developed during 2015/16 for the various assessment based training courses.

The focus over the last year has been to respond to the rise in the number of large-scale retrenchments applications received and to participate in sector-specific job-saving initiatives. The CCMA received 527 section 189A referrals in the year compared with 391 referrals last year. The high number of referrals reflects continued job loss. However, the significant increase also indicates growing faith by users in the CCMA section 189A facilitation process. Section 189 referrals increased by 3.1%, from 6,604 to 6,809, compared to the same period



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

ACCOUNTING AUTHORITY'S REPORT

3. REVIEW OF ACTIVITIES (continued)

last year. During the 2015/16 financial year, the CCMA assisted in saving 35% (20 661) of jobs of those workers likely to be retrenched (58 450). The ESU continues to build partnerships with government departments and institutions that are able to assist in relieving business distress and providing support and survival mechanisms to retrenched workers. In the first quarter of the year under review, the CCMA identified an upsurge in the number of large-scale retrenchment referrals as well as the numbers of employees likely to be retrenched, particularly in the mining and metal industries. The ESU immediately established a crisis committee to ensure an appropriate response to the job loss crisis. This led to the implementation of capacity- building and other initiatives to save jobs. Another key area has been the enhancement of data capturing, analysis and reporting project for large-scale retrenchment (section 189A) cases.

The number of TLS applications increased by 21%, with 23 requests received this year for participation in the TLS compared with 19 last year.

The DM&P Department is responsible for the proactive management of workplace disputes, from the workplace to the hearing rooms, through capacity-building, problem-solving and awareness-raising. During the period under review an increased emphasis continued to be placed on the CCMA outreach work and, in particular, on engaging with workplace relations and the associated factors. In this reporting period a total 2 132 activities were held nationally with priority placed on rural and vulnerable sectors. The activities conducted range from the holding of CCMA user and sector forum meetings; participating in stakeholder and social partner events; radio talk-shows; roadshows and izimbizo jointly held with the Department of Labour and other strategic partners; delivery of Best Practice workshops on how to use the CCMA and the Law; Short Session presentations; labour law seminars; facilitated Building Workplace Relations interventions; Managing Conflict in the Workplace training; capacity- building on unfair discrimination in the workplace; effective negotiation skills, and dealing with retrenchments training. The department has reached out to 37 384 people to better understand the law and their rights. Eleven (11) CCMA regions have met or exceeded their targeted performance rating with one region having significantly exceeded the set target. One region has marginally failed to meet the minimum performance rating of a 3.00. This could be attributed to capacity problems and competing priorities in the region. The department maintained the momentum created by the joint delivery of the CCMA and Department of Labour (DoL)'s amendments communication campaign during the 2014/2015 financial year. The objective of that campaign was to create awareness of the main amendments, with the target audience being employers, employer organisations, human resource and legal practitioners, trade unions and advice offices. A total of 148 activities were delivered during this reporting period, focusing on awareness-raising and capacity-building on Labour Law Amendments for users, covering approximately 4 440 participants across the country.

3.5 MEDIATION AND COLLECTIVE BARGAINING

The Mediation & Collective Bargaining department provides support and guidance for all conciliation and mediation processes and promotes, supports and assists in collective bargaining matters. The department supports the organisational strategy by contributing to Strategic Objective 1 'Enhancing the labour market to advance stability and growth' and Strategic Objective 2 'Advancing good practices at work and transforming workplace relations.'

Five (5) of the seven (7) operational targets were achieved or exceeded for the period under review. The Conciliation Settlement Rate declined progressively over the period under review to 62.8%. This was below the 70% target and the result achieved in the previous period, attributable possibly to a worsening economic climate that may



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

ACCOUNTING AUTHORITY'S REPORT

3. REVIEW OF ACTIVITIES (continued)

have impacted negatively on process outcomes. The Mutual Interest Settlement Rate target was exceeded in respect of all mutual interest disputes and public interest matters, with results of 66.2% and 80% respectively. A total of 4 559 matters was dealt with nationally. The 64% target for acceptance of offers made in terms of section 150 was comfortably surpassed with a Section 150 Settlement Rate of 80% being achieved. The Arbitration Settlement Rate achieved was 54.2%. The Settlement Quality Index target was achieved, reflecting that 98.1% of the agreements perused complied with established quality criteria. The target to achieve 15% re-instatement and re-employment (Return to Work Index) outcomes in settlement agreements decreased, with 14.8% of all outcomes resulting in re-instatement or re-employment. The Conciliation Quality Index target was exceeded and reflected that 4.7% of all conciliation processes assessed complied with established quality criteria. Additional highlights for the period under review included hosting the annual Collective Bargaining Season Briefing, the CCMA successfully concluding a Labour Market Accord in Phalaborwa to facilitate the R15bn expansion of the Palabora Mine, one of the largest copper mines in the world. The demand for collective bargaining support services has grown significantly. These included conducting verification exercises, facilitating the establishment of collective bargaining structures, and the facilitation of working groups to deal with outstanding collective bargaining issues

3.6 PERFORMANCE INFORMATION BY DEPARTMENT

3.6.1 Human Resources

The transformation of the Human Resources department into a world class service function first implemented during the past financial year continued during the period under review. The past financial year has seen bold steps being implemented to align organisational human resources practices to best practice. This has included the adoption by the Human Resources committee of an annual policy review plan, implementing the results of the Salaries and Remuneration Benchmark undertaken during the 2014/2015 financial year, and the Talent Management Framework & Succession Plan initiative and the Job Profiling & Job Grading projects nearing completion. The latter will be completed during the 2016/2017 financial year.

Organisational structure review – the process has been finalised and approved by the Governing Body, the implementation process is in progress. There has been continual monitoring and benchmarking of the employee basket of benefits. Enhancing the retirement savings vehicle and negotiating competitive administrative charges has resulted in improved retirement savings for employees.

Employee Relations to promote Workplace Relations — the year under review was characterised by an improvement in the relationship between management and the resident employee union, the Commission Staff Association (CSA). A three-year wage and substantive agreement was concluded and successfully implemented in its first year. The annual Employment Equity plan as defined in the five-year Employment Equity Plan (2011/2016) was successfully implemented with targets being met or exceeded in all categories

3.6.2 Facilities

National Facilities Management provides strategic leadership to planning, design and management of facilities and the integration of people (management, employees and users), place, process and technology in line with the CCMA's objectives. At an operational level it covers the support services areas of lease management, travel management, occupational health and safety, fleet management, security and asset procurement.

The focus area for the period under review continued to be improving user accessibility to the CCMA infrastructure. A four-pronged comprehensive review and survey of accessibility of services across all CCMA offices nationally



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

ACCOUNTING AUTHORITY'S REPORT

3. REVIEW OF ACTIVITIES (continued)

was conducted and recommendations made. These improvement recommendations will drive the work of this department into the new financial year, along with the simultaneous management of numerous new lease projects throughout the country.

3.7 OFFICE OF STRATEGIC MANAGEMENT

This department consists of four units namely Research and Library Services, Communications, Planning & Performance Monitoring and CSR.

The Planning and Performance Monitoring Unit is responsible for strategy development and embedding performance planning and performance monitoring, policy management and governance compliance reporting into the organisation. As this reporting period is the first year of the CCMA's Senz'umehluko strategy 2015/16-2019/20, the primary focus for the Planning and Performance Monitoring has been the embedding of the new strategy into the organisation and the further expansion of the planning and performance practice throughout the organisation. This section was significantly responsible for ensuring drafting, updating, monitoring, and developing of the quarterly and annual scorecards. This reporting period saw the introduction and addition of departmental and regional scorecards to the stringent APP performance monitoring system, with 120 quarterly scorecard submissions to be monitored annually. The long-time, clean compliance submission record held by the CCMA was continued with the Annual Performance Plan, Strategic Plan and Annual Report requirements' timeous delivery prior to the respective submission dates as determined by National Treasury. The Policy Management programme was further implemented, enhancing the policy adoption process and building on the policy administration systems.

The Research unit is the gateway of innovative knowledge-building in the organisation, providing research, analysis and assessment services internally as well as providing information to external stakeholders on request. In this reporting period the Research unit delivered 53 research papers, which marks a 152% increase when compared to the previous year. Since the introduction of qualitative research, the unit has been in the process of employing further means to advance its pool of expertise in the CCMA. Amongst the identified skills improvement strategies, the establishment of mutually beneficial networks with strategic labour and research institutions has been prioritised as one of the unit's key focal areas.

The CCMA's Communications unit is responsible for internal communications and media liaison. Significant progress was made in strengthening the communication function in the CCMA to be both responsive and proactive. Highlights in this reporting period included the launching of two new quarterly newsletters to keep stakeholders updated on section 198 (Non-standard employment) and Employment Equity matters, following the introduction of the labour laws amendments. An internal awareness campaign was also conducted on the Ekurhuleni Declaration Project, as was an external advocacy campaign on using Advisory Awards. The enhancement of the social media infrastructure is progressing, with the website revamping process in its final stage and the SharePoint landing page maturing into a dynamic source of information within the CCMA. The foremost initiative undertaken by the Communications section in this reporting period was the implementation of Phase 1 of the Labour Law Amendments campaign during the period September to December 2015, including adverts in all 11 official languages on 68 community radio stations nationally, and adverts in 38 community print titles. Of equal significance was the translation into isiZulu and Afrikaans of information sheets explaining 15 CCMA processes as well as the LRA 7.1.1 & 7.13 referral forms. These measures contribute to the implementation of the CCMA language policy and the strengthening of accessibility to the CCMA services by all users.



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

ACCOUNTING AUTHORITY'S REPORT

3. REVIEW OF ACTIVITIES (continued)

CSR is the Community Social Responsibility unit of the CCMA, which delivers on the four pillars of good citizenship namely (i) promoting volunteerism, (ii) inculcating environmental sustainability at work and at home, (iii) celebrating community social initiatives and (iv) encouraging partnerships through exchange. In this financial year the CSR hosted 13 commemorative events in all regions. Events included celebrating Women's Day, Africa Day and World Social Justice Day. The CCMA's anniversary was honoured, blood donation drives were held and all regional offices participated in the 67 Minutes for Mandela drive, knitting blankets and making many pots of hearty soup. Special campaigns were conducted during this reporting period including anti-xenophobia, Say No to Discrimination against Persons with Disabilities, and a rolling Keep Girl Children at School sanitary pad collections. The Nelson Mandela Indaba 2015 Legacy project recipient was the Sarah Fox Children's Convalescent Hospital.

4. SUBSEQUENT EVENTS

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

5. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including interpretations, guidelines and directives issued by the Accounting Standards Board (ASB) replacing the equivalent SA GAAP Statement as the prescribed framework by National Treasury.

6. NON-CURRENT ASSETS

Capital expenditure for the year amounted to R8 909 thousand (2015: R25 721 thousand). Full details of the non-current assets are contained in notes 12 and 13 to the financial statements.

7. ACCOUNTING AUTHORITY

TABLE 54: ACCOUNTING AUTHORITY

NAME	NATIONALITY
Mr. Daniel Dube, Chairperson of the Governing Body	South African
Ms. Nerine Kahn, Director (to 31 December 2015) (Ex-officio)	South African
Mr. Cameron Sello Morajane, (Acting Director from 1 January 2016 – 31 March 2016) (Ex-officio)	South African
Mr. Thembinkosi Mkalipi	South African
Mr. Ian Macun	South African
Ms. Ntsoaki Mamashela	South African
Mr. Elias Monage (from 1 November 2015)	South African
Mr. Kaizer Moyane	South African
Mr. Narius Moloto	South African
Mr. Bheki Ntshalintshali	South African
Mr. Leon Grobler (to December 2015)	South African
Mr. Sifiso Lukhele	South African



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

ACCOUNTING AUTHORITY'S REPORT

7. 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. The accounting authority discusses the responsibilities of management in this respect at Board meetings and monitors the entity's compliance with the code on a quarterly basis.

Chairperson and chief executive

The Chairperson is a non-executive and independent chairperson, as defined by the Code and the Labour Relations Act. The roles of Chairperson and Director are separated, with responsibilities divided between them to ensure that no individual has unfettered powers of discretion.

Remuneration

The upper limits of the remuneration of the Director, who is the Chief Executive Officer of the CCMA, is determined by the Human Resources Committee, in consultation with the Governing Body.

Executive meetings

The accounting authority met on nineteen separate occasions during the financial year and is scheduled to meet at least four times per annum.

Governing Body members have access to all management members of the entity.

Audit Committee

During the current financial year, the chairperson of the Audit Committee was Prof William Gumede. The committee met at least four times during the financial year as per its approved terms of reference. The committee consisted of the following members:

Prof William Gumede	Chairperson (Independent)
Mr. Velile Pangwa	Member of the Committee (Independent)
Mr. Freddie Petersen	Member of the Committee (Government)
Mr. Jim Wilson	Member of the Committee (Organised Business)
Ms. Ramona Clark	Member of the Committee (Organised Labour)
Ms. Faith Burn	Member of the Committee (Independent)



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

ACCOUNTING AUTHORITY'S REPORT

9. AUDITORS

We are advised that the Auditor-General of South Africa will continue in office for the next financial period. The audited annual financial statements set out on pages 134 to 166, which have been prepared on the 'going concern' basis, were approved by the Accounting Authority on 29 July 2016 and were signed on its behalf by:

MR DANIEL DUBE
CHAIRPERSON OF GOVERNING BODY

MR CAMERON MORAJANE
DIRECTOR



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

STATEMENT OF FINANCIAL POSITION

as at March 31, 2016

		RESTATED	
		2016	2015
	Note(s)	R'000	R'000
Assets			
Non-Current Assets			
Property, plant and equipment	12	46 496	55 034
Intangible assets	13	3 289	5 146
		49 785	60 180
Current Assets			
Cash and cash equivalents	18	90 182	94 167
Trade and other receivables from exchange transactions	15	5 175	1 821
Receivables from non-exchange transactions	16	2 112	–
Inventories	14	1 220	1 171
Prepayments	17	5 563	5 363
		104 252	102 522
Total Assets		154 037	162 702
Liabilities			
Non-Current Liabilities			
Finance lease obligation	32	355	5 613
Operating lease liability	19	16 091	15 001
		16 446	20 614
Current Liabilities			
Finance lease obligation	32	5 258	5 729
Trade and other payables from exchange transactions	20	64 014	56 346
Provisions	21	17 201	18 874
Operating Lease Liability	19	444	723
		86 917	81 672
Total Liabilities		103 363	102 286
Net Assets		50 674	60 416
Net Assets			
Accumulated surplus		50 674	60 416



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

STATEMENT OF FINANCIAL PERFORMANCE

		RESTATED	
		2016	2015
	Note(s)	R'000	R'000
Government grant			
Revenue from exchange transactions	2	733 911	687 096
Income from investments	4	16 560	14 482
Rendering of services	3	4 007	3 276
Other income	5	739	906
		21 306	18 664
Total revenue		755 217	705 760
Expenditure			
Employee related costs	6	(259 479)	(218 030)
Administration	7	(139 244)	(125 820)
Depreciation and amortisation	8	(18 013)	(19 230)
Finance costs	33	(779)	(1 302)
Subsidies	9	(4 755)	(4 722)
Operating expenses	10	(342 689)	(313 094)
Total expenditure		(764 959)	(682 198)
Operating (deficit) surplus		(9 742)	23 562
(Deficit) surplus for the year		(9 742)	23 562



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

STATEMENT OF CHANGES IN NET ASSETS

	ACCUMULATED SURPLUS R'000
Balance at April 01, 2014	34 554
Prior Year Corrections	2 300
Net income (losses) recognised directly in net assets	2 300
Surplus for the year as previously reported	23 562
Total recognised income and expenses for the year	25 862
Balance at April 1, 2015	60 416
Surplus(Deficit) for the year	(9 742)
Balance at March 31, 2016	50 674



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

CASH FLOW STATEMENT

		2016	2015
	Note(s)	R'000	R'000
Cash flows from operating activities			
Cash receipts			
Government grant	2	731 799	687 096
Interest income	4	14 163	14 482
Services and other receipts		3 609	4 182
		749 571	705 760
Payments			
Employee costs		(262 602)	(221 867)
Suppliers		(471 951)	(440 243)
Subsidies	9	(4 755)	(4 722)
		(739 308)	(666 832)
Net cash flows from operating activities	22	10 263	38 928
Cash flows from investing activities			
Purchase of property, plant and equipment		(7 094)	(25 714)
Disposal of property, plant and equipment		–	7 658
Purchase of other intangible assets	13	(646)	(5)
Proceeds from sale of other intangible assets	13	–	40
Net cash flows from investing activities		(7 740)	(18 021)
Cash flows from financing activities			
Finance lease payments		(5 729)	(5 359)
Finance costs		(779)	(1 302)
Net cash flows from financing activities		(6 508)	(6 661)
Net increase in cash and cash equivalents		(3 985)	14 246
Cash and cash equivalents at the beginning of the year		94 167	79 921
Cash and cash equivalents at the end of the year	18	90 182	94 167



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	APPROVED BUDGET	ADJUSTMENTS	FINAL BUDGET	ACTUAL AMOUNTS ON COMPARABLE BASIS	DIFFERENCE BETWEEN FINAL BUDGET AND ACTUAL	REFERENCE
	R'000	R'000	R'000	R'000	R'000	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rendering of services	4 000	–	4 000	4 007	7	28
Income from investments	20 751	–	20 751	16 560	(4 191)	28
Other income	500	–	500	739	239	28
Total revenue from exchange transactions	25 251	–	25 251	21 306	(3 945)	
Revenue from non-exchange transactions						
Transfer revenue						
Government grant	717 226	–	717 226	733 911	16 685	28
Total revenue	742 477	–	742 477	755 217	12 740	
Expenditure						
Employee related costs	(264 190)	–	(264 190)	(259 479)	4 711	28
Administration	(151 024)	–	(151 024)	(139 244)	11 780	28
Depreciation and amortisation	(18 125)	–	(18 125)	(18 013)	112	28
Finance costs	–	–	–	(779)	(779)	
Subsidies	(4 000)	–	(4 000)	(4 755)	(755)	28
Operating expenses	(356 822)	–	(356 822)	342 689	699 511	28
Total expenditure	(794 161)	–	(794 161)	(764 959)	714 580	
Surplus/(Deficit)	(51 684)	–	(51 684)	(9 742)	41 772	28



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

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

1.1 Expenditure

Expenditure is recognised on the accrual basis.

1.2 Property, plant and equipment

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

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost. Property, plant and equipment with a cost of less than R5 000 is recognised as an expense.

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

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

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

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

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

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

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

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

Property, plant and equipment is carried at historical cost amount, being cost model.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

ACCOUNTING POLICIES

1.2 Property, plant and equipment (continued)

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

ITEM	AVERAGE USEFUL LIFE
Furniture and fixtures	3 – 30 years
Motor vehicles	3 – 10 years
Office equipment	2 – 30 years
IT equipment	3 – 20 years
Computer software	3 – 20 years
Leasehold improvements	Lease period

Leasehold improvements are amortised over the shorter of the asset's useful lives and the lease term. The residual value, and the useful life and depreciation of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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

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

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Prepayments

Prepaid expense are amounts paid in advance for a benefit not yet received. This type of expense normally includes costs paid in one fiscal year (or period) that benefits a future year (or period)

1.4 Intangible assets

An asset is identifiable as an intangible asset if it either:

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

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



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

ACCOUNTING POLICIES

1.4 Intangible assets (continued)

An intangible asset is recognised when:

- It is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- The cost or fair value of the asset can be measured reliably.

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

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

Intangible asset with a cost of less than R5 000 is recognised as an expense.

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

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

ITEM	USEFUL LIFE
Computer software, internally generated	3 – 20 years
Computer software, other	3 – 20 years

Intangible assets are derecognised:

On disposal; or

When no future economic benefits or service potential are expected from its use or disposal.

1.5 Related parties

Related party transactions – is a transfer of resources or obligations between related parties, regardless of whether a price is charged.

Related party – parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, or if the related party entity and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more;
- Intermediaries, control or are controlled by the reporting entity;
- Associates and joint ventures;
- Individuals owning, directly or indirectly, an interest in the reporting;
- Entity that gives them significant influence over the entity, and close;
- Member of the family of such an individual;
- Key management personnel, and close members of the family;
- Key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in (c) or (d), or over which such a person is able to exercise significant influence. The cost of an investment in a subsidiary is the aggregate of.



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

ACCOUNTING POLICIES

1.6 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 or 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 includes 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.

Leave pay accrual

The leave pay accrual has been determined based on the total annual leave days outstanding. Only 30 days can be encashed or the total annual leave days can be taken by employees.



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

ACCOUNTING POLICIES

1.7 Tax

Current tax assets and liabilities

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

1.8 Leases

Finance Lease

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Assets Acquired are capitalised and depreciated in line with GRAP 13. Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or lower, at the present value of the minimum lease payments, the corresponding liability to the lessor is included in the statement of financial position as finance lease obligation. Minimum lease payments are apportioned between the finance charge and liability capital portion.

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. 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 weighted average cost basis.

1.10 Employee benefits

Short-term employee benefits

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

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

Defined contribution plans

The Commission for Conciliation, Mediation and Arbitration (CCMA) 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.



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

ACCOUNTING POLICIES

1.11 Provisions and contingencies

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time-value-of-money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time-value-of-money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

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

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

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- The amount that would be recognised as a provision; and
- The amount initially recognised less cumulative amortisation.

Contingent liability

A contingent liability is a possible obligation that arises from past events, and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent liability is disclosed in note.

Provisions and accruals

Provisions are based on management's best estimate of the likely amount that the entity is liable for at year-end. This is based on supporting documentation and management experience with similar transactions.

Litigation

The litigation provision is based on the estimated cost of attorneys for completing cases against the CCMA.

Cases in process

This 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.

Bonuses

Performance bonuses are paid to employees who have a rating of three and above. The rating ranges from one to five, where one is poor and five is excellent.



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

ACCOUNTING POLICIES

1.12 Revenue from exchange transactions

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

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

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

Rendering of services

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

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

When services are performed by an indeterminate number of acts over a specified timeframe, revenue is recognised on a straight-line basis over the specified timeframe, unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

Investment income

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.13 Revenue from non-exchange transactions

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

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

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient, as specified, or future economic benefits or service potential must be returned to the transferor.

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

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



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

ACCOUNTING POLICIES

1.13 Revenue from non-exchange transactions (continued)

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

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

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

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

Deferred income

When accounting for government grants/transfers received, a recipient entity has to determine the substance of the transaction. An entity must analyse all the stipulations contained in the transfer agreement to determine which option it must utilise. Deferred grant income is recognised as a liability only when there are conditions attached to the government grant specifying that the entity should either: (i) Consume the future economic benefits or service potential of the asset as specified; or (ii) Return future economic benefits or service potential to the transferor in the event that the conditions are not met.

1.14 Events after the reporting date

Disclose for each material category of non-adjusting events after the reporting date:

- Nature of the event.
- Estimation of its financial effect or a statement that such an estimation cannot be made.

Unauthorised expenditure means:

1.15 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

ACCOUNTING POLICIES

1.15 Fruitless and wasteful expenditure (continued)

Irregular expenditure

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

- a) This Act; or
- b) The State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- c) Any provincial legislation providing for procurement procedures in that provincial government.
- d) National Treasury issued a guideline on Irregular Expenditure stipulating that Entities to disclose Overspending of the Budget as Irregular Expenditure.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.16 Accumulated surplus/loss

Accumulated surplus is the sum of all profits retained since the entity's inception. Accumulated surplus are reduced by losses recognised in the statement of financial performance.

Accumulated deficit is the net loss which is carried every year from the statement of financial performance to balance sheet under equity. A net loss carried every year collectively is known as accumulated deficit.



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

ACCOUNTING POLICIES

1.17 Significant judgements and sources of estimation uncertainty

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

Trade and other receivables

The entity assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of 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.

Debtors over 120 days are provided for.

Provisions

Provision shall be recognised when:

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

Additional disclosure of these provisions are included in note.

Property, plant and equipment

The entity estimates that the useful life of the property, plant and equipment, being the period of time for which the assets can be utilised without significant modifications or replacements, has been extended by one year owing to current and future levels of usage.

Intangible assets

The entity estimates that the useful life of intangible assets at 3 – 20 years, based on projected levels of usage of the software.

Leave pay

The leave pay accrual is based on the total annual leave days due to employees. Only 30 working days annual leave can be encashed upon leaving the CCMA but the total accumulated annual leave days can be taken by employees while still employed by the CCMA.

Litigation Costs

Litigation costs are based on the estimated costs for legal fees are based on the probable costs payable on completion of cases against the CCMA.

Cases in Process

This estimate is based on the average cost for the CCMA to complete cases and is 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.

Commitments

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

ACCOUNTING POLICIES

1.18 Budget information

The approved budget is prepared on a accrual basis and presented by functional classification. The approved budget covers the fiscal period from 4/1/2015 to 3/31/2016.

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

1.19 New standards and interpretations

Standards and interpretations effective and adopted in the current year in the current year, the CCMA has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

- GRAP 1 Presentation of Financial Statements
- GRAP 2 Cash Flow Statement
- GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors
- GRAP 4 The Effects of Changes in Foreign Exchange Rates
- GRAP 5 Borrowing Costs
- GRAP 6 Consolidated and Separate Financial Statements
- GRAP 7 Investment in Associate
- GRAP 8 Interests in Joint Ventures
- GRAP 9 Revenue from Exchange Transactions
- GRAP 12 Inventories
- GRAP 13 Leases
- GRAP 14 Events After the 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 21 Impairment of Noncash generating Assets
- GRAP 23 Revenue from No exchange Transactions (Taxes and Transfers)
- GRAP 24 Presentation of Budget Information in Financial Statements
- GRAP 25 Employee Benefits
- GRAP 26 Impairment of Cash generating Assets
- GRAP 31 Intangible Assets
- GRAP 100 Non-current Assets Held for Sale and Discontinued Operations
- GRAP 103 Heritage Assets
- GRAP 104 Financial Instruments
- GRAP 105 Transfers of Functions Between Entities Under Common Control
- GRAP 106 Transfers of Functions Between Entities Not Under Common Control



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

ACCOUNTING POLICIES

1.19 New standards and interpretations (continued)

Standards and interpretations issued, but not yet effective

The CCMA has not applied the following standards and interpretations, which have been published and are mandatory for the CCMA's accounting periods beginning on or after 01 April 2016 or later periods:

GRAP 20 Related Parties

GRAP 32 Service Concession Arrangements: Grantor

GRAP 108 Statutory Receivables

GRAP 109 Accounting by Principals and Agents

Management has assessed the impact of all these new standards and these will not significantly affect the operations of the entity once fully adopted.



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016	2015
	R'000	R'000
2. Government Grant		
Grant income from non-exchange transactions	733 911	687 096
3. Rendering of services		
Revenue from exchange transactions	4 007	3 276
4. Investment income		
Total interest income was calculated using the effective interest rate on financial instruments, not at fair value, through surplus or deficit amounted to R16 560 (2015: R14 482).		
Interest income		
Bank deposits	16 560	14 482
5. Other income		
Seminars and other sundry income	515	707
Insurance recoveries	224	199
	739	906
6. Employee-related costs		
Basic salaries	202 484	169 603
13th cheque election	1 117	1 007
Temporary staff	56	73
Leave pay provision charge	4 205	3 609
Provident fund	30 508	26 021
Medical aid – company contributions	16 737	14 107
UIF	908	798
WCA	935	723
SDL	2 349	1 884
Other salary related costs	179	205
	259 479	218 030
PAYE		
Total PAYE paid to SARS this reporting period was R114m, this amount includes PAYE on taxable income paid in relation to Case Disbursements – part time fees and other reported under note 10.		
7. ADMINISTRATIVE EXPENDITURE		
General and administrative expenses	58 876	53 718
Governing Body	4 500	2 685
Auditors' remuneration	3 613	2 918
Travel and subsistence	21 630	21 022
Rentals in respect of operating leases		
– Buildings	50 625	45 477
	139 244	125 820



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016	2015
	R'000	R'000
8. Depreciation and amortisation		
Leasehold improvements	1 743	1 209
Motor vehicles	311	443
Furniture and fittings	889	870
Office equipment	6 440	5 980
IT equipment	6 214	8 460
Computer software	2 417	2 268
	18 013	19 230
9. Subsidies		
CCMA Accredited Bargaining Councils – subsidy payments	4 755	4 722
10. Operating expenses		
Case disbursements – other expenses	98 806	94 377
Case disbursements – part-time fees	206 403	177 554
Bad debts	176	–
Software expenses	11 018	3 487
Consulting costs	6 530	8 813
EPP research expenses	–	112
Legal expenses	5 829	6 644
Loss on sales of non-current assets	170	7 697
Maintenance, repairs and running costs	2 669	2 742
Training	7 326	7 744
Research & Development – Projects	3 763	3 924
	342 689	313 094
11. Auditors' remuneration		
Current year	3 613	2 918



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

12. Property, plant and equipment

				RESTATED		
	2016			2015		
	COST R'000	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT R'000	CARRYING VALUE R'000	COST R'000	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT R'000	CARRYING VALUE R'000
Furniture and fittings	6 191	(916)	5 275	10 295	(4 104)	6 191
Motor vehicles	30	(10)	20	50	(20)	30
Office equipment	2 118	(879)	1 239	7 223	(5 105)	2 118
IT equipment	30 731	(3)	30 728	48 123	(17 392)	30 731
Leasehold improvements	5 234	(1 068)	4 166	14 521	(9 287)	5 234
Leased Motor Vehicle	904	(303)	601	1 506	(602)	904
Leased Office Equipment	9 828	(5 361)	4 467	16 082	(6 254)	9 828
Total	55 036	(8 540)	46 496	97 800	(42 764)	55 036

Reconciliation of property, plant and equipment – 2016

	OPENING BALANCE R'000	ADDITIONS R'000	DISPOSALS* R'000	ADJUSTMENT YTD R'000	DEPRECIATION ON DISPOSAL R'000	DEPRECIATION R'000	TOTAL R'000
Furniture and fittings	6 191	39	(822)	–	756	(890)	5 274
Motor vehicles	30	–	–	–	–	(10)	20
Office equipment	2 118	200	(3 322)	339	2 982	(1 077)	1 238
IT equipment	30 731	7 316	(5 859)	(377)	5 129	(6 213)	30 728
Leasehold improvements	5 234	708	(8 084)	152	7 899	(1 743)	4 166
Leased Motor Vehicle	904	–	–	–	–	(301)	603
Leased Office Equipment	9 828	–	–	–	–	(5 361)	4 467
	55 036	8 263	(18 087)	114	16 766	(15 595)	46 496



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

12. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment – 2015

	OPENING BALANCE R'000	ADDITIONS R'000	PRIOR PERIOD ERROR: REVERSAL OF ACCUMULATED DEPRECIATION R'000	DISPOSALS R'000	DEPRECIATION R'000	TOTAL R'000
Furniture and fittings	12 056	816	123	(5 934)	(870)	6 191
Motor vehicles	40	–	–	–	(10)	30
Office equipment	1 554	339	1 152	(307)	(619)	2 118
IT equipment	16 086	22 834	1 689	(1 417)	(8 461)	30 731
Leasehold improvements	4 716	1 727	–	–	(1 209)	5 234
Leased Office Equipment	15 189	–	–	–	(5 361)	9 828
Finance Lease Vehicle	1 337	–	–	–	(433)	904
	50 978	25 716	2 964	(7 658)	(16 963)	55 036

Annually at the reporting date, the organisation recalculates a change in estimate and the necessary adjustments are processed prospectively.

Leased Vehicles and Office equipment has been reclassified from Operating Leases to Finance Leases and thus recognised on the Assets Register. As a result, the Property Plant and Equipment Opening balances were restated.

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

13. Intangible assets

	2016			2015		
	COST R'000	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT R'000	CARRYING VALUE R'000	COST R'000	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT R'000	CARRYING VALUE R'000
Computer software	5 146	(1 857)	3 289	13 916	(8 770)	5 146

Reconciliation of intangible assets – 2016

	OPENING BALANCE R'000	ADDITIONS R'000	ADJUSTMENT THROUGH PRIOR YEAR ERROR R'000	DISPOSALS R'000	AMORTISATION R'000	TOTAL R'000
Computer software	5 146	646	(526)	441	(2 418)	3 289

Reconciliation of intangible assets – 2015

	OPENING BALANCE	ADDITIONS	ADJUSTMENT THROUGH PRIOR YEAR ERROR	DISPOSALS	AMORTISATION	TOTAL
Computer software	7 233	5	216	(40)	(2 268)	5 146



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016	2015
	R'000	R'000
14. Inventories		
Consumable stores	1 220	1 171
Inventories recognised as an expense during the year	14 083	12 954
15. Trade and other receivables from exchange transactions		RESTATED
Trade receivables	639	100
*Provision for doubtful debts	(165)	–
Other receivables	4 701	1 721
	5 175	1 821
Trade receivables from exchange transactions past due but not impaired		
Trade receivables which are less than three months past due are not considered to be impaired.		
At March 31 2016 R177 thousand (2015: R15 thousand) were past due but not impaired. Trade receivables which have not been impaired are considered to be collectable.		
*Debtors over 120 days are provided for in line with the Bad Debt Management Policy.		
The ageing of amounts past due but not impaired is as follows:		
One month past due	3 837	657
Two months past due	311	3
Three months past due	1 027	1 018
Other receivables from exchange transactions		
Other receivables which are less than three months past due are not considered to be impaired.		
At 31 March 2016		
R0 thousand (2015: R0 thousand) were past due but not impaired.		
Other Receivables for prior year have been restated due to mapping error correction.		
16. Receivables from non-exchange transactions		
Government grants and subsidies	2 112	–
Other receivables from non-exchange transactions past due but not impaired		
Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired.		
At March 31 2016 R0 – (2015: R0 –) were past due but not impaired.		
The Department of Labour increased and revised the drawdown as at 31 March 2016. The Grant was subsequently received during the first week of April 2016.		
17. Prepayments		
Licences	5 563	5 364



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016	2015
	R'000	R'000

18. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	88 072	92 108
Cash on hand	37	44
Pledged funds	2 074	2 015
	90 183	94 167

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.

The total amount of undrawn facilities available for future operating activities and commitments **1 015** **1 015**

The total direct or contingent liabilities of the entity in respect of guarantees that may be entered into is R1 015 thousand with Standard Bank. Standard Bank has provided the entity with a fleet maintenance lease facility of R3 000 thousand and a fleet card facility of R100 thousand.

19. Operating lease liability

Long term lease obligation	16 091	15 001
Short term Portion of operating Lease	444	723
Total operating lease	16 535	15 724

20. Trade and other payables from exchange transactions

RESTATED

Trade payables	21 237	7 134
Accruals: general expenses, bargaining councils and case disbursements	39 542	43 098
Payroll creditors	1 564	4 642
Workmen compensation	1 671	1 472
	64 014	56 346

Trade Payables for prior year have been restated due to mapping error correction

21. Provisions

	OPENING BALANCE R'000	ADDITIONS R'000	UTILISED DURING THE YEAR R'000	TOTAL R'000
Reconciliation of provisions – 2016				
Cases in process	18 320	17 201	(18 320)	17 201
Court Litigation	555	–	(555)	–
	18 875	17 201	(18 875)	17 201
Reconciliation of provisions – 2015				
Cases in process	15 196	18 320	(15 196)	18 320
Court Litigation	–	554	–	554
	15 196	18 874	(15 196)	18 874

The cases in process refer to all open CCMA cases that have not been finalised at year-end. These cases will be finalised within the next twelve (12) months. There is no expected reimbursement in respect of this provision.



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016	2015
	R'000	R'000
22. Cash generated from operations		
(Deficit) surplus	(9 742)	23 562
Adjustments for:		
Depreciation and amortisation	18 012	19 231
Loss on sale of assets and liabilities	170	(7 697)
Income from investments	(16 560)	(14 482)
Finance costs – Finance leases	779	1 302
Movements in operating lease liability	810	632
Movements in provisions	(1 674)	3 678
Changes in working capital:		
Inventories	(49)	(33)
Trade and other receivables	(936)	(546)
Bad Debts	176	–
Other receivables from non-exchange transactions	(2 112)	–
Prepayments	(200)	(980)
Trade and other payables from exchange transactions	8 205	1 081
Income from investments	14 163	14 482
Finance cost paid	(779)	(1 302)
	10 263	38 928
23. Commitments		
Other commitments		
Capital expenditure		
Approved and contracted for		
• Property, plant and equipment	–	20 056
The capital expenditure was financed by government grants received from National Treasury through the Department of Labour. The commitments represent approved orders and contracts that are placed before year-end, invoiced and delivered in the new financial year.		
Operating expenditure		
Already contracted for but not provided for		
• Operational Commitments	20 370	5 814
– within one year	17 812	5 034
– In second to fifth year	2 558	780
	20 370	5 814



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

23. Commitments (continued)

	2016	2015
	R'000	R'000
Operating leases – Buildings		
Minimum lease payments due		
– within one year	41 767	50 881
– in second to fifth year, inclusive	105 477	153 149
– later than five years	37 803	106 945
	185 047	310 975
Finance leases – Obligation		
Minimum lease payments due		
Within one year	5 481	6 508
In second to fifth year inclusive	375	5 856
Less: Future finance charges	(243)	(1 021)
Net Present Value	5 613	11 343

Operating lease payments represent rentals payable by the CCMA for office properties and rentals are smoothed over the term of the lease. Finance Lease payments represents the CCMA pool cars and photocopier machines.

24. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

	AT FAIR VALUE R'000	AT AMORTISED COST R'000	TOTAL R'000
2016			
Trade and other receivables	–	5 175	5 175
Other receivables from non-exchange transactions	–	2 112	2 112
Cash and cash equivalents	90 183	–	90 183
	90 183	7 287	97 470
2015			
Trade and other receivables	–	1 821	1 821
Cash and cash equivalents	94 167	–	94 167
	94 167	1 821	95 988



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	EMOLUMENTS R'000	PROVIDEND PAID OR RECEIVABLE R'000	PERFORMANCE BONUS R'000	EXPENSE ALLOWANCES R'000	TOTAL R'000
25. Members' emoluments					
The CCMA does not pay a salary to non-executive board members, however, expenses incurred are compensated as an allowance.					
Executive					
2016					
Director: N Kahn	3 169	374	281	63	3 887
CFO: N Boikhutso	1 991	284	215	34	2 524
NSC: Operations: R Bernickow	2 090	284	209	73	2 656
GM: Operations: N Govender	2 067	284	223	37	2 611
NSC: Dispute Resolution & Legal: Mr C Morajane	2 065	284	211	41	2 601
NSC: CBO: J Daphne	2 264	–	207	–	2 471
NSC: Mediation: A Soobedaar	2 028	284	208	10	2 530
CAE: S Hlalele	2 319	–	223	2	2 544
Acting NSC: Dispute Resolution & Legal: F Brand (Appointed 1 Jan 2016)	167	–	–	–	167
Acting Director: Mr C Morajane	121	–	–	–	121
	18 281	1 794	1 777	260	22 112
2015					
Director: N Kahn	2 211	343	–	71	2 625
CFO: N Boikhutso	1 676	257	–	2	1 935
NSC: Operations: R Bernickow	1 749	257	–	31	2 037
GM: Operations: N Govender	1 675	257	–	33	1 965
NSC: CBO: J Daphne	1 894	42	–	11	1 947
NSC: Mediation: A Soobedaar	1 677	257	–	45	1 979
CAE: S Hlalele	1 947	–	–	–	1 947
Acting NSC: Dispute resolution & Legal: C Morajane (Appointed 1 Sep 2013)	1 662	253	–	18	1 933
	14 491	1 666	–	211	16 368



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

25. Members' emoluments (continued)

	MEMBERS' FEES R'000
Non-executive	
2016	
Chairperson: D Dube	310
Mr Elias Monage – Organised business representative	49
Mr Bheki Ntshalintshali – Organised labour representative	112
Mr N Moloto – Organised Labour Representative	157
Mr L Grobler – Organised Labour Representative	234
Mr IK Moyane – Business Representative	113
Mr S Lukhele – Business Representative	262
	1 237
2015	
Chairperson: D Dube (Appointed 1 Oct 2013)	329
Mr Elias Monage – Organised business representative	113
Mr Bheki Ntshalintshali – Organised labour representative	58
Mr N Moloto – Organised Labour Representative	70
Mr L Grobler – Organised Labour Representative	226
Mr IK Moyane – Business Representative	26
Mr S Lukhele – Business Representative	129
Ms A Ranchod – Business Representative	84
	1 035

* No expense allowances were paid to government representatives on the Governing Body.

26. Financial instruments

Fair values

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

- Bank balances, cash deposits and facilities without specified maturity dates bearing interest at market related rates.
- Accounts payable is 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 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.



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

26. Financial instruments (continued)

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.

27. Related parties

- Relationships
- Controlling entity Department of Labour
- Entities with common control Nedlac
Workmans compensation (WCA)

	2016	2015
	R'000	R'000
Related party balances		
Receivables		
Department of Labour	2 112	–
Trading transactions		
Government grant		
Department of Labour	733 911	687 096
Purchases from related parties		
Unemployment Insurance Fund	908	798
South African Broadcasting Corporation	8	
South African Post office Ltd	25	18
Workmen's Compensation Fund	935	723
Telkom SA Ltd	9 219	8 580
Government Printing	47	78
Nedlac	93	–
Payable by CCMA		
South African Post office Ltd	2	2
Telkom SA Ltd	648	685
Workmen's Compensation Fund	1 671	1 472
The above listed entities are all related parties through a common listing under the PFMA as listed public entities.		
Mr. David Lakay (member of FRC)	39	51

The Governing Body has approved the appointment of Mr. David Lakay who serves as a member on the Finance and Risk Committee (FRC) to participate and be a subject matter specialist on the Advisory Committee of the Training Layoff scheme.

Key management information

Refer to note 25 for key management and their remuneration details.



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

28. Statement of comparison of budget and actual amounts

Revenue

Government grant actuals exceeded budget mainly due to an increase in the annual grant from R731.8 million to R733.9 million, an increase of R2.1 million, as per the revised drawdown agreement dated 29 March 2016. The remaining variance related to deferred government grant that was retained for CAPEX budget spending of R14.6 million and only released to government grant income at year-end.

Income from rendering of services and other income was R246k over budget exceeding budget expectations mainly due to rendering of services income been demand based which varies year on year.

Expenditure

Employee related costs budget savings of R4.7 million was mainly due to staff vacancies that were not filled during the financial year.

Subsidies paid during the year was over budget by R755k due to higher than anticipated inflow of claims from bargaining councils.

Administration and Operating expenditure closed with a budget saving of R20 million mainly due to partly heard or unheard cases referrals to be carried over, phase 2 and 3 of the Labour law amendments campaign which was scheduled for roll out in the quarters three (3) and four (4) of 2015 – 16 year were delayed due to revision of the project plan.

Income from investments

Income from investments was R4.2 million under budget expectations mainly due to the higher forecasting of interest rates at the budget planning stage.

Surplus

In the 2015 – 16 financial year, R51.7 million of the prior year accumulated surplus were earmarked and budgeted for expenditure related mainly to implement Labour law amendments, to absorb the impact of higher cost from the increasing case-load and for the appointment of full-time interpreters. The CCMA's approved budget and plan was to close the 2015 – 16 financial year with a budget deficit of R51.7m after inclusion of operational expenditure rolled over from the previous 2014 – 15 financial year. The CCMA's annual financial statements indicate a deficit of R9m which is within the approved budget deficit of R51.7m.



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016	2015
	R'000	R'000

29. Irregular expenditure

Reconciliation of irregular expenditure

Opening balance	4 787	2 002
Add: Irregular expenditure – relating to prior years	36 495	6 737
Add: Irregular expenditure – relating to current year	1 041	2 815
Less: Amounts condoned	(5 901)	(5 307)
Less: Amounts not Recoverable (not condoned)	(1 330)	(1 460)

Irregular expenditure awaiting condonation	35 092	4 787
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Analysis of awaiting condonation per age classification

Current year	86	2 815
Prior year	35 006	1 972
	35 092	4 787

Details of irregular expenditure not condoned

ITEM	NOT CONDONED BY NATIONAL TREASURY	
Misinterpretation of PPPF Act 2011	Eleven contracts amounting to R8,063m were awarded during 2012/2013 as a result of SCM policy on thresholds not aligned to National Treasury Practice Note 8 of 2007/08.	1 330
Supply Chain Management processes were not followed	Appointment of attorneys without following SCM processes. (2015: R3 503)	2 866
Supply Chain Management processes were not followed	Contravention of SCM Processes and policies	30 896
	Total	35 092

Analysis of irregular expenditure incurred, identified and condoned in the current year

INCIDENT	MANAGEMENT COMMENTS	
1. Irregular Appointment	Irregular appointment	200
2. Irregular Expenditure incurred as a result of Conflict of Interest on the contract tender awarded to Deloitte for the Job Grading and Job Evaluation project.	The former director approved the final award instead of withdrawing from participating from the award as required by Treasury Regulations, after confirming her related party status with the bidder.	1 041
	Total	1 241



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016	2015
	R'000	R'000

30. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that the reasons for any deviations are recorded and reported at the next meeting of the accounting authority and includes a note to the annual financial statements.

The CCMA has improved its internal control system by introducing a deviation register to record all the goods and services procured during the financial year under review which deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer and accounting authority who considered them and subsequently approved the deviation from the normal supply chain management regulations.

Analysis of deviations approved and condoned during the year under review	4 305	5 435
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31. FINANCIAL LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	AMORTISED COST	TOTAL
2016		
Trade payables	64 014	64 014
2015		
Trade payables	56 346	56 346



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016	2015
	R'000	R'000
32. Finance lease obligation Minimum lease payments		
– within one year	5 481	6 508
– in second to fifth year inclusive	375	5 856
	5 856	12 364
less: future finance charges	(243)	(1 021)
Present value of minimum lease payments	5 613	11 343
Finance lease obligation	5 613	11 343
Non-current liabilities	355	5 613
Current liabilities	5 258	5 729
	5 613	11 342

It is entity policy to lease certain assets ie motor vehicles under finance leases. The present value of minimum lease payments of R5,1m is lower than the Carrying value of Finance lease assets disclosed on PPE of R5,2m.

The average lease term was three (3) – five (5) years and the average effective borrowing rate was 10% (2015: 10%).

Interest rates are fixed at the contract date. All leases have fixed repayments and include additional charges for contingent rent based on a percentage of sales.

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets.

	2016	2015
	R'000	R'000
33. Finance costs		
Finance leases	779	1 302

Capitalisation rates used during the period were average 10% on specific borrowings for capital projects and 10% being the weighted average cost of funds borrowed generally by the entity. Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through deficit amounted to R779 000 for year end March 2016.

34. Prior period errors

During 2016 financial year period management restated prior year figures in the annual financial statements as a result of:

- Trade receivable for prior year have been restated due to mapping error correction of Payroll suspense, deposit refundable.
- Trade payables for prior year have been restated due to mapping error correction
- Office equipment, Vehicles and Finance lease liability for prior year have been restated due to reclassification from operating lease to finance leases.
- Assets (Accumulated Depreciation, Net book value) for prior year have been restated due to change in estimates



Commission For Conciliation, Mediation and Arbitration (CCMA)

Annual Financial Statements for the year ended March 31, 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

34. Prior period errors (continued)

The prior period error(s) was adjusted retrospectively and the effect of the error on the individual line items in the financial statements is as follows:

	PRIOR YEAR ADJUSTMENT
	R'000
Correction of prior period errors	
Assets	
Increase in Finance Leases – Vehicles	1 506
Increase in Finance Leases – Office equipment	16 082
Increase in Accumulated depreciation; Finance lease assets	(6 858)
Decrease in Accumulated depreciation and amortisation (due to change in estimate);	2 478
Net effect	13 208
Current Assets	
Increase in Trade receivable	1 341
Decrease in Prepayments	(585)
Net effect	756
Non-current Liability	
Increase in Finance Leases Liability	(11 343)
Net effect	(11 343)
Current Liability	
Increase Trade payables	(756)
Net effect	(756)
Retained Earnings R.E 2014/15	
Increase in interest	(1 302)
Increase in depreciation	(5 793)
Decrease in rental expenses (Operating 985 + Admin expenditure 5675)	6 660
Net effect	(435)
Retained Earnings R.E prior year 2013/14	
Decrease in depreciation (Due to change in estimate)	2 478
Increase in Depreciation (Due to finance leased assets)	(1 532)
Increase in Interest expense	(440)
Decrease in Rental expense	1 794
Net effect	2 300

35. Contingent liability – Accumulated surpluses

In terms of Section 53(3) of the PFMA, a public entity may not accumulate surplus funds without approval from the National Treasury. Approval has been requested from the National Treasury to retain surpluses amounting to R50 674 000 as 31 March 2016 and 60 416 000 as at 31 March 2015, however, the entity is still awaiting approval. In the last five (5) years from the National Treasury has allowed the retention of surplus funds.

Commission for Conciliation, Mediation & Arbitration **Annual Report 2015/16**

Commission for Conciliation, Mediation & Arbitration **Annual Report 2015/16**

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ANNUAL REPORT

2015 – 2016



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CCMA

COMMISSION FOR CONCILIATION, MEDIATION & ARBITRATION