CCMA

COMMISSION FOR CONCILIATION, MEDIATION & ARBITRATION

ANNUAL REPORT

2018/19

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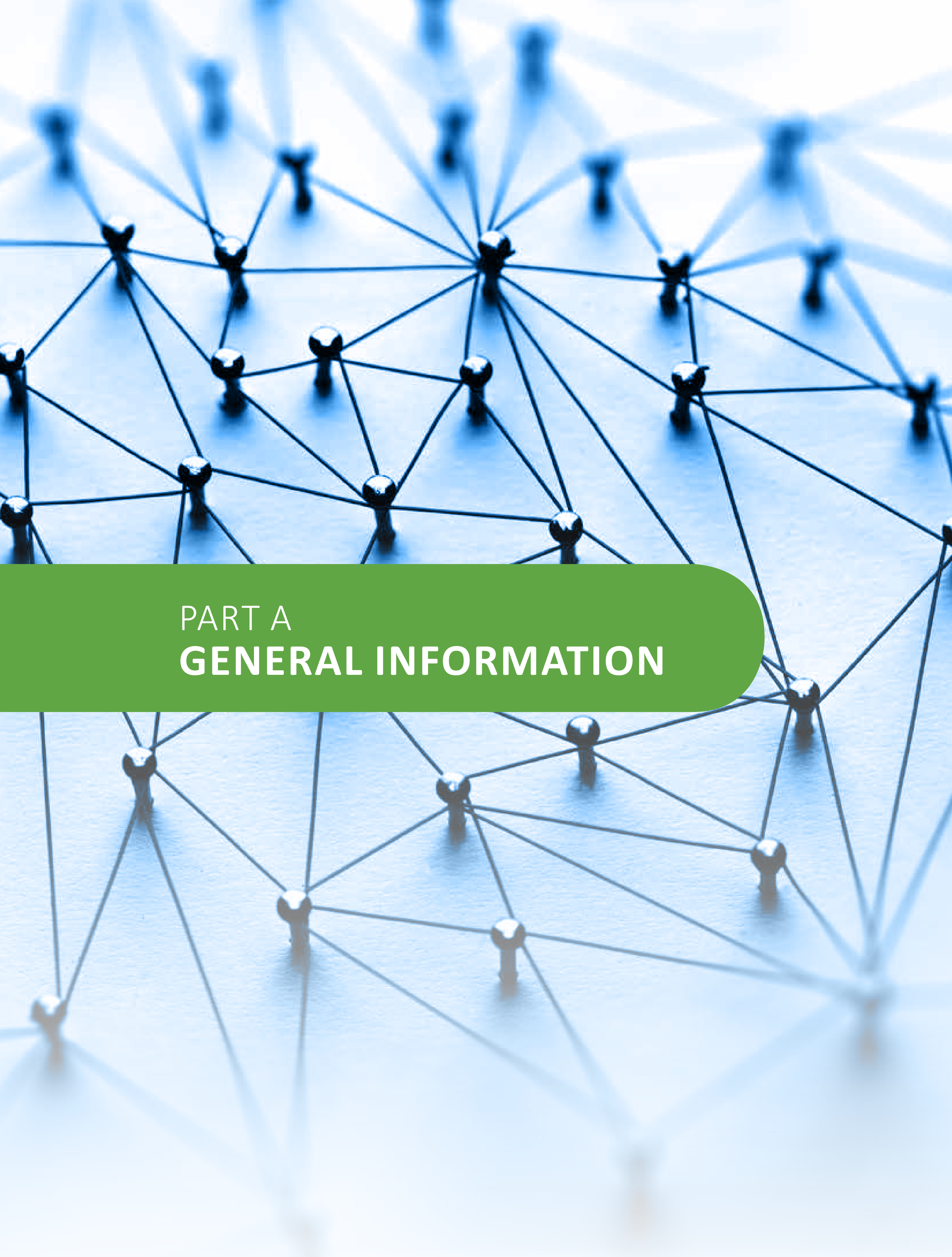

PART A
GENERAL INFORMATION

GENERAL INFORMATION

REGISTERED NAME	Commission for Conciliation Mediation and Arbitration
REGISTERED OFFICE ADDRESS	JCI House, 28 Harrison Street, Marshalltown, Johannesburg, 2001
POSTAL ADDRESS	Private Bag X94, Marshalltown, 2107
CONTACT TELEPHONE NUMBERS	011 377 6677
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WEBSITE	www.ccma.org.za
EXTERNAL AUDITORS INFORMATION	Auditor-General of South Africa
EXTERNAL AUDITORS ADDRESS:	300 Middel Street, Brooklyn, Pretoria, 0181
BANKER'S INFORMATION	Nedbank Ltd
BOARD SECRETARY	Keitumetse Zulu Acting Manager- Governance and Secretariat Services

1. LIST OF ABBREVIATIONS

4IR	Fourth Industrial Revolution
AFS	Annual Financial Statements
ARC	Audit and Risk Committee
AGSA	Auditor-General of South Africa
AMCU	Association of Mineworkers and Construction Union
APP	Annual Performance Plan
APSA	Academic and Professional Staff Association
BAS	Business Application Systems
BIA	Business Impact Analysis
BCEA	Basic Conditions of Employment Act 75 of 1997, as amended
BC	Bargaining Council
BCM	Business Continuity Management
BCPs	Business Continuity Plans
BCRCAT	Bargaining Council for the Restaurant, Catering and Allied Trades
BUSA	Business Unity South Africa
BWR	Building Workplace Relations
CAE	Chief Audit Executive
CBSP	Collective Bargaining Support Processes
CCMA	Commission for Conciliation Mediation and Arbitration
CEE	Commission for Employment Equity
CMF	Compliance Management Function
CMS	Case Management System
COSATU	Congress of South African Trade Unions
CRM	Compliance Risk Management
CRMP	Compliance Risk Management Plan
CSR	Community Social Responsibility
CWU	Communication Workers Union
DUT	Durban University of Technology
DMP	Dispute Management & Prevention
DOL	Department of Labour
DR	Dispute Resolution
EEA	Employment Equity Act, 55 of 1998
EEAA	Employment Equity Act, as amended
EDD	Economic Development Department
ELA	Employment Law Amendments
ENS	Effective Negotiation Skills
ERM	Enterprise Risk Management
ESC	Essential Services Committee
ESU	Employment Security Unit
ENE	Estimates of National Expenditure
FAWU	Food and Allied Workers Union
GB	Governing Body
HSRC	Human Science Research Council
ICT	Information and Communication Technologies
ILO	International Labour Organisation
IM	Information Management
ISA	International Standards on Auditing

LDRP	Labour Dispute Resolution Practice
LRC	Legal Resource Centre
LRA	Labour Relations Act, 66 of 1995 (as amended)
MCW	Managing Conflict in the Workplace
MDA	Mining Development Agency
MoU	Memorandum of Understanding
MEIBC	Metal and Engineering Industry Bargaining Council
MIBCO	Motor Industries Bargaining Council
MSA's	Minimum Service Agreements
MTEF	Medium Term Expenditure Framework
NALEDI	National Labour and Economic Development Institute
NDP	National Development Plan
NEECF	National Employment Equity Consultative Forum
NEDLAC	National Economic Development and Labour Council
NEHAWU	National Education, Health and Allied Workers' Union
NGO	Non-Government Organisation
NMW	National Minimum Wage
NMWA	National Minimum Wage Act
NUM	National Union of Mineworkers
NTEU	National Tertiary Education Union
NTU	National Transport Union
NUMSA	National Union of Metal Workers of South Africa
OHS	Occupational Health and Safety
PAA	Public Audit Act
PFMA	Public Finance Management Act, 1 of 1999
PPPFA	Preferential Procurement Policy Framework Act, 5 of 2000
PC	Procurement Committee
PSA	Public Servants Association
RAT	Risk Appetite and Tolerance
SACAA	South African Civil Aviation Authority
SALGBC	South African Local Government Bargaining Council
SARPBAC	South African Road Passenger Bargaining Council
SARS	South African Revenue Services
SASBO	South African Society of Bank Officials
SCM	Supply Chain Management
SO	Strategic Objective
SP	Strategic Plan
TBC	Transnet Bargaining Council
TENUSA	Tertiary Education National Union of South Africa
TERS	Temporary Employee/Employer Relief Scheme
TLS	Training Layoff Scheme
UASA	United Association of South Africa
UIA	Unemployment Insurance Act, 30 of 1996
UIF	Unemployment Insurance Fund

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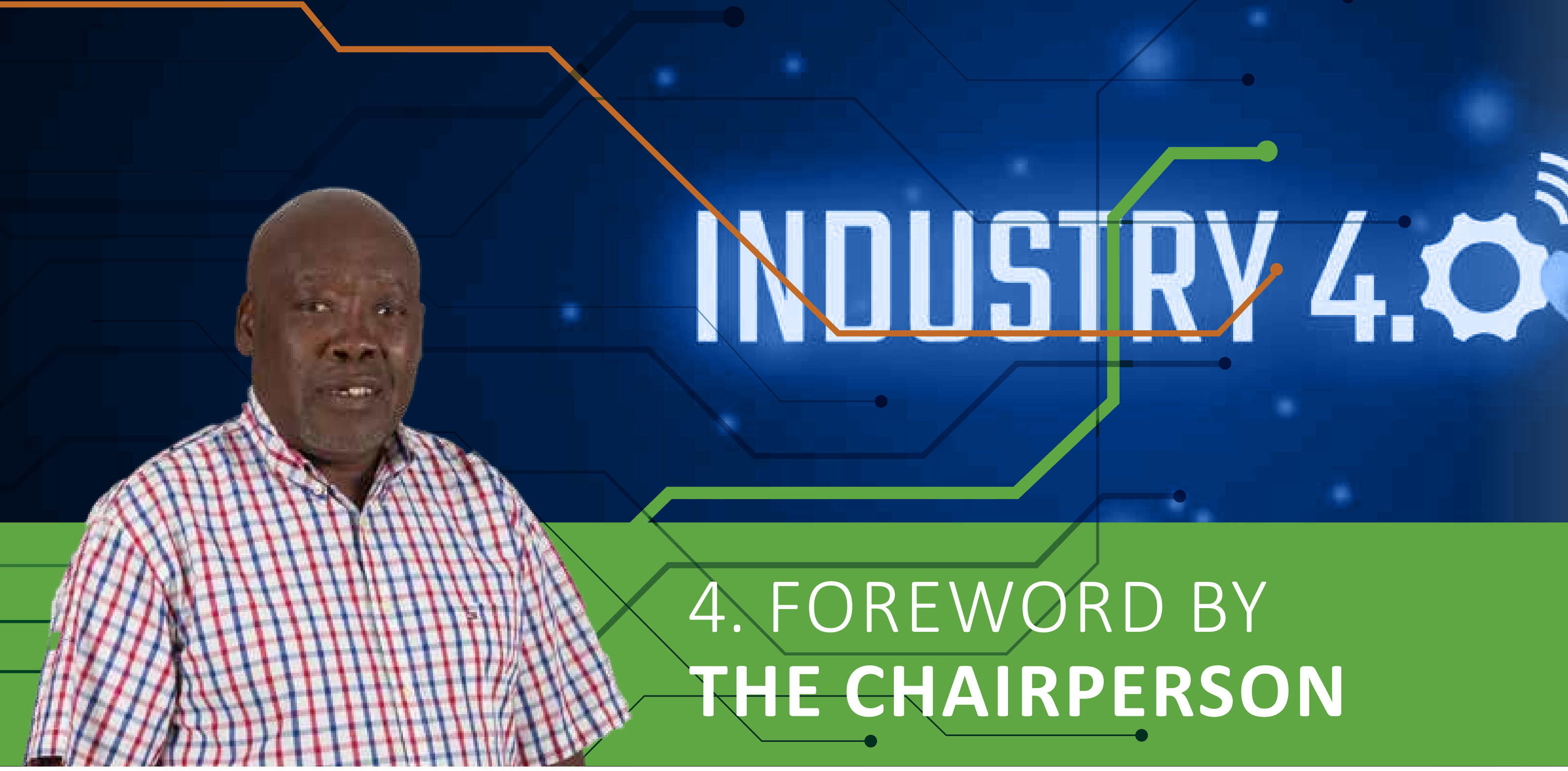


4. FOREWORD BY THE CHAIRPERSON

The purpose of the Labour Relations Act, 1995 (Act No. 66 of 1995) as amended (the LRA), is to "advance economic development, social justice, labour peace and the democratisation of the workplace" gave birth to the primary mandate of the CCMA to deliver expeditious dispute resolution.

The delivery of expeditious social justice to the challenged South African labour market remained a priority for the Commission for Conciliation Mediation and Arbitration (CCMA) during the year under review. The 2018/19 financial year marked 22 years of the existence of the CCMA, and saw the enactment of the long awaited National Minimum Wage Act (NMWA) and Employment Law Amendments (ELA), expanding the jurisdiction of the organisation, necessitating operational and strategic changes internally, including the review of the Rules for the Conduct of Proceedings before the CCMA ("the CCMA Rules") and Referral Forms. The CCMA's mandate was further expanded by the launch of the two (2) Presidential Projects emanating from the Presidential Jobs Summit Framework, namely, the CCMA/BUSA Labour Advice WebTool for Small Businesses ("The CCMA/BUSA WebTool"), an intervention aimed at stabilising the labour market through the capacitation of small businesses with appropriate labour knowledge, and the reconstitution of the Training Lay-Off Scheme (TLS), now known as the Temporary Employee/Employer Relief Scheme (TERS), aimed at saving jobs.

The continued implementation of the CCMA's statutory and discretionary functions, the implementation of the NMWA and ELA, as well as the execution of the two (2) Presidential Projects, are the CCMA's direct contribution to the attainment of the objectives of the National Development Plan (NDP) (2030).

GOVERNANCE AND OVERSIGHT RESPONSIBILITY

The Governing Body and its Committees exercised oversight and fiduciary responsibility over the CCMA, providing ethical and strategic leadership, and policy direction. Governance meetings were convened numerous times during the reporting period, considering a variety of matters tabled by Management. It is hereby confirmed that the Governing Body and its Committees were fully functional during the 2018/19 financial year.

Strides have been made to enhance the CCMA's governance maturity level, with all applicable principles and related best practices of the King IV Report on Corporate Governance (King IV) being implemented in order to mitigate against and reduce the possibility of governance failures. With the adoption of the Enterprise Risk Management (ERM) approach in the execution of the CCMA's daily business processes, the CCMA ensured that all identified strategic, operational, and emerging risks, are mitigated. On assessment, the CCMA was subsequently awarded a 5.00 risk maturity level by the National Treasury. Furthermore, the CCMA sought to comply with all applicable legislation, policies and best practice, resulting in the registration of a compliance maturity level of 4.00.

The CCMA remained a transparent and responsive organisation, with all complaints received, investigated and responded to. The CCMA also placed a great emphasis on its Stakeholder Management, carriying out a number of structured Stakeholder and User engagements.

"A total of 193 732 cases were referred to the CCMA during the 2018/19 financial year, compared to the 186 902 referrals of the preceding financial year "

OVERVIEW OF STRATEGY AND PERFORMANCE

The CCMA delivered its mandate as outlined in the Senz'umehluko Strategy through the implementation of the 2018/19 Annual Performance Plan (APP). The five (5) identified strategic priorities of the CCMA for the 2018/19 financial year, as contained in the 2018/19 APP, drove all organisational activities.

Expeditious dispute resolution was achieved through conciliation and arbitration hearings across the 22 CCMA Offices. A total of 193 732 cases were referred to the CCMA during the 2018/19 financial year, compared to the 186 902 referrals of the preceding financial year. This constitutes an increase of four percent (4%) year-on- year. Despite the high caseload, the CCMA continued to meet its statutory obligation in that 88% of conciliable cases were heard within the statutory timeframe of 30 days, with the CCMA taking, on average, 24 days to complete the conciliation process from the date of referral. The CCMA settled 74% of all cases heard and closed. In terms of the arbitration turnaround times, the CCMA took an average of 68 days (against a set internal target of 60 days) from date of receipt of the referral to completion of the arbitration process. The LRA requires the CCMA to send to parties arbitration awards within 14 days after the conclusion of the arbitration award. 51 out of 16 720 arbitration awards, were issued outside the 14 day statutory timeframe, which equates to a 99.69% compliance rate. This performance demonstrates the CCMA's continued effort and commitment to discharging its legislated mandate. Ensuring 100% compliance with statutory obligations remains a priority for the CCMA for the 2019/20 financial year.

Much effort was extended by the CCMA to meet its strategic priority of facilitating improved Collective Bargaining to promote orderly and healthy labour relations in order to advance, stabilise and grow the labour market. The CCMA dealt with 5 160 section 134 of the LRA (Mutual Interest Disputes) during the reporting period, representing a 10% increase compared to the previous financial year. These figures suggest a high level of labour market trust and reliance on the CCMA to facilitate Collective Bargaining disputes. The settlement rate in these matters was recorded at 60%, one percent (1%) higher than the previous year. A total of 187 Public Interest Matters arising from Section 150 of the LRA (Public Interest Matters) were dealt with during the 2018/19 financial year. As at 31 March 2019, a 87% success rate was registered in resolving Public Interest Matters.

The CCMA's commitment to dispute resolution has resulted in the organisation's involvement in resolving the following high profile strikes: The Eskom wage dispute; the Gautrain Bombela wage dispute; the National Union of Mineworkers ("NUM"), Association of Mineworkers and Construction Union ("AMCU"), United Association of South Africa ("UASA") & Solidarity / Mineral Council wage dispute; the AMCU/ Murray & Roberts wage dispute; and the National Union of Metal Workers of South Africa ("NUMSA") / Comair wage dispute, amongst others. Success is largely as a result of the CCMA's continuous proactive monitoring, support and guidance provided to the labour market in respect of Collective Bargaining matters.

In the effort to contribute towards the alleviation of the triple crisis of unemployment, poverty and inequality, the CCMA conducted 529 large-scale retrenchment or 'Section 189A facilitation processes, involving 38 588 employees who were facing potential retrenchment. Of these 38 588 employees facing retrenchment, 15 787 (41%) were saved, while the rest were either retrenched (14 917 equating 39%), opted for voluntary retrenchment (6 474 equating 17%) or had their matters concluded in an alternative way (1 410 equating three percent (3%). The CCMA will continue to support the labour market in this regard, through partnerships with other institutions, by offering support and survival mechanisms to retrenched employees, where possible.

During the reporting period, the CCMA continued to support the 35 accredited Bargaining Councils and Private Agencies, to ensure their effectiveness and efficiency. More rigorous support will be given to these institutions in the 2019/20 financial year, including deploying the CCMA's Case Management System (CMS) for use. The benefit in this is that from a single system, consolidated statistics of the state of the labour market can be generated for better strategic foresight and planning.

The CCMA continued to exercise its discretionary function of Dispute Management and Prevention (DMP) by deploying strategies to intervene timeously in the labour market as well as disputes by building capacity. DMP activities are conducted in a bid to promote economic development, social justice, fair labour practices and labour peace.

synergies, not only within the organisation, but with other organisations performing related mandates. It is argued that integrated thinking drives the value-creation process by taking cognisance of the external environment.

In pursuance of the above, the CCMA has entered into mutually beneficial strategic partnerships with Stakeholders in the labour market. Each relationship is regulated through a signed Memorandum of Understanding (MoU). These strategic partnerships serve to facilitate co-operation and collaboration towards the advancement of South Africa's developmental agenda. The CCMA maintained the following mutually beneficial existing strategic partnerships during the reporting period: The Commission for Employment Equity ("CEE"); the South African Human Rights Commission ("SAHRC"), the Human Sciences Research Council ("HSRC"); the Legal Research Council ("LRC"), the Agriculture South Africa ("AgriSA") and the Sheriffs' Board. With respect to the CCMA's partnership with the Sheriff's Board, a total of 3 905 persons were assisted, with a total of R5, 019,259.21 being paid to the Sheriffs to assist to execute awards. The CCMA also maintained its relations with the seven (7) Public Universities on the continued development and delivery of the Labour Dispute Resolution Practice ("LDRP") qualification.

"Much effort was extended by the CCMA to meet its strategic priority of facilitating improved Collective Bargaining to promote orderly and healthy labour relations in order to advance, stabilise and grow the labour market."

STRATEGIC RELATIONSHIPS

The Constitution of the Republic of South Africa provides that all spheres of government and all organs of state within each sphere, must co-operate with each other in mutual trust and in good faith, by inter alia, fostering sound business relations and mutually assisting and supporting one another on matters of common interest. Furthermore, the Intergovernmental Relations Framework Act 13 of 2005, enriches this constitutional requirement and governance practice by promoting coherent government in the realisation of national priorities.

The King IV principle 16 in particular, calls for the adoption of a stakeholder – inclusive approach that balances the needs, interests and expectations of material Stakeholders. The King IV further calls for stronger focus on the role of corporate governance in value-creation and in the achievement of strategic goals. Of critical importance, is the emphasis on "integrated thinking", that organisations should consider all interdependencies before making decisions and implementing strategies to realise better

The CCMA continued to strengthen its relationship with the Department of Labour ("DOL") and the National Treasury for better synergy in the delivery of government priorities. The CCMA also collaborated with its sister labour public entities, such as the Unemployment Insurance Fund ("UIF") and Productivity SA on the TERS and other job savings initiatives. The strategic partnership with the International Labour Organisation (ILO) was also maintained, with the ILO participating at the CCMA's second annual Shop Steward and Union Officials Conference 2018, held in September 2018, as well as the CCMA's second annual Labour Conference 2019, which was held in March 2019. Furthermore, the CCMA and the ILO partnered in hosting various study tours and conducting research activities.

"The delivery of expeditious social justice to the challenged South African labour market remained a priority for the Commission for Conciliation Mediation and Arbitration (CCMA) during the year under review."

The strategic partners recognise that synergy and co-ordination between all involved is essential, appreciating that, except where it is unavoidable, the organisation shall endeavour to minimise the duplication of activities, projects and delivery of services, so as to use resources effectively and efficiently whilst achieving great impact.

THE YEAR AHEAD

The CCMA's commitment to social justice remains stable, with the CCMA continuing to make a meaningful impact in the labour market. The CCMA's 2019/20 APP, with its continued focus on the identified five (5) strategic priorities, will be implemented. Attention will remain on the implementation of the NMWA and the ELA, ensuring that the targeted beneficiaries of these statutes do indeed derive value as intended.

The 2019/20 financial year is the last year of the current five (5) CCMA Strategy. The organisation has commenced with the formulation of the new strategy and organisational re-design. The latter is important for successful strategy implementation. Embedding a culture of good Corporate Governance and achieving a clean audit is at the top of the CCMA's agenda for the 2019/20 financial year. In a bid to become a world-class institution, the CCMA will also develop and roll-out its Fourth Industrial Revolution (4IR) Strategy,ensuring that the CCMA responds to the 4IR as an employer and dispute resolution institution.

ACKNOWLEDGEMENTS AND WORDS OF APPRECIATION

Appreciation is extended to the Portfolio Committee on Labour, the Executive Authority, Honourable Ms Mildred Oliphant, the DOL, and the National Treasury, for their continuous support to the mandate of the CCMA during the 2018/19 financial year. Gratitude goes to the CCMA Governing Body and its Committees, for their time and dedication towards the CCMA agenda. Hearty congratulations to the Director, Mr Cameron Sello Morajane, and his dedicated Executive Management Team, for the success of the 2018/19 financial year.

To all CCMA staff and employees, your effective commitment to the organisation, discretionary effort and resilience, even in the face of adversity, is really commendable and greatly valued.

To South Africa, the CCMA remains committed to being a beacon of hope in the labour market.

Makhulu Ledwaba
Chairperson of the Governing Body

5. THE CCMA GOVERNING BODY

Makhulu Ledwaba
Chairperson

Cameron Sello Morajane
CCMA Director (*Ex-officio* member)

ORGANISED BUSINESS REPRESENTATIVES

Kaizer Moyane

Sifiso Lukhele

Lucio Trentini

ORGANISED LABOUR REPRESENTATIVES

Bheki Ntshalintshali

Narius Moloto

Geoffrey Esitang

GOVERNMENT REPRESENTATIVES

Ntsoaki Mamashela

Virgil Seafield

Aggy Moiloa

Figure 1: The CCMA Governing Body

6. THE DIRECTOR'S OVERVIEW

GENERAL FINANCIAL REVIEW OF THE PUBLIC ENTITY

The CCMA is funded from the fiscus through grant transfers from the DOL. An increase of 11% on the Government Grant from the previous year brought the total allocation for the 2018/19 financial year to R966 million. Over the Medium Term Expenditure Framework (MTEF) period, R57 million was allocated to cater for expenditure related to the increase in case load, implementation of the NMWA and ELA, and the procurement of a recording system for case proceedings. R2.8 million was specifically allocated to supplement the CCMA's budget in preparation for the implementation of the NMWA. The grant transfer was adjusted with interest received from investment income amounting to R14.8 million. An income of R 5.7 million was earned for services rendered. During the mid-term budget cycle, approximately an upward six percent (6%) adjustment was made to the budget.

Over the last fiscal year, the CCMA maintained its going concern status through sound financial management, accounting systems and practices. The organisation continues to be in a healthy financial position, with cash and cash equivalents being R180.3 million, is equivalent to a 1:1 cash turnover ratio and a liquidity ratio of 1.49:1. The net asset value is reported as R 90.4 million, as at 31 March 2019.

SPENDING TRENDS OF THE PUBLIC ENTITY

The total expenditure increased by 15% from the previous financial year arising from the implementation of the NMWA and the ELA, the expansion of existing offices, as well as the opening of new ones. Goods and services spending increased by 12%, whilst total staff costs increased by 13%, due to the cost of living adjustments and performance-based incentives from the previous financial year.

The continuous increase in case referrals resulted in an increase of 25% in expenditure from R332 million to R414 million being appropriated for the appointment of additional Commissioners and Interpreters, and related annual cost of living increases as well as the response to increase in case load due to changes in legislations. Another contributing factor to the increased expenditure is the increase in the variable costs of R 20.8m such as venue hire and other travelling costs associated with the conducting of cases.

The subsidies paid to Bargaining Councils, Statutory Councils and Public Service Bargaining Councils decreased by 22% from the previous financial year. This is partly due to the need for the CCMA to assume some of the functions of the Metal and Engineering Industry Bargaining Council (MEIBC). The capital expenditure for the 2018/19 financial year increased by 21% from the previous financial year, mainly as a result of once-off procurement of the recording system utilised during case hearing proceedings.

REQUESTS FOR ROLL OVER OF FUNDS

Subject to permission granted by the National Treasury, an amount of R172 million of the R180.3 million cash and cash equivalent balance will be utilised in the 2019/20 financial year to fund the reported short-term liabilities and commitments, recorded at 31 March 2019. In May 2019, the CCMA applied for the roll-over of these cash surplus funds. The surplus funds are earmarked for expenditure related to the procurement of goods and services, procurement projects that were rolled over, special once–off projects, continued implementation of NMWA and ELA, as well as enhancing accessibility by procuring additional office space and/or expanding existing offices.

"There has been great interest from the public to enquire about their rights relating to the new legislative changes."

SUPPLY CHAIN MANAGEMENT

The CCMA's Supply Chain Management (SCM) is centralised at the National Office and provides strategic support to the organisation in the acquisition of goods, works and services. The SCM function has developed systems and procedures to ensure that the procurement process is aligned with the requirements of section 217 of the Constitution of the Republic of South Africa. Furthermore, the SCM function is governed by the provisions of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (the PFMA), the Preferential Procurement Policy Framework Act, 2000 (Act No.5 of 2000) (the PPPFA) and Treasury Regulations. The system and procedures focus on managing the inter-dependent activities of demand, acquisition, inventory and contract administration.

The 2018/19 Procurement Plan approved at the commencement of the financial year was partially executed. Projects that could not be fully executed were rolled over to the 2019/20 financial year, and some were cancelled due to non-responsive bids. Quarterly procurement progress reports were submitted to the National Treasury for the tender e-portal update as required by legislation.

CONCLUDED UNSOLICITED BID PROPOSALS FOR THE YEAR UNDER REVIEW

The CCMA's SCM Policy discourages consideration of unsolicited bids and none were received and considered during the year.

OUTLOOK/ PLANS FOR THE FUTURE TO ADDRESS FINANCIAL CHALLENGES

During the budget preparation process of the 2019/20 financial year, it was evident that the CCMA's allocated grant is increasingly becoming insufficient to meet the competing demands of the CCMA. The National Treasury has since encouraged entities, within prescripts, to robustly embark on revenue generating processes, where applicable, in order to supplement the budget. This means that public entities have been challenged to pursue other income streams to supplement the allocation from the fiscus. In response, the CCMA's Financial Sustainability Strategy was developed during the 2017/18 financial year, and implementation is underway. As indicated earlier, as at the end of the 2018/19 financial year, the CCMA had generated R5.7 million from services rendered. It is expected that this trend will continue as the CCMA intensifies its efforts to implement the Financial Sustainability Strategy.

During the 2018/19 financial year, the CCMA received approval for additional funding allocation of R107 million over the MTEF period 2020 to 2022. This allocation represents part funding towards the expenditure related to the increase in case referral, training and training material development in respect of identified external Assessors and Commissioners who are presiding over advisory arbitration processes arising from sections 150A-D of the amended LRA. This funding is also intended for the conducting of balloting and certification processes.

ECONOMIC VIABILITY

The CCMA is financially stable with cost containment measures being implemented. As already discussed, the CCMA has also concentrated on improving its income generation activities through the implementation of the Financial Sustainability Strategy, aimed at ensuring that the CCMA's status as a going concern and current economic outlook is sustained.

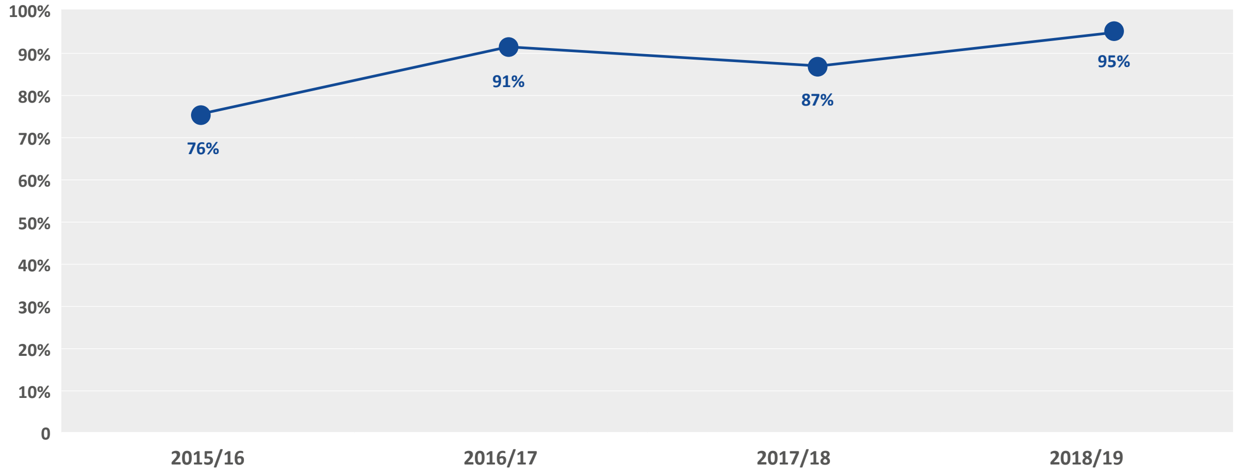


Figure 2: Comparison of the annual performance of the 2015/16, 2016/17, 2017/18 and 2018/19 financial years

KEY SERVICE DELIVERY ACHIEVEMENTS OF THE 2018/19 FINANCIAL YEAR

The NMWA came into effect on 1 January 2019, whereby the national minimum wage ("NMW") was set at R20 per hour, with special provisions of R18 per hour for farm workers, R15 per hour for domestic workers, and R11 per hour for Extended Public Works Programme Workers. The Basic Conditions of Employment Act 75 of 1997 ("BCEA") as amended, was reviewed to confer new enforcement jurisdiction on the CCMA related to non-compliance with payment of the NMW, failure to pay money owing in terms of the BCEA, the Unemployment Insurance Act 63 of 2001 ("UIA"), and the Unemployment Insurance Contributions Act 2 of 2002 ("UICA"). In addition, the BCEA now also provides for employees and workers who earn below the BCEA threshold to directly refer disputes to the CCMA concerning non-payment of money in terms of a collective agreement, a contract of employment or a sectoral determination. Previously, matters related to such non-payment could only be included in CCMA referrals related to alleged unfair dismissals and severance pay. The CCMA welcomes this new jurisdiction as it presents a more streamlined and efficient path for speedier resolution of labour disputes and enforcement of awards, especially for vulnerable workers.

In anticipation of the broadened mandate, the CCMA embarked on a process of assessing the envisaged impact on the CCMA and its operations. Strategic and operational response tactics were developed and additional funding was allocated by the National Treasury for this purpose. The CCMA's preparation also included the alignment of the CCMA Rules and Referral Forms to the NMWH and ELA. This in turn required additional training and capacitation of staff and Commissioners to ensure efficient and effective delivery of this expanded mandate.

There has been great interest from the public to enquire about their rights relating to the new legislative reform. Although the projected 15% increase in the case referral linked to the enactment of the NMWA and ELA was not yet registered as at 31 March 2019, it is anticipated that the 2019/20 financial year will see an increase in referrals as workers become more aware of their rights. In addition, it is anticipated that there will be an increase in the referral of compliance orders and written undertakings from DOL to be converted into arbitration awards. The CCMA is equal to the task of ensuring the successful implementation of the NMWA and the ELA.

The CCMA prides itself in being regarded as a highly efficient institution, despite it being the largest labour dispute resolution agency in the world by volume of referrals, with 193 732 referrals registered during the 2018/19 financial year. Notwithstanding this, the CCMA continued to strive to deliver its legislated mandate in compliance with the stringent legislated and set turnaround times. A total of 19 performance targets were set for the 2018/19 financial year, of which 18 were achieved, translating into a 95% performance rate. As depicted by Figure 2, the performance of the CCMA for 2018/19 exceeded that of the preceding three (3) reporting periods.

The reconstitution of the TLS into the TERS has been well received by the labour market, with 27 applications received during the 2018/19 financial year. The total funding allocated for the recommended applications is R24.9 million as at the end of the 2018/19 financial year. With the planned TERS advocacy campaign in the 2019/20 financial year, it is anticipated that there will be greater uptake of this intervention by the labour market. The CCMA is therefore of the view that the TERS has great potential to save jobs.

During the 2015/16 financial year, a study was conducted which included a critical analysis of the CCMA's caseload and referral trends. Research findings revealed that an estimated 60% of the CCMA's referrals originate from small businesses. The majority of referrals relate to unfair dismissals, which depicts a level of non-compliance with labour legislation. The research also showed that small businesses required capacitation in the area of labour relations, as the lack of understanding in this regard has a direct impact on the CCMA's caseload. The research also revealed that the lack of understanding by small businesses of labour relations is a key impediment to their formalisation and willingness to employ. Through the CCMA/BUSA WebTool, which went live in January 2019, the CCMA aims to support small businesses in this regard.

The launched Phase I of the CCMA/BUSA WebTool has up-to-date information on the NMWA and ELA Employment Laws and other documents such as contract templates, information sheets and guides on labour law requirements. Small businesses can utilise the user-friendly CCMA/BUSA WebTool to source information about labour relations and how to recruit, contract and manage employees. Phase II of the CCMA/BUSA WebTool project, which will go live during the 2019/20 financial year, concentrates on building sound workplace relationships, job saving (with input from Productivity SA) and employment equity law.

The volatility of the labour market does not necessarily create an environment for sustained growth and stability, and therefore, the role of the CCMA in advancing labour market stability and economic development cannot be overstated. Concerted efforts by CCMA mediators and the proactive approach to monitoring Collective Bargaining trends and developments have ensured a commendable success rate in resolving mutual interest and public interest matters.

In order to create an investment-friendly environment that may, in turn, sustain and lead to more job opportunities, the CCMA does ensure the active monitoring of the expiry of collective agreements and collective bargaining developments in high profile disputes, making appropriate process intervention offers where required. It will be necessary to revive a joint responsibility and ownership by all parties so that fewer disputes are referred to the CCMA. To this end, parties need to be equipped to resolve their disputes without the need for statutory conciliation. The CCMA will initiate and encourage inter-Ministerial and social partner collaboration, support and advocacy for CCMA initiatives, in order to promote sustainable stability in the labour market and thereby minimise the adverse consequences of long and drawn out labour disputes.

"The performance of the CCMA for 2018/19 exceeded that of the preceding three reporting periods."

During the reporting period, the CCMA continued to build knowledge and skills in the labour market, with a total of 1 997 interventions delivered to a total of 60 980 Users and labour market stakeholders. Building on the success of the inaugural CCMA Shop Stewards and Union Officials Conference and the inaugural CCMA Labour Conference convened in the previous financial year, the CCMA successfully hosted the second instalments of these conferences. Yet again, they were well attended and supported by labour market stakeholders. These conferences will continue to be held on an annual basis going forward.

The CMS plays a vital role in effective case management and accurate statistical reporting of the CCMA's operational efficiencies. In view of the challenges and short-comings of the current CMS, in the new year, focus will be on evaluating the current CMS to determine to what extent it can be enhanced to meet operational requirements. As part of this evaluation, a Data Transformation Strategy will be developed and rolled out in the new financial year, which will include data clean-up, data validation and verification processes, for better quality of system.

"During the reporting period, the CCMA continued to build knowledge and skills in the labour market, with a total of 1 997 interventions delivered to a total of 60 980 Users and labour market stakeholders."

WORDS OF APPRECIATION

The CCMA remained committed to improve its overall governance environment, with the primary aim of preventing governance failures. Furthermore, as demonstrated by Figure 2, the CCMA remained committed to excellent service delivery during the period under review. The success of the CCMA in this regard is attributable to the dedication, long hours and selfless service of the Executive Team, Management, staff and Commissioners. My deepest appreciation goes to the CCMA family for their contribution to the organisation's success story of delivering social justice to the people of the Republic of South Africa.

Words of thanks are also extended to the Portfolio Committee on Labour, Ministry of Labour and the CCMA Governing Body and Committees, for their visionary leadership, guidance and unwavering support. Gratitude is also extended to the CCMA's strategic partners and sister public entities in the labour fraternity, for the opportunity to collaborate in order to enhance service delivery.

A special word of appreciation is dedicated to the Users of the CCMA and the labour market at large, for their continued belief in the CCMA to deliver expeditious social justice. The CCMA unwaveringly continues to commit to delivering world-class service and to "Making a Difference" in the lives of our people, as intended by our five (5) year Senz'umehluko Strategy.

Cameron Sello Morajane
Director

7. THE CCMA EXECUTIVE MANAGEMENT COMMITTEE

Cameron Sello Morajane
Director

Kedibone Mashaakgomo
Chief Financial Officer

Caren-Lee Small
Acting National Senior Commissioner: Dispute Management and Prevention

Haroun Docrat
National Senior Commissioner: Collective Bargaining

Zanele Hlophe
Chief Audit Executive

Rebecca Moeketsi
General Manager: Legal Services

Mthembeni Ncanana
General Manager: Coporate Services

Annah Mokgadinyane
Acting General Manager: External Relations and Business Development

Nkosikhona Nkosi
Chief Information Officer

Figure 3: The CCMA'S Executive Management Committee

8. REGIONAL MANAGEMENT

Acting Convening Senior Commissioner (CSC) Port Elizabeth **Mandy Coetzee**	CSC Limpopo **Grace Mafa-Chali**	CSC Western Cape **Carlton Johnson**	CSC Tshwane **Morwa-Mapale Setlago**

CSC North West **Elias Hlongwane**	CSC Johannesburg **Shawn Christiansen**	CSC Free State **Lucky Moloi**	CSC Mpumalanga **Xolani Nduna**

CSC KwaZulu-Natal **Bongumusa Khumalo**	Acting Senior Commissioner (SC) East London **Kagiso Nthite**	SC Northern Cape **Hendrick Oliphant**	Acting CSC Ekurhuleni **Mpumelelo Nconco**

Figure 4: The CCMA's regional organisational Structure

9. STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT AND ANNUAL FINANCIAL STATEMENTS

The CCMA Governing Body, as the Accounting Authority of the CCMA, is responsible for the preparation of the Annual Financial Statements (AFS) and is accountable for the integrity and objectivity of the information depicted in the Annual Report, including the performance information and the AFS. Furthermore, according to prescripts governing Schedule 3A public entities, the Accounting Authority is responsible for establishing and implementing a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of corporate governance and human resource information. In compliance, this system existed and was implemented during the 2018/19 financial year.

The Accounting Authority and Officer of the CCMA, to the best of their knowledge and belief, confirm that the CCMA's 2018/19 Annual Report has been prepared in accordance with the guidelines on developing Annual Reports, issued by the National Treasury. It is also confirmed that the reported performance information fairly reflects the actual achievements of the CCMA against planned targets, as per the 2018/19 APP. The reported performance information has also been approved by the Governing Body of the CCMA.

Furthermore, the AFS have been prepared in accordance with the standards applicable to the public entity. All information and amounts disclosed in the CCMA's 2018/19 Annual Report are consistent with those audited by the office of the Auditor-General of South Africa (AGSA), which has duly expressed an opinion as reflected in their report presented in this Annual Report.

In our opinion and to the best of our knowledge, the CCMA's 2018/19 Annual Report is complete, accurate, free from any omissions, fairly reflecting the operations, the performance, the corporate governance and human resources information, as well as the financial affairs of the CCMA for the financial year ended 31 March 2019.

Makhulu Ledwaba
Chairperson of the Governing Body

Cameron Sello Morajane
Director

10. STRATEGIC OVERVIEW

10.1 VISION

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

10.2 MISSION

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

10.3 VALUES

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

Table 1: Values of the CCMA

VALUES	OPERATING PRINCIPLE
RESPECT	**We value those whom we serve, those whom we work with and our organisation.** We value difference in people and ideas, treating everyone with fairness and dignity
EXCELLENCE	**We continuously do our best in delivering on our mandate and in service to our people.** In committing to excellence we continuously strive to deliver quality work, and always seek to improve our process and service to everyone
ACCOUNTABILITY	**We hold ourselves responsible for our actions and the outcomes of our work.** In being accountable we are committed to each other and all we do, and take responsibility for our actions and performance
DIVERSITY	**By embracing diversity and inclusivity, we learn from each other daily, while sharing and celebrating who we are and what we do.** We embrace inclusivity and celebrate the difference of our people
INTEGRITY	**We do the right thing, even when no–one is looking.** We are honest and ethical in everything we do
TRANSPARENCY	**We work in a manner that is open, fair and transparent.** Guided by our statutory obligations and commitment, we are open in our dealing with everyone we serve

11. 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 is a national public entity in terms of Schedule 3A of the PFMA.

The CCMA's statutory functions are set out in Section 115 of the LRA, and are divided into those that are mandatory and those that are discretionary. The CCMA's compulsory statutory functions are as follows:

- 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 (ESC).

The CCMA's discretionary functions that enhance delivery of the CCMA mandate, but do not replace the delivery 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 has additional mandate emanating from the Legislative Changes as outlined below:

- The National Minimum Wage Act 9 of 2018 ("NMWA").
- The Basic Conditions of Employment Act 75 of 1997 ("BCEA") as amended
- The Unemployment Insurance Act 63 of 2001 ("UIA"),
- The Unemployment Insurance Contributions Act 2 of 2002 ("UICA").

The CCMA derives its jurisdiction from various sections of the BCEA. In addition, the CCMA has jurisdiction to determine disputes arising from the Skills Development Act 97 of 1998.

12. ORGANISATIONAL STRUCTURE

The CCMA underwent an institutional restructuring exercise to strategically align the macro-structure to strategy for better service delivery. The CCMA's organisational structure for the 2018/19 period had seven (7) functional areas, excluding the Office of the Director, the Internal Audit Department and the ESC. The CCMA delivered its mandate through 12 Regional Offices.

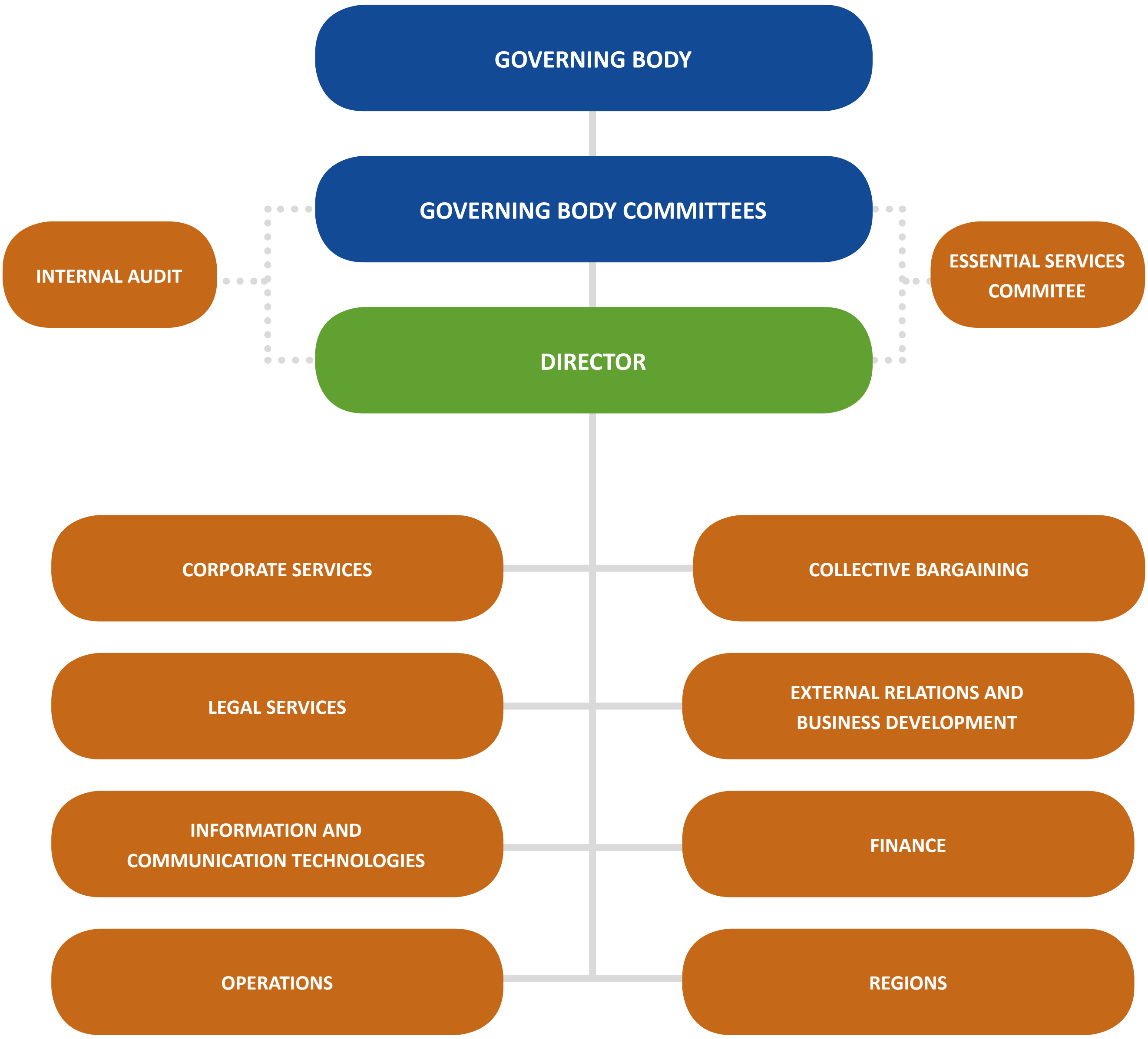
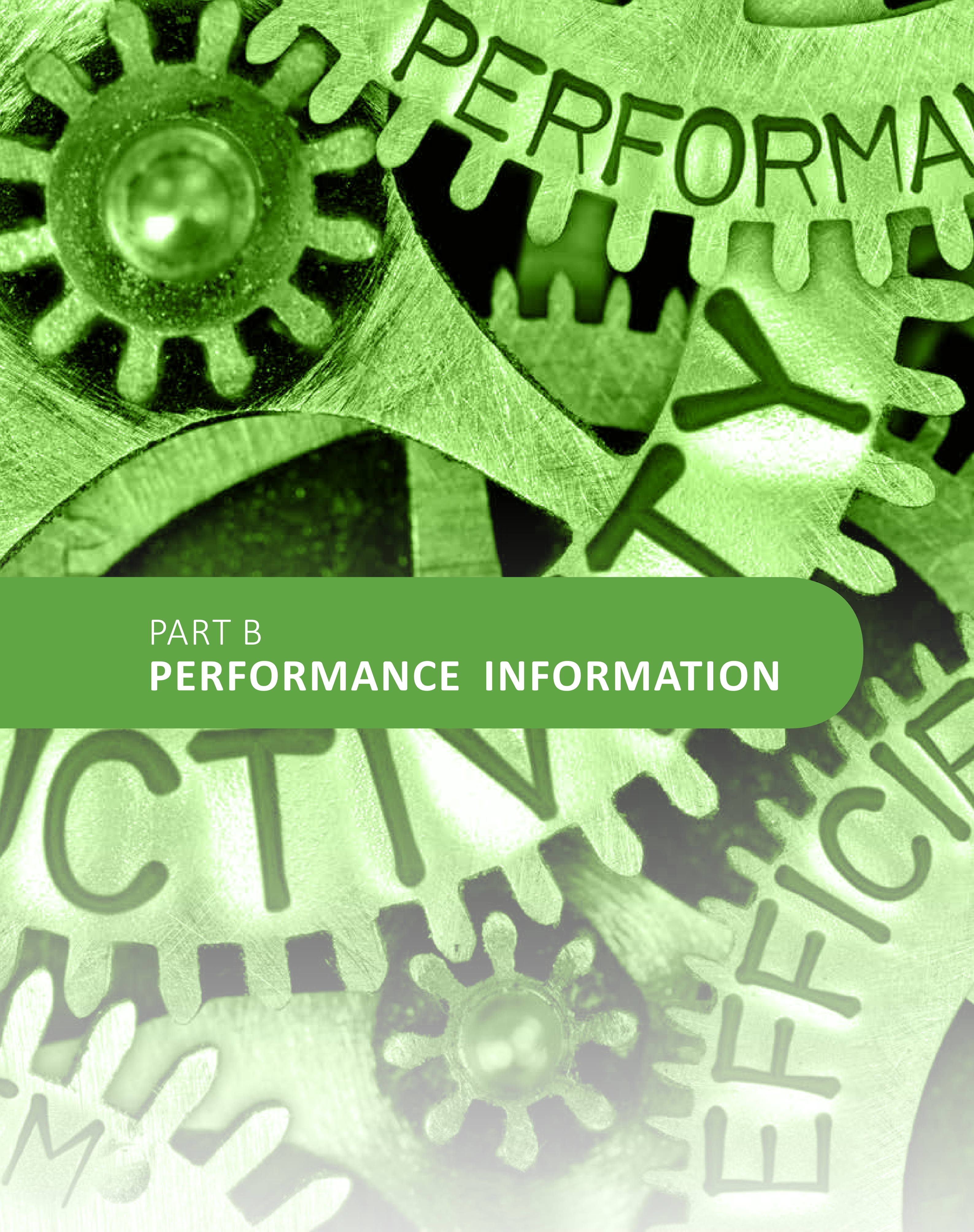


Figure 5: The CCMA'S organisational structure



PART B

PERFORMANCE INFORMATION

1. SITUATIONAL ANALYSIS AND PERFORMANCE BY STRATEGIC OBJECTIVE

1.1. SERVICE DELIVERY ENVIRONMENT

Hereunder is a report on the work of the CCMA with respect to each priority. The CCMA's 2018/19 APP outlined five (5) strategic priorities.

1.1.1. STRATEGIC PRIORITY ONE: EFFECTIVELY AND EFFICIENTLY IMPLEMENT THE LEGISLATED MANDATE OF THE CCMA

The first strategic priority relates to the efficient and effective delivery of the CCMA's statutory mandate. This strategic priority continues to be relevant, given the volatile state of the South African labour market and as evidenced by the high referral rate, when compared to the previous financial year. For the 2018/19 financial year, a total of 193 732 cases were referred to the CCMA, compared to the 186 902 of the 2017/18 financial year, representing a four percent (4%) increase year-on-year. The case referral rate of the 2018/19 financial year translates to an average of 775 new cases referred to the CCMA every working day. The CCMA's five (5) year case referral comparison is reflected by Figure 6.

The Pietermaritzburg Office of the KwaZulu-Natal Region, and the George Office of the Western Cape Region, registered the highest increases in referrals, at 19% each, followed by the Ekurhuleni Regional Office and the Port Shepstone Office of the KwaZulu-Natal Region, at 11% each. The Rustenburg Office of the North – West Region, and the Head Office, registered decreases in referrals of eight percent (8%) and six percent (6%) respectively.

Approximately 71% of all case referrals related to unfair dismissal (a reduction of four percent (4%), compared to the 2017/18 financial year), with 11% relating to unfair labour practice disputes (an increase of one percent (1%) from the previous financial year). The breakdown of cases per sector reflects that the Business Professional Services sector remains the highest referring sector at 27% of total referrals. The Business Professional sector was also the highest referring sector in the previous financial year. The Retail sector on the other hand, experienced a decrease of one percent (1%) from the 2017/18 financial year, accounting for 11% of the total cases referred in the 2018/19 financial year. All other sectors remained consistent compared to the preceding financial year. These referral numbers are as follows per sector: Safety/ Security at 12%; Domestic at seven percent (7%); Building and Construction at seven percent (7%); Agriculture/Farming at four percent (4%); Food and Beverage (manufacturing) at four percent (4%); and Mining at four percent (4%).

As at 31 March 2019, the CCMA had received a total of 4 287 BCEA and NMWA referrals, three (3) post enactment. This constitutes eight percent (8%) of the total referrals received during this three (3) months period. For the 2018/19 financial year as a whole, referrals in terms of the BCEA and NMWA accounted for approximately two percent (2%) of total referrals. The majority of referrals received in this instance related to claims for alleged outstanding statutory payments.

The overall increase in the case load observed from year to year places pressure on CCMA business processes and poses a risk to the efficiency and effectiveness of the organisation. Despite this, the CCMA continued to strive to meet its statutory obligations during the year in review. The increased caseload necessitated a review of the utilisation of available resources and capacity to ensure strategic allocation. The Dispute Resolution service delivery model was also enhanced to ensure increased

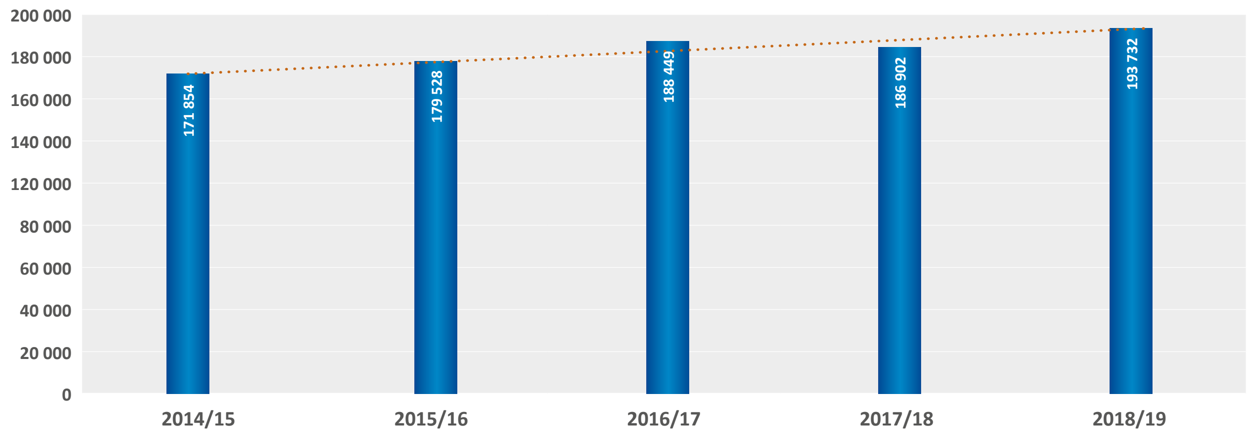


Figure 6: Five (5) Year Case Referral Comparison

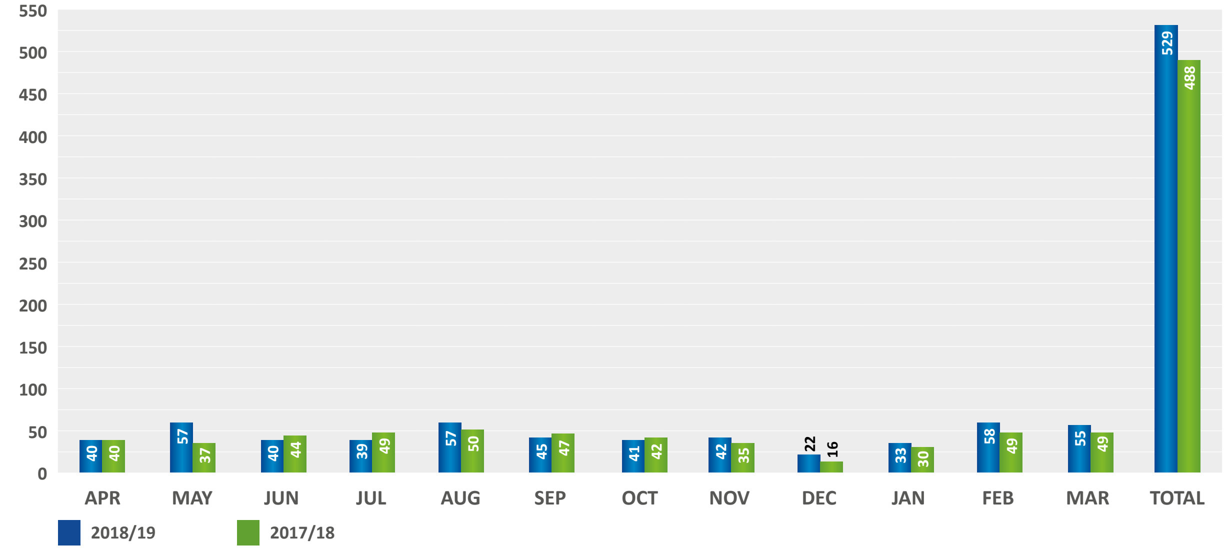


Figure 7: Section 189A Referral Trends for the 2018/19 financial year

efficiency and effectiveness. In the new year, the CCMA intends to leverage on technology, enhance the CMS, conduct a capacity review synchronised with the reconfiguration of certain Regions, and strengthen and improve the CCMA's service delivery with respect to its statutory mandate.

1.1.2. STRATEGIC PRIORITY TWO: ENHANCE AND EXPAND THE EMPLOYMENT SECURITY MECHANISMS TO SAVE JOBS AND ALLEVIATE BUSINESS DISTRESS

The South African economy is not immune to the current weak global economic climate and the consequential negative impact on the labour market. Furthermore, the net effect of increased electricity tariffs, fuel and commodity prices, inevitably affected consumers and businesses. Furthermore, this may be compounded by the impact of the onset of the Fourth Industrial Revolution (4IR) that has a direct bearing on the nature and future of work, affecting business operational models and current and future work opportunities. Regrettably, these factors have led to retrenchments in many instances.

The CCMA's second strategic priority is focused on enhancing and expanding employment security mechanisms to save jobs and alleviate business distress. The committed efforts of CCMA facilitators in large-scale retrenchment processes ensured that the CCMA exceeded its job saving target by enabling parties to engage in processes that seek meaningful alternatives to job losses.

A total of 529 large-scale retrenchment Section 189A referrals were received in 2018/19, compared to 488 referrals received in the 2017/18 financial year, as depicted by Figure 7. This represents an increase of approximately eight percent (8%).

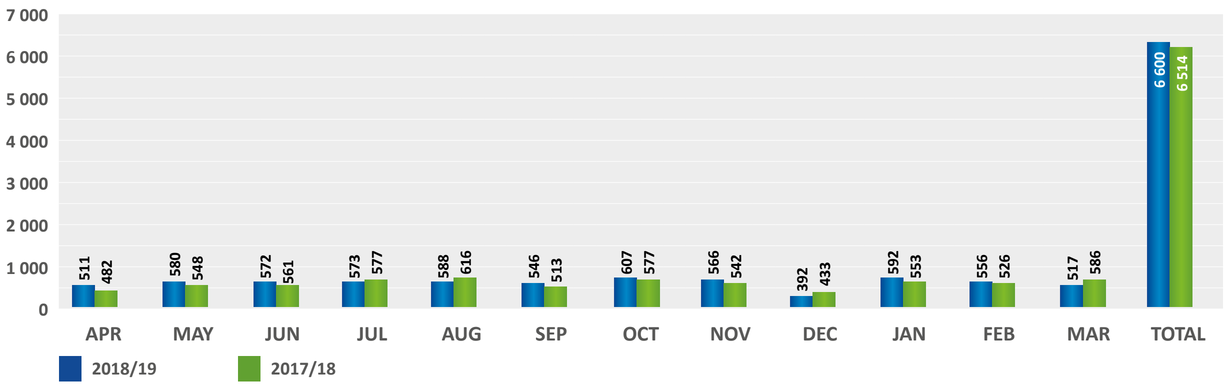


Figure 8: Section 189 Referral Trends for the 2018/19 financial year

Table 2: Employees likely to be retrenched and jobs saved for the 2018/19 financial year

	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	YTD
Employees likely to be retrenched	1 645	5 109	2 926	3 095	6 224	1 918	3 080	4 181	3 248	1 368	3 130	2 664	38 588
Jobs saved	756	2 167	1 549	1 009	3 229	612	1 290	1 342	989	378	1 586	880	15 787
% Jobs saved	46%	42%	53%	33%	52%	32%	42%	32%	30%	28%	51%	33%	41%

Table 2 shows that of the 38 588 employees who were the subjects of Section 189A, large-scale retrenchment referrals, 15 787 jobs were saved (41%). Actual retrenchments were recorded at 21 391. The CCMA intensified its job saving efforts by ensuring that strategic partnerships with relevant stakeholders such as Productivity SA are maintained, to ensure that support to businesses in distress is provided and options explored to avoid job losses. Survival mechanisms were also extended to retrenched employees.

The highest number of employees retrenched were recorded in the Building and Construction sector (3 584), followed by the Mining sector (3 260), and Metal sector (1 741). The number of jobs saved per sector is set out in Table 3.

Regrettably, the CCMA's potential to save jobs in small-scale retrenchment processes is hamstrung by the fact that the CCMA only gets involved once the retrenchment process has already been initiated. The CCMA will continue to explore return to work outcomes in these matters.

A total of 6 600 small-scale retrenchments (Section 189) referrals were registered for the 2018/19 financial year, representing a one percent (1%) increase when compared to the 2017/18 financial year (6 514), as depicted by Figure 8.

Table 3: Jobs saved per sector for the 2018/19 financial year

SECTOR	EMPLOYEES LIKELY TO BE RE-TRENCHED	RETRENCHMENTS			OTHER	JOBS SAVED (#)	JOBS SAVED (%)
		FORCED	VOLUNTARY	TOTAL			
Agriculture/Farming	844	479	116	595	41	208	25%
Banking/Finance	516	295	72	367	14	135	26%
Building/Construction	5984	2857	727	3584	81	2319	39%
Business/Professional service	2290	978	556	1534	61	695	30%
Chemical	758	95	337	432	32	294	39%
Civil engineering	30	27	3	30	0	0	0%
Clothing Manufacturing	626	556	0	556	0	70	11%
Clothing/Textile (manufacture)	536	431	19	450	0	86	6%
Contract cleaning	890	389	96	485	0	405	46%
Distribution/ Warehousing	214	0	5	5	0	209	98%
Educators (private)	30	0	0	0	6	24	80%
Electrical	354	109	93	202	28	124	35%
Electricity/Gas/Water	9	5	3	8	0	1	11%
Entertainment/Leisure	851	144	24	168	39	644	76%
Fishing	242	0	231	231	1	10	4%
Food/Beverage (manufacture)	2382	864	454	1318	46	1018	43%
Furniture (manufacture)	79	67	0	67	0	12	15%

Table 3: Jobs saved per sector for the 2018/19 financial year (continued)

SECTOR	EMPLOYEES LIKELY TO BE RE-TRENCHED	RETRENCHMENTS			OTHER	JOBS SAVED (#)	JOBS SAVED (%)
		FORCED	VOLUNTARY	TOTAL			
Health (private)	1091	267	74	341	14	736	67%
Hotel	241	2	24	26	7	208	86%
Information and communication	62	13	10	23	1	38	61%
Leather	504	234	150	384	0	120	24%
Manufacturing	309	276	15	291	0	18	6%
Marketing/Public Relations	14	0	0	0	0	14	100%
Media (private)	215	131	0	131	3	81	38%
Metal	2828	1270	471	1741	38	1049	37%
Mining	7224	1835	1425	3260	416	3548	49%
Motor	334	184	42	226	5	103	31%
Motor (manufacture)	648	0	0	0	0	648	100%
Paper/Printing/ Packaging	1351	519	412	931	26	394	29%
Parastatals	118	30	45	75	17	26	22%
Pharmaceutical	10	2	0	2	1	7	70%
Restaurant/Catering	30	0	0	0	0	30	100%
Retail	2951	1188	518	1706	131	1114	38%
Road Freight	167	23	5	28	0	139	83%
Rubber/Tyre (manufacture)	385	255	42	297	0	88	23%
Safety/Security (private)	1561	344	358	702	385	474	30%
Telecommunications	69	0	51	51	0	18	26%
Transport (private)	1577	851	86	937	10	630	40%
Wholesale	231	178	0	178	3	50	22%
Wood and Paper	14	10	0	10	4	0	0%
Other	19	9	10	19	0	0	0%
NATIONAL	**38 588**	**14 917**	**6 474**	**21 391**	**1 410***	**15 787**	**41%**

** Other relates to natural attrition, resignation, or employees that were not part of the workforce facing retrenchment, but were initially included in the number likely to be retrenched.*

In the 2019/20 financial year, the CCMA will intensify its pre - and post retrenchment monitoring activities, identify new opportunities brought about by the changing nature of work, and explore opportunities in association with relevant institutions for re-skilling. Furthermore, multi-stakeholder engagement and commitment, that include the relevant Ministries and Stakeholders, should be intensified in order to address further threats to job security.

In order to ensure ongoing capacity building and sharing of experiences, a Section 189A Facilitators Workshop with the theme "Review of the S189A facilitation process post 2016 with the view of embedding the role of the Employment Security Unit (ESU) going forward" was hosted. The aim of this workshop was to address challenges in Section 189A processes, as well as to identify and explore new initiatives to manage job losses. Mr. Luthando Brukwe - Strategic Manager for the Mining Development Agency (MDA), delivered a presentation on the role of MDA in job saving and with the intention to forge a new partnership with the CCMA.

The CCMA delivered the Engineering and Construction, as well as the Wholesale and Retail Sector strategic interventions. The purpose of these interventions was for social partners to share their reflections and experiences in CCMA facilitated Section 189A processes. Furthermore, the aim was to deliver User and social partner awareness raising and capacity building on dealing with job insecurity and business distress, whilst advancing

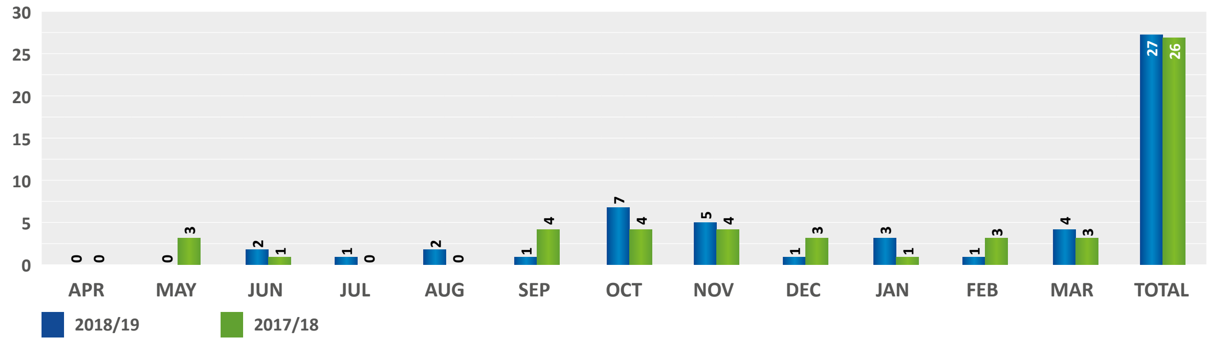


Figure 9: TERS uptake for the 2018/19 financial year

industry sustainability processes. The dialogues were facilitated under the theme "Reflections on the S189A experiences and challenges and reprioritising early warning mechanisms and post retrenchment assistance."

As already indicated, the Presidential Job Summit Framework Agreement resulted in the reconstitution of the TLS. The TERS sees the CCMA with the new role of overseer of the full administration of the TERS. The newly constituted TERS involving the CCMA, the Economic Development Department (EDD), Productivity SA and the UIF, has resulted in expedited application processes and payment allowances within 26 days.

A total of 27 TERS applications were received for the 2018/19 financial year, as depicted by Figure 9. The newly constituted TERS Committee considered 15 of the 27 TERS applications. By the end of the 2018/19 financial year, 10 TERS applications were recommended, one (1) was consolidated, whilst four (4) were awaiting compliance from the employer. The total funding allocated for the recommended applications since the re-constituted Single Adjudication Committee is R24 961 743, as already mentioned by the Director.

It is anticipated that the uptake will increase as efforts are underway to re-publicise the scheme. The revised TERS has the potential to save jobs and early indications are that it will provide much needed relief, but the impact of this will only be realised six (6) to nine (9) months after participation in the scheme. For the 2019/20 financial year, an online application process to participate in the TERS will also be investigated to ensure even quicker processing of applications and quicker turnaround times.

1.1.3. STRATEGIC PRIORITY THREE: FACILITATE IMPROVED COLLECTIVE BARGAINING TO PROMOTE ORDERLY AND HEALTHY LABOUR RELATIONS

The CCMA's strategic objective of enhancing the labour market to advance stability and growth, seeks to promote orderly and healthy labour relations to encourage investor confidence by proactively and reactively providing guidance and support to the labour market in Collective Bargaining matters.

At a strategic level, all five (5) strategic targets related to this strategic priority were met and/or exceeded. In the endeavour to seek new initiatives to support the labour market, the CCMA conducted four (4) pre-bargaining conferences for strategically identified Users. This initiative sought to assist parties to prepare for Collective Bargaining processes before negotiations commenced. This process was successfully undertaken with the following stakeholders: the University of South Africa (UNISA), NEHAWU and Academic and Professional Staff Association (APSA); Durban University of Technology (DUT), NEHAWU, Tertiary Education National Union of South Africa (TENUSA) and National Tertiary Education Union (NTEU); South African Revenue Service (SARS), NEHAWU and UASA; and parties to the New Tyre Bargaining Council. It was anticipated that this process would have a positive effect on the Collective Bargaining processes to follow. It is worth noting that the parties at DUT successfully resolved their wage facilitation without the assistance of a facilitator nor the need to refer the matter for statutory conciliation. This is a positive reflection of the benefit of this process considering the prolonged industrial action that took place at DUT in January 2018.

The process of establishing of a Workplace Participatory Structure was undertaken with the Road Accident Fund (RAF) and the National Union of Metal Workers of South Africa (NUMSA). The purpose of such a structure is to promote workplace democracy, co-operation and employee involvement at an individual workplace level, through consultation and co-determination on issues aimed at improving working conditions.

During the 2018/19 financial year, the CCMA conducted 13 Collective Bargaining Support Processes (CBSP) across various sectors. These support processes include, pre, during and post wage facilitations, balloting and verification exercises, as well as the facilitation of any outstanding issues arising from wage negotiations that, if left unattended, may give rise to new disputes. In order to assist stakeholders in multi-union environments, verification exercises were conducted between SENTECH, NUMSA and the Communication Workers' Union (CWU); the South African Society of Bank Officials (SASBO) and Capitec Bank; and the South African Civil Aviation Authority (SACAA) and Mango Airlines. Wage negotiations were conducted between CWU and MTN; the Food and Allied Workers Union (FAWU) and National Brands Limited; NUMSA and Teti Traffic Control; as well as the Private Security Sector, which has sustained 13 years of industrial peace in the sector.

As a part of the CCMA's ongoing initiatives to assist parties at the workplace, a Workplace Mediation Model was implemented in the Pulp and Paper Sector at MPACT and at the National Labour and Economic Development Institute (NALEDI), Congress of South African Trade Unions (COSATU). With the assistance of an independent third party, workplace mediation is a process that seeks to resolve a conflict in the workplace that may arise between the employer and employee(s), or between employees, with an overriding aim to restore and improve future working relationships. It also provides the opportunity to address workplace conflict that may give rise to disputes and assist parties to identify meaningful solutions to sustain working relationships.

At the end of the financial year, a total of 5 160 mutual interest disputes were dealt with, compared to the 4 703 mutual interest matters dealt with in the previous financial year. This represented a more than nine percent (9%) increase in potentially strike-related matters heard by the CCMA. The spike in these matters is indicative of challenges experienced by parties in trying to resolve these matters at the negotiation table and reliance on the CCMA for Collective Bargaining support. A settlement rate of 60% was achieved, which is one percentage (1%) higher than the previous year. A total of 187 public interest matters were dealt with during the 2018/19 financial year, compared to the 136 in the previous year. A 87% settlement rate was achieved in this regard, partly as a result of the CCMA's ongoing proactive monitoring, support and guidance provided to the labour market.

The Annual Collective Bargaining Season Briefing Session was held on 17 May 2018 in preparation for the 2018/19 Collective Bargaining season. This briefing is an internal event intended to build capacity and prepare Mediators for the Collective Bargaining season ahead. In so doing, the programme sets the stage for the Collective Bargaining season with perspectives of both business and labour shared with participants. It also takes into account the economic forecasts of the macro-economic environment and how they may have a bearing on the Collective Bargaining season ahead.

The CCMA was instrumental in resolving a number of high profile wage disputes and made appropriate offers of assistance in public interest disputes in terms of section 150 of the LRA. In instances of protracted negotiations and lengthy periods of industrial action, the CCMA ensured ongoing support to stakeholders by keeping abreast of developments and ensuring that parties remained in process. Selected highlights are mentioned below:

a) **South African Road Passenger Bargaining Council (SARPBAC) Wage dispute:** The CCMA's continuous facilitation and support for the parties to the SARPBAC dispute contributed to the eventual resolution of the dispute. Despite the settlement that was reached after employees were on strike for close to five (5) weeks, the eventual agreement was based on what the CCMA had facilitated two (2) weeks prior to the settlement outcome.

b) **Registration of the Private Security Bargaining Council and Private Security Wage Negotiations:** The establishment of the National Bargaining Forum for the Private Security Sector in 2009 and successive negotiations eventually paved the way for the registration of the Bargaining Council in the sector. The CCMA's ongoing support for the parties and structured approach to Collective Bargaining culminated in the most recent wage negotiation to ensure 13 years of industrial peace in the sector. This is truly a positive reflection of the parties and their dedicated efforts to seeking solutions through collective bargaining.

c) **MEIBC support:** Following the challenges and potential collapse of the MEIBC, the CCMA assisted the Bargaining Council by attending to the backlog of cases in an effort to sustain and ensure that the MEIBC fulfils its dispute resolution function. The CCMA remained committed to supporting the MEIBC during and beyond its period of administration.

d) **Plastic and Lift Employers:** Collective Bargaining support was rendered in the Plastic Employers negotiations and the Lift Employers negotiations in order to promote stability in the industry.

e) **Eskom Wage dispute:** The CCMA successfully resolved the Eskom wage dispute. Following several meetings under the auspices of the CCMA, a three (3) year agreement was signed by all parties on 29 August 2018. The CCMA acknowledges and congratulates all parties for their resilience and commitment to resolving the matter.

f) **Gautrain – Bombela Wage dispute:** The CCMA successfully resolved the wage dispute between United National Transport Union (UNTU) and Bombela (Gautrain). Following two (2) weeks of industrial action, a one (1) year agreement was reached on 13 August 2018. Following an unsuccessful conciliation meeting, parties consented to a Section 150 intervention in terms of the LRA which led to the resolution of the dispute.

g) **NUM, AMCU, UASA & Solidarity/Mineral Council Wage dispute:** The CCMA successfully resolved the above wage dispute with all parties, except the Association of Mineworkers and Construction Union (AMCU), signing a three (3) year agreement. This shall bring some measure of stability in the sector. Support processes were also undertaken to assist Sibanye Gold and AMCU with their outstanding wage dispute. The dispute was eventually resolved by parties on similar terms and conditions reached with the other unions.

h) **Solidarity/SASOL S150 (Sasol Khanyisa Share Scheme) dispute:** The CCMA was involved in various processes to assist the parties but regrettably parties were unable to resolve the dispute.

i) **AMCU/Murray & Roberts Wage dispute:** The above dispute was successfully resolved in the Construction sector.

j) **NUMSA/Comair:** Following the initial wage conciliation in November 2018 and subsequent Section 150 intervention in December 2018, industrial action was averted, ensuring that there were no disruptions to flights over the festive season.

1.1.4. STRATEGIC PRIORITY FOUR: INTENSIFY DISPUTE MANAGEMENT AND PREVENTION INTERVENTIONS TO REDUCE CONFLICT IN THE WORKPLACE AND TRANSFORM WORKPLACE RELATIONS

The CCMA is focussed on delivery of the constitutional mandate to provide universal access to legislated mandatory services. The CCMA wishes to be innovative and deliver value added services to the benefit of the Users in the labour market. Due to the increase in referrals, the CCMA intensified its DMP efforts. In pursuit of the fourth strategic priority of reducing conflict in the workplace and transforming workplace relations, the CCMA delivered 32 Effective Negotiation Skills (ENS) capacity building interventions to strategically identified Users through its 12 Regional offices. Another five (5) ENS capacity building interventions were delivered to empower Bargaining Councils and/or Private Agencies. The following Bargaining Councils are the beneficiaries of this empowerment initiative: Bargaining Council for the Restaurant, Catering and Allied Trades (BCRCAT), the South African Road Passenger Agency Bargaining Council (SARPABC), Transnet Bargaining Council (TBC), Motor Industries Bargaining Council (MIBCO); and the South African Local Government Bargaining Council (SALGBC). These Bargaining Councils were strategically targeted in order to prepare their parties for their next Collective Bargaining season negotiations. The CCMA did not have any take-up of ENS capacity building interventions from Private Agencies during the 2018/19 financial year.

An advocacy campaign to create awareness on the NMWA, the Code of Good Practice (COGP) on Collective Bargaining, Industrial Action and Picketing, and the Ekurhuleni Accord (the Accord), was delivered, with a total of 102 activities delivered across the 12 Regional offices. In total, 1 997 DMP activities were executed during the 2018/19 financial year, reaching 60 980 Users and Stakeholders country-wide. These activities were delivered through the following platforms: Presentations at CCMA User Forums; Sector and Stakeholder Forums; presentations at Social Partner events; updates on the CCMA Website; distribution of information sheets; promotional materials and radio talk-shows. These interventions were aimed at empowering CCMA's Users and Stakeholders on how best to use the CCMA and the law, with the aim of reducing conflict in the workplace and transforming workplace relations. These interventions were mainly focused on specialist areas of the employment law, including training related to unfair discrimination legislation.

Four (4) strategically targeted workplaces were identified in which the transformation of workplace relations projects were conceptualised and delivered to. The following workplaces benefited from these projects: Rhodes and Sol Plaatjie Universities in the Port Elizabeth and Northern Cape Regions respectively, as well as the South 32 Coal Mine and the Daybreak Abattoir (Delmas Operations) in the Mpumalanga Region. The Daybreak Abattoir project came about as a directive from the Minister of Labour, Minister Oliphant, for the CCMA to intervene and assist in addressing workplace challenges experienced in that operation. The beneficiaries of this project were taken through the Managing Conflict in the Workplace (MCW) and Building Workplace Relations (BWR) interventions. The CCMA also participated in joint Employment Equity Workshops/Public Hearings on amendments to the EEA with the DOL, in which 12 sessions were held across the nine (9) provinces.

In the past 22 years of its existence, the CCMA has always branded itself around the slogan “CCMA Services Are Free”. However, due to the tight fiscal conditions, the CCMA is now expected to deliver some of its discretionary functions on a cost recovery and/or full revenue generation model. This expectation poses a serious challenge to the CCMA in that there is a need to strike a balance between the achievement of the social justice mandate, as well as the organisation’s sustainability needs. In this regard, the CCMA generated R2 705 857 through the DMP’s cost recovery and/or revenue generation efforts during the 2018/19 financial year, just over approximately 20% less than what was generated during the 2017/18 financial year. This decline in cost recovery and or revenue generation may be attributed to the tight economic conditions experienced by the labour market in general.

1.2 ESSENTIAL SERVICES COMMITTEE

The ESC is a statutory committee established in terms of Section 70 of the LRA, and its main purpose is to designate essential and maintenance services, facilitate the conclusion of minimum service agreements, including the determination of minimums to be maintained in the event of no agreement being concluded by the parties. Other important functions of the ESC are to monitor the implementation and observance of essential services determinations, Minimum Services Agreements (MSA), Maintenance Service Agreements and Maintenance Service Determinations (MSD); promote effective dispute resolution in essential services; develop guidelines for the negotiation of MSA’s; decide, on its own initiative or at the reasonable request of any interested party, whether or not the whole or a part of any service is an essential service; manage its caseload; and appoint Panels to perform one or more functions set out in Section 70D of the LRA.

Against the above stated legislative prescripts, the ESC conducted two (2) self-initiated investigations during the 2018/19 financial year. In terms of Section 71 of the LRA, the ESC must give notice in the Government Gazette of any investigation that it is to conduct as to whether the whole or part of a service is an essential service. It is against this background that the ESC conducted investigations on five (5) Section 71 cases. Two (2) referrals were received in terms of section 75 with one (1) referral completed and one (1) pending. Furthermore, the ESC identified institutions providing essential services and engaged them with the aim to educate and facilitate the conclusion of MSAs and, as a result, 331 facilitations were conducted in different institutions. In terms of Section 72, the ESC promoted the conclusion of MSAs in sectors performing essential services. This is done with the view of balancing the right to strike with the need to ensure the delivery of essential services. Of the 11 referrals received by the ESC in terms of Section 73, 10 were completed during the financial year under review.

MSAs and MSDs were monitored at 10 institutions, to ensure compliance. The drive to promote knowledge and information about its mandate, the ESC, in partnership with the CCMA, conducted awareness campaigns, which targeted CCMA Users. Furthermore, engagements were also held across various Regions and Stakeholders. Stakeholder symposiums were held with the aim to address a lack of MSAs in public health due to the risk of increased unprotected industrial actions. The review of current determination was conducted in three (3) institutions with two (2) investigations concluded and one (1) still pending.

1.3. STRATEGIC OUTCOME ORIENTED GOALS

This section outlines the strategic outcome orientated goals of the CCMA, with their accompanying programmes, strategic objectives, key performance areas, indicators and targets, and also shows how they are aligned to the NDP 2030.

Table 4: Strategic Outcome Oriented Goal One (1)

STRATEGIC ORIENTATED GOAL ONE (1) Enhance and extend service delivery to transform workplace relations and advance development **GOAL STATEMENT** The CCMA will enhance and extend service delivery to transform workplace relations and advance development in the five (5) year period	
PROGRAMME 1: ADMINISTRATION	
PROGRAMME PURPOSE	To provide overall management of the CCMA system in accordance with the LRA, PFMA and other policies, applicable legislation, policies and framework
LINKED STRATEGIC OBJECTIVE	Strategic objective 3: Building Knowledge and skills and Strategic objective 4: Optimising the Organisation
STRATEGIC OBJECTIVE STATEMENT	The CCMA strives to contribute towards building knowledge and skills in the labour market through the development and delivery of capacity building initiatives aligned with the needs of the labour market, as well as professionalising the labour market
BASELINE	Seven (7) new capacity building programmes developed, aligned with the needs of the labour market, seventy-five percent (75%) compliance with the set standard for the delivery of the LDRP and continuous enhancing of best practice as a means to further professionalise the labour relations practice.
PROGRAMME 2: INSTITUTIONAL DEVELOPMENT	
PROGRAMME PURPOSE	To improve service delivery through capacity building
LINKED STRATEGIC OBJECTIVE	Strategic objective 2: Advancing good practices at work and transforming workplace relations
STRATEGIC OBJECTIVE STATEMENT	The CCMA will strive to advance good practices in workplaces and transform workplace relations by pro-actively facilitating improved Collective Bargaining, managing conflict in the workplace, and transforming workplace relations
BASELINE	Continuous improvements to collective bargaining processes, and predicting and managing conflict in the workplace and the transformation of workplace relations
PROGRAMME 3: SOCIAL SERVICES	
PROGRAMME PURPOSE	Provide services for conciliation of workplace disputes and arbitration of disputes that remain unresolved after conciliation to the public
LINKED STRATEGIC OBJECTIVE	Strategic objective 4: Optimising the Organisation
STRATEGIC OBJECTIVE STATEMENT	The CCMA will strive to enhance labour market stability and growth by providing thought leadership and facilitating social dialogue, advancing employment security, strengthening partnerships for better delivery, enhancing accessibility to services; and pro-actively responding to labour market developments
BASELINE	Between the 2015/16 and 2017/18 financial years, it is estimated that 14 thought leadership actions will be convened and social dialogue facilitated, and that on average, 35% of jobs will be saved as per jobs referred to the CCMA.

Table 5: Strategic Outcome Oriented Goal Two (2)

STRATEGIC ORIENTATED GOAL 2 Strive for organisational effectiveness GOAL STATEMENT The CCMA will strive for organisational effectiveness in the five (5) year period	
PROGRAMME 4: CORPORATE GOVERNANCE	
PROGRAMME PURPOSE	A Governing Body, which is appointed by the Minister of Labour (the Executive Authority) is appointed as the Accounting Authority of the CCMA. Its oversight functions are defined by the LRA, as well as other governance and compliance legislation
LINKED STRATEGIC OBJECTIVE	Strategic objective 4: Optimising the organisation
STRATEGIC OBJECTIVE STATEMENT	The CCMA will strive to optimise the organisation to support delivery of the strategy through embedding a culture that facilitates implementation of the new strategic direction, utilising resources optimally, and providing for continuous professional development aligned with the needs of the organisation and our people
BASELINE	Throughout all financial years, the CCMA strives for 100% implementation of its legislative mandate

1.4 OVERALL PERFORMANCE PER STRATEGIC OBJECTIVE

The tables that follow provide a detailed breakdown of performance per Programme and Strategic Objective for the 2018/19 financial year. Due to year on year changes of the performance indicators, direct year on year performance comparison is not possible, and as such, performance of prior years is not included in the CCMA's 2018/19 Annual Report.

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

Table 6: Performance of Strategic Objective 1: Enhancing Labour Market to Advance Stability and Growth Against Targets

KEY PERFORMANCE AREA	PERFORMANCE INDICATOR	PLANNED TARGET 2018/19	ACTUAL ACHIEVEMENT 2018/19	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2018/19	COMMENT ON DEVIATIONS
1.1 Provide thought leadership and facilitate social dialogue on strategic labour market issues	1.1.1 Number (#) of engagements convened with strategic labour market stakeholders to provide thought leadership and facilitate social dialogue on identified strategic labour market issues.	Three (3) engagements convened with strategic labour market stakeholders to provide thought leadership and facilitate social dialogue on identified strategic labour market issues.	Four (4) engagements with strategic labour market stakeholders to provide thought leadership and facilitate social dialogue on identified strategic labour market issues convened. Target achieved.	+ 1	Over-achievement on this target attributed to Management's decision to convene the Director's User forum on the Security Sector.
1.2 Deliver capacity building interventions to enhance the labour market	1.2.1 Number (#) of capacity building interventions on effective negotiation skills covering the COGP and the Accord on Collective Bargaining, Industrial Action and Picketing (the Accord) delivered to strategically identified Users.	24 capacity building interventions on effective negotiation skills covering the COGP and the Accord delivered to strategically identified Users.	32 capacity building interventions on effective negotiation skills covering the COGP and the Accord delivered to strategically identified Users. Target achieved.	+8	Over- achievement on this target is attributed to the high demand by Users for Capacity Building interventions.

Table 6: Performance of Strategic Objective 1: Enhancing Labour Market to Advance Stability and Growth Against Targets (continued)

KEY PERFORMANCE AREA	PERFORMANCE INDICATOR	PLANNED TARGET 2018/19	ACTUAL ACHIEVEMENT 2018/19	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2018/19	COMMENT ON DEVIATIONS
1.2 Deliver capacity building interventions to enhance the labour market (continued)	1.2.2 Number (#) of capacity building interventions covering the COGP and the Accord delivered to strategically identified Bargaining Councils and/ or Private Agencies.	Four (4) capacity building interventions covering the COGP and the Accord delivered to strategically identified Bargaining Councils and/ or Private Agencies.	Five (5) capacity building interventions covering the COGP and the Accord to the strategically identified Bargaining Council(s) and/or Private Agency(ies) delivered. Target achieved.	+ 1	Over-achievement on this target is attributed to a user request received from the SALGBC.
	1.2.3 Number (#) of advocacy campaigns covering the Minimum Wage, the COGP and the Accord delivered to strategically identified stakeholders.	One (1) advocacy campaign covering the Minimum Wage, the COGP and the Accord delivered to strategically identified stakeholders.	One (1) advocacy campaign covering the Minimum Wage, the COGP and the Accord delivered to strategically identified stakeholders. Target achieved.	N/A	None, the target was achieved as planned.
Advance employment security	1.3.1 Percentage (%) of jobs saved compared to employees likely to be retrenched (as per cases referred to the CCMA).	35% of jobs saved compared to employees likely to be retrenched (as per cases referred to the CCMA).	41% (15787/38588) of jobs saved compared to employees likely to be retrenched (as per cases referred to the CCMA). Target achieved.	+ 6%	Over achievement on this target is attributed to facilitators and parties commitment to saving jobs.

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

No under-performance was registered for this strategic objective.

CHANGES TO PLANNED TARGETS

There were no in-year changes to planned target.

LINKING PERFORMANCE WITH BUDGETS

Table 7: Linking performance with budgets (Strategic Objective 1: Enhancing labour market to advance stability and growth)

STRATEGIC OBJECTIVE	2018/19			2017/18		
	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000
Strategic Objective 1	12 451	11 274	1 177	11 869	11 103	766
Total	**12 451**	**11 274**	**1 177**	**11 869**	**11 103**	**766**

Whilst the targets did not change during the financial year, the budget was adjusted during the mid-term budget cycle. The budget increased as a result of the roll –over of the prior year's cash surplus.

1.4.2. STRATEGIC OBJECTIVE 2: ADVANCING GOOD PRACTICES AT WORK AND TRANSFORMING WORKPLACE RELATIONS

Table 8: Performance of Strategic Objective 2: Advancing Good Practices at Work and Transforming Workplace Relations Against Targets

KEY PERFORMANCE AREA	PERFORMANCE INDICATOR	PLANNED TARGET 2018/19	ACTUAL ACHIEVEMENT 2018/19	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2018/19	COMMENT ON DEVIATIONS
2.1 Proactively facilitate improved Collective Bargaining	2.1.1 Number (#) of Collective Bargaining Pre-Bargaining Conferences conducted for strategically identified Users.	Two (2) Collective Bargaining Pre-Bargaining Conferences conducted for strategically identified Users.	Four (4) Collective Bargaining Pre-Bargaining Conferences conducted for strategically identified Users. Target achieved.	+ 2	Over-achievement on this target is attributed to proactive labour market monitoring, promotions and stakeholder uptake and confidence in CCMA services.
	2.1.2 Number (#) of workplace participatory structures facilitated in strategically identified entities.	One (1) workplace participatory structure facilitated in a strategically identified entity.	One (1) workplace participatory structure facilitated in a strategically identified entity. Target achieved.	N/A	None, the target was achieved as planned.
	2.1.3 Number (#) of Collective Bargaining Support Processes conducted for strategically identified Users.	Five (5) Collective Bargaining Support Processes conducted for strategically identified Users.	13 Collective Bargaining Support Processes conducted for strategically identified Users. Target achieved.	+ 8	Over-achievement on this target is attributed to proactive labour market monitoring, guidance, support and stakeholder uptake and confidence in CCMA services.
2.1 Proactively facilitate improved Collective Bargaining (continued)	2.1.4 Number (#) of strategically identified Users subjected to the workplace mediation model.	One (1) strategically identified User subjected to the workplace mediation model.	Two (2) strategically identified Users subjected to the workplace mediation model. Target achieved.	+ 1	Over-achievement is attributed to proactive labour market monitoring, support and stakeholder uptake and confidence in CCMA services.
2.2 Transform workplace relations	2.2.1 Number (#) of transformation of workplace relations projects delivered for strategically identified Users.	Four (4) transformation of workplace relations projects delivered for strategically identified Users.	Four (4) transformation of workplace relations projects delivered for strategically identified Users. Target achieved.	N/A	None, the target was achieved as planned.

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

No under–performance was registered for this strategic objective.

CHANGES TO PLANNED TARGETS

There were no in-year changes to planned targets.

LINKING PERFORMANCE WITH BUDGETS

Table 9: Linking Performance with Budget (Strategic Objective 2: Advancing Good Practices at Work and Transforming Workplace Relations)

STRATEGIC OBJECTIVE	2018/19			2017/18		
	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000
Strategic Objective 2	15 448	8 232	7 216	10 627	7 719	2 908
Total	**15 448**	**8 232**	**7 216**	**10 627**	**7 719**	**2 908**

1.4.3. STRATEGIC OBJECTIVE 3: BUILDING KNOWLEDGE AND SKILLS

Table 10: Performance of Strategic Objective 3: Building Knowledge and Skills Against Targets

KEY PERFORMANCE AREA	PERFORMANCE INDICATOR	PLANNED TARGET 2018/19	ACTUAL ACHIEVEMENT 2018/19	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2018/19	COMMENT ON DEVIATIONS
3.1 Develop and deliver capacity building programmes for Users aligned with the needs of the labour market.	3.1.1 Number (#) of capacity building interventions aligned with the needs of the labour market delivered to Users.	96 capacity building interventions aligned with the needs of the labour market delivered to Users.	102 capacity building interventions aligned with the needs of the labour market delivered to Users. Target achieved.	+ 6	Over-achievement on this target is attributed to high demand for these interventions in the labour market.

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

No under–performance was registered for this strategic objective.

CHANGES TO PLANNED TARGETS

There were no in-year changes to planned targets.

LINKING PERFORMANCE WITH BUDGETS

Table 11: Linking Performance with Budget (Strategic Objective 3: Building Knowledge and Skills)

STRATEGIC OBJECTIVE	2018/19			2017/18		
	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000
Strategic Objective 3	22 631	24 008	(1 377)	17 585	13 840	3 745
Total	**22 631**	**24 008**	**(1 377)**	**17 585**	**13 840**	**3 745**

1.4.4 STRATEGIC OBJECTIVE 4: OPTIMISING THE ORGANISATION

Table 12: Performance of Strategic Objective 4: Optimisng the Organisation Against Targets

KEY PERFORMANCE AREA	PERFORMANCE INDICATOR	PLANNED TARGET 2018/19	ACTUAL ACHIEVEMENT 2018/19	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2018/19	COMMENT ON DEVIATIONS
4.1 Effectively and efficiently implement the legislative mandate of the CCMA.	4.1.1 Percentage (%) of all registered cases' first event heard within 30 days (excluding agreed extensions).	98% of all registered cases' first event heard within 30 days (excluding agreed extensions).	88% (136 857 / 155 351) of all registered cases' first event heard within 30 days (excluding agreed extensions). Target not achieved.	-10%	Non-performance on this target is attributed to the fact that the CMS has limited capability to extract and populate the number of conciliations sat down to be heard at first event within 30 days.

Table 12: Performance of Strategic Objective 4: Optimisng the Organisation Against Targets (continued)

KEY PERFORMANCE AREA	PERFORMANCE INDICATOR	PLANNED TARGET 2018/19	ACTUAL ACHIEVEMENT 2018/19	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2018/19	COMMENT ON DEVIATIONS
4.1 Effectively and efficiently implement the legislative mandate of the CCMA	4.1.2 Percentage (%) of arbitration awards sent to parties by the 14th day after completion of the arbitration process.	98% of arbitration awards sent to parties by the 14th day after completion of the arbitration process.	99.69% (16 669 / 16 720) of arbitration awards sent to parties by the 14th day after completion of the arbitration process. Target achieved.	+1.69%	Over-achievement on this target is attributed to the controls that has been put in place on the heads of argument as well as a result of the submission of arbitration of awards were streamlined.
	4.1.3 Number (#) of self-initiated cases conducted in order to determine whether or not the whole or a part of any service is an essential service.	Two (2) self-initiated cases conducted in order to determine whether or not the whole or a part of any service is an essential service.	Two (2) self-initiated cases conducted in order to determine whether or not the whole or a part of any service is an essential service.	N/A	None, this target was achieved as planned.
	4.1.4 Percentage (%) of Section 71 cases investigated (as and when referred).	100% of Section 71 cases investigated (as and when referred).	100% of Section 71 cases investigated (as and when referred). Target achieved.	N/A	None, the target was achieved as planned.
	4.1.5 Number (#) of Essential Service Designations (ESDs), Minimum Service Agreements (MSAs), Minimum Service Determinations (MSDs) and/or Maintenance Service Determinations monitored for compliance and observance.	10 ESDs, MSAs, MSDs and/or Maintenance Service Determinations monitored for compliance and observance.	Compliance and observance of 10 ESDs, MSAs, MSDs and/or Maintenance Service Determinations monitored for compliance. Target achieved.	N/A	None, the target was achieved as planned.
4.2 Enhance policies, systems and processes to ensure sound, governance, compliance and risk management	4.2.1 Percentage (%) of the 2018/19 Risk Management Implementation Plan executed in order to increase the organisation's risk maturity level.	100% of the 2018/19 Risk Management Implementation Plan executed in order to increase the organisation's risk maturity level.	123% (122/99) of the 2018/19 Risk Management Implementation Plan executed in order to increase the organisation's risk maturity level. Target achieved.	+23	Over-achievement on this target is attributed to pilot projects, risk unpredictable testing and ad hoc assessment requests.
	4.2.2 Matured compliance maturity (level 4) attained.	Matured compliance maturity (level 4) attained.	Matured compliance maturity (level 4) attained. Target achieved.	N/A	None, the target was achieved as planned.
4.3 Provide for Continuous Professional Development aligned with the needs of the organisation and our people	4.3.1 Number (#) of training interventions delivered to capacitate the workforce for efficient and effective delivery of the CCMA mandate.	43 training interventions delivered to capacitate the workforce for efficient and effective delivery of the CCMA mandate.	60 training interventions delivered to capacitate the workforce for efficient and effective delivery of the CCMA mandate. Target achieved.	+17	Over-achievement on this target is attributed to the need to ensure that the training needs of Commissioners and staff are addressed. During the 2018/19 financial year, there was an urgent need to train Commissioners on the NMWA, Employment Law Amendments, and the amendments to the CCMA Rules and referral forms.

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

The technical indicator has been amended in the 2019/20 APP to reflect all cases activated for conciliation (concilable cases) at first event within 30 days of the date of receipt of the referral (This excludes agreed extensions). A data string introducing statistics in respect of the number of concilable cases has been developed on the CMS to improve the efficiency and accuracy of measurement of this target and has resulted in significant improvement.

CHANGES TO PLANNED TARGETS

There were no in-year changes to planned targets.

LINKING PERFORMANCE WITH BUDGETS

Table 13: Linking Performance with Budget (Strategic Objective 4: Optimising the Organisation)

STRATEGIC OBJECTIVE	2018/19			2017/18		
	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000
Strategic Objective 4	995 030	944 135	50 895	871 806	829 164	42 642
Total	**995 030**	**944 135**	**50 895**	**871 806**	**829 164**	**42 642**

1.5 ORGANISATIONAL ENVIRONMENT

The key challenge that has affected the execution of strategy has been the limited financial resources which have been disproportional to the increasing case load and expanded mandates of the CCMA. This has had a negative effect on the sourcing of core talent. Furthermore, the vacancy rate remained a challenge mainly due to the limited budget. Competition for skills remains a potential threat, however, the CCMA's established partnerships provide for platforms to attract skills. An analysis of operations of the CCMA resulted in the realignment of the macrostructure.

1.6 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

As already discussed, the NMWA and the ELA were enacted by the President of South Africa, on 1 January 2019. This expanded the jurisdiction of the CCMA. In preparation for the enactment, the CCMA embarked on a process of assessing the envisaged impact of the NMWA and the ELA on the CCMA, its caseload and processes. Strategic and operational response strategies were developed and implemented.

2. REVENUE COLLECTION

The main source of revenue for the CCMA is the government grant which was R966 million for the 2018/19 financial year, an increase from the R867 million of the 2017/18 financial year. Other revenue was generated from the rendering of services and from investment income. An additional grant transfer of R2.8 million was received during the 2018/19 financial year for the implementation of the NMWA and the ELA.

Investment income ove-collection during the 2018/19 financial year was mainly due to the lower forecasting of interest earnings which are dependent on market performance. The under collection of revenue from rendering services was mainly due to low demand for services from the public.

Table 14: Revenue Collection for the 2018/19 financial year

SOURCES OF REVENUE	2018/19			2017/18		
	ESTIMATE R'000	ACTUAL AMOUNT COLLECTED R'000	(OVER)/UNDER COLLECTION R'000	ESTIMATE R'000	ACTUAL AMOUNT COLLECTED R'000	(OVER)/UNDER COLLECTION R'000
Government Grant	963 066	965 905	(2 839)	864 090	867 173	(3 083)
Rendering Of Services	6 101	5 715	386	6 877	6 290	587
Other Income	-	283	(283)	-	176	(176)
Investment Income	11 364	14 762	(3 398)	10 205	11 763	(1 558)
Total	**980 531**	**986 665**	**(6 134)**	**881 172**	**885 402**	**(4 230)**

3. CAPITAL INVESTMENT

Assets procured mainly included computer equipment, computer software and furniture. Additional funding was received during the 2018/19 financial year to procure the recording system used in CCMA proceedings in line with Rule 36 of the CCMA Rules. The procurement process was completed and the recording system will be rolled out to various Regions during the 2019/20 financial year. The non-current assets holding of the organisation has decreased in net book value.

Asset verifications were conducted on an ongoing basis throughout the financial year and concluded at year end. The reconciliation between the Asset Register and the general ledger was prepared at year end and necessary adjustments were effected. The above measures have assisted in ensuring that the organisation's asset register is up to date for the period under review. During the verification process, the conditions and useful life of assets were assessed.

Table 15: Fixed Asset Holdings for the 2018/19 financial year

ASSET CLASS	OPENING BALANCE R	ADDITIONS R	DISPOSALS R	TRANSFERS R	OTHER CHANGES, MOVEMENTS R	DEPRECIATION R	TOTAL R
Furniture & Fixtures	6 103 231	3 442 039	-20 244	3 990 812	-18 886	-5 263 399	8 233 553
Computer Software	8 289 066	3 106 110	-	25 287	-72819	-4 885 359	6 462 285
IT Equipment	19 605 810	3 659 877	-57 054	789 080	3 150	-11 485 050	12 515 813
Leasehold Improvement	2 023 082	134 201	-4 224	84 221	74 464	-1 092 999	1 218 745
Motor Vehicle	492 878	-	-	-	-3 602	-182 031	307 245
Office Equipment	1 268 823	586 834	-4 592	361 359	-37 197	-842 221	1 333 006
Leased Motor Vehicle	224 959	-	-	-	-4	-178 834	46 121
Leased Office Equipment	6 635 422	313 250	-	-	-176 001	-3 347 465	3 425 206
Low Valued Assets	5 245 406	-	-	-5 250 759	3 673	-	-1 680
TOTAL	**49 888 677**	**11 242 311**	**-86 114**	**0**	**-227 222**	**-27 277 358**	**33 540 294**

Table 16 below summarises the financial health of the entity which shows a sound financial state for the past five (5) years.

Table 16: Five (5) year review of financial health

ITEM	2014/15 R'000	2015/16 R'000	2016/17 R'000	2017/18 R'000	2018/19 R'000
Grant Income and Services Rendered	690 372	737 918	796 899	885 402	986 665
Accumulated Surplus	77 702	55 121	55 826	80 198	90 457
Interest Received	14 482	16 560	17 664	11 763	14 762
Investments and Cash	94 167	90 182	89 218	141 161	180 289
Current Ratio	1.25	1.31	1.31	1.30	1.49

PART C
GOVERNANCE

1. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. The fifth strategic priority of the CCMA is that of good governance, with the CCMA striving for maximum compliance to prescripts and best practice to improve business processes. The Portfolio Committee on Labour, the Ministry of Labour, the Executive Authority and the Governing Body, as the Accounting Authority, are responsible for exercising oversight over the CCMA to ensure adherence to principles of good governance.

2. THE PORTFOLIO COMMITTEE ON LABOUR

The CCMA appeared before the Portfolio Committee on Labour as follows during the reporting period: 25 April 2018 (to table the 2018/19 APP and Budget), 28 August 2018 (to table the 2017/18 fourth quarter performance report), 12 September 2018 (to table the 2017/18 Annual Report), 5 December 2018 (to table the 2018/19 first quarter performance report), and 13 February 2019 (to table the 2018/19 bi-annual performance reports) and to discuss the way forward on Employment Law Amendments and the NMWA.

3. THE EXECUTIVE AUTHORITY

The PFMA, Treasury Regulation 26.1 and Section 4.4 of the Framework of Strategic Plans and APPs, issued by the National Treasury, prescribe that the Accounting Authority is to submit Quarterly Performance Reports to the Executive Authority, within 30 days after the end of each quarter, with particular reference to monitoring delivery against quarterly performance targets.

During the 2018/19 financial year, the CCMA was fully compliant with the above - mentioned statutory reporting requirement. The CCMA's quarterly Integrated Performance and Compliance Reports, which outline the CCMA's performance against the 2018/19 APP, the CCMA's financial performance and position, as well as the state of the CCMA's governance environment, including compliance and risk management, were prepared, approved by the Governing Body and submitted to the Ministry of Labour as follows: 27 July 2018 (2018/19 first quarter reporting), 29 October 2018 (2018/19 second quarter reporting), and 30 January 2019 (2018/19 third quarter reporting).

4. THE ACCOUNTING AUTHORITY

Section 116 of the LRA establishes the Governing Body. The Governing Body of the CCMA comprises non-executive independent members, appointed by the Minister of Labour, through the NEDLAC, for a period of three (3) years, effective from 01 November 2017. In terms of the PFMA, the Governing Body is the Accounting Authority of the CCMA, with the primary responsibility of governing the CCMA.

The Governing Body plays a crucial oversight role over the affairs and management of the CCMA, to ensure that the CCMA's business is carried out in a manner which subscribes to the principles of good governance. To prevent governance failure, the Governing Body subscribed to, and is committed to, complying with the principles of good corporate governance outlined in the King IV Report on Corporate Governances, in order to achieve the related governance outcomes. During the reporting period, in discharging its fiduciary duties, providing ethical leadership, strategic and policy direction, the Governing Body executed 100% of its roles and responsibilities as per the 2018/19 Governing Body Work Plan.

The Governing Body has established Committees in terms of Section 121 (1) of the LRA to assist it to execute its mandate. The following are the established and functioning Governing Body Committees:

a) Accreditation and Subsidy Committee (ASC): Advises the Governing Body on and exercises oversight on the accreditation and payment of subsidies to Bargaining Councils and Agencies, as provided for in Section 127 to 132 of the LRA.

b) Audit and Risk Committee (ARC): Assists the Governing Body by exercising oversight responsibility over the integrity of the CCMA's financial statements, the extent of compliance with legal and policy requirements, the system of internal control and risk management, the adequacy of the Internal Audit function and external auditors, the performance of management in terms of the strategic plans and APP, ICT and any other matter related to its mandate referred to it by the Governing Body.

c) Governance, Social and Ethics Committee (GSEC): Assists the Governing Body in discharging its responsibility of governance, transformation, organisational sustainability, ethics, stakeholder management and good corporate citizenship.

d) Human Resources Committee (HRC): Advises and exercises oversight responsibility over the human resources management function of the CCMA, and makes recommendations to the Governing Body on the organisation's Human Resources Strategy and its implementation. The HRC also performs the functions of the Remuneration Committee for the CCMA.

e) Procurement Committee (PC): Considers and approves procurement for goods and services above the R3 million threshold.

During the 2018/19 financial year, the Governing Body and all Committees operated against approved Charters and Work Plans. Approved Corporate Governance Framework, and Code of Conduct for the Governing Body and its Committees supported the work of the governance structures. Compliance with governance documents was achieved during the reporting period.

5. GOVERNING BODY AND COMMITTEE MEMBERSHIP AND MEETING ATTENDANCE

5.1. GOVERNING BODY

During the 2018/19 financial year, the number of Governing Body meetings were as follows:

Table 17: Number of 2018/19 Governing Body meetings convened

TYPE OF MEETINGS	NUMBER OF MEETINGS
Ordinary Meetings	4
Special Meetings	5
Total	**9**

Table 18 outlines the Membership of the CCMA's Governing Body during the reporting period, as well as their qualifications, areas of expertise and directorships:

Table 18: Governing Body Membership for the 2018/19 financial year

GOVERNING BODY								
NAME	DESIGNATION	DATE APPOINTED	DATE RESIGNED/ END OF TERM	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	CCMA COMMITTEE MEMBERSHIP	NO. OF MEETINGS ATTENDED
Makhulu Ledwaba	Chairperson	01 May 2017	N/A	• Post Graduate Diploma in Industrial Relations • Post Graduate Diploma in Strategic Management.	• Labour Relations	• Ndalama	• GSEC	8
Sifiso Lukhele	Member	01 November 2017	N/A	• Bachelor of Arts in Law • Bachelor of Law	• Employment Law • Human Resources Management • Employee Wellbeing • Negotiations	• None	• HRC • PC	8
Lucio Trentini	Member	01 November 2017	N/A	• Bachelor of Arts in Economic History and Industrial Psychology; • Post Graduate Diploma in Management	• Collective Bargaining • Industrial Relations	• Steel and Engineering Industries Federation of Southern Africa (SEIFSA) • Metal Industries Benefit Funds Administrators	• ASC	4
Kaizer Moyane	Member	01 November 2017	N/A	• Bachelor of Arts • Bachelor of Law	• Labour Relations • Employment Law	• Sygnia Ltd • NEDLAC	• GSEC • ARC	8
Aggy Moiloa	Member	01 November 2017	N/A	• Bachelor of Arts in Education • Bachelor of Arts • Honours in Applied Psychology • Masters in Public and Development Management • National Diploma in Educational Psychology	• Employment Law • Labour Law • Labour inspections • Labour Enforcement	• None	• ARC	3

Table 18: Governing Body Membership for the 2018/19 financial year (continued)

GOVERNING BODY								
NAME	DESIGNATION	DATE APPOINTED	DATE RESIGNED/ END OF TERM	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	CCMA COMMITTEE MEMBERSHIP	NO. OF MEETINGS ATTENDED
Virgil Seafield	Member	01 November 2017	N/A	• Bachelor of Arts; Bachelor of Education • Masters in Business Administration	• Labour Policy Development • Labour Relations	• None	• GSEC • PC	6
Ntsoaki Mamashela	Member	01 November 2017	N/A	• Bachelor of Arts • Advanced Labour Law Programme • Masters in Labour Law • Executive Leadership Development Programme	• Labour Relations • Employment Equity • Policy Development • Research and Legal Drafting.	• None	• ASC • HRC	8
Narius Moloto	Member	01 November 2017	N/A	• Labour Relations	• Labour Market • Labour Relations	• Building Industry Invest • The Amber Cascades Trading • Big Sky Trading 249.	• ARC • ASC	6
Bheki Ntshalintshali	Member	01 November 2017	N/A	• Labour Relations	• Labour Relations	• Employment Services Board; Naledi; and NEDLAC	• HRC • PC	7
Geoffrey Esitang	Member	01 November 2017	N/A	• Bachelor of Arts, Master of Laws • Doctors of Law.	• Employee Relations • Labour Relations	• None	• GSEC	5
Cameron Sello Morajane	*Ex officio* Member	1 April 2016	N/A	• B Juris • Bachelor of Law • Masters of Law • Post Graduate Diploma in Alternative Dispute Resolution • Post Graduate Diploma in Corporate Law	• Labour Relations • Employment Law	• None	• GSEC • ASC • ARC • HRC • PC.	7

5.2. ARC

During the 2018/19 financial year, the number of ARC meetings were as follows:

Table 19: Number of 2018/19 ARC meetings convened

TYPE OF MEETINGS	NUMBER OF MEETINGS
Ordinary Meetings	4
Special Meetings	7
Total	**11**

Table 20 outlines the ARC's Membership for the reporting period, as well as their qualifications, areas of expertise and directorships.

The composition of the ARC, Members' qualifications, areas of expertise, and meeting attendance for the 2018/19 financial year is tabulated as follows:

Table 20: ARC Membership for the 2018/19 Financial Year

AUDIT AND RISK COMMITTEE								
NAME	DESIGNATION	DATE APPOINTED	DATE RESIGNED/ END OF TERM	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	CCMA COMMITTEE MEMBERSHIP	NO. OF MEETINGS ATTENDED
Velile Pangwa	Chairperson	01 April 2018	N/A	• Bachelor of Commerce • Honours in Accounting • CA(SA)	• Accounting • Auditing	• ANF INC • CA(SA)	• N/A	11
Ramona Clark	Member	01 April 2018	N/A	• Bachelor of Commerce • Honours in Accountancy • CA(SA)	• Accounting • Auditing • Taxation	• Clark and Associates	• N/A	10
Charles Motau	Member	01 April 2018	N/A	• Bachelor of Commerce Degree • Higher Diploma in Computer Auditing • Certificate in Information Technology Projects Management • Certificate in Executive Leadership • Certificate in Human Resource Management • Master in Business Leadership • Master in Information Technology.	• ICT • Governance • Business Continuity Management systems	• Motau Consulting (Pty) Ltd	• N/A	10
Sandra Dimakatso Mahlalela	Member	01 August 2018 [1]	N/A	• National Diploma: Internal Auditing • B Tech Degree: Internal Auditing, • Advanced Certificate in Risk Management • Diploma in Risk Management • Post Graduate Diploma in Business Management • Master's Degree in Business Administration	• Risk Management	• Dimakatso Business Solution	• N/A	4
Kaizer Moyane	Member	01 April 2018	N/A	• Bachelor of Arts; • Bachelor of Law	• Labour Relations • Employment Law	• Sygnia Ltd • NEDLAC.	• GSEC.	8
Aggy Moiloa	Member	01 April 2018	N/A	• Bachelor of Arts in Education • Bachelor of Arts with Honours in Applied Psychology • Masters in Public and Development Management. • National Diploma in Educational Psychology	• Employment Law • Labour Law • Inspections • Enforcement	• None	• ARC.	2
Narius Moloto	Member	01 April 2018	N/A	• Labour Relations	• Labour Market • Labour Relations	• Building Industry Invest • The Amber Cascades Trading; • Big Sky Trading 249.	• ASC	9
Cameron Sello Morajane	Ex-officio Member.	01 April 2018	N/A	• B Juris • Bachelor of Law • Masters of Law • Post Graduate Diploma in Alternative Dispute Resolution • Post Graduate Diploma in Corporate Law	• Labour Relations	• None	• GSEC • ASC • ARC • HRC • PC.	9

1 Ms Mahlalela was only appointed on 01 August 2018 as a Member of the ARC.

5.3. ASC

During the 2018/19 financial year, the number of ASC meetings were as follows:

Table 21: Number of 2018/19 ASC meetings convened

TYPE OF MEETINGS	NUMBER OF MEETINGS
Ordinary Meetings	4
Special Meetings	2
Total	**6**

The composition of the ASC and meeting attendance for the 2018/19 financial year is outlined in Table 22:

Table 22: ASC Membership for the 2018/19 financial year

NAME	DESIGNATION	NO. OF MEETINGS ATTENDED
Ntsoaki Mamashela	Chairperson	6
Lucio Trentini	Member	5
Narius Moloto	Member	5
Cameron Sello Morajane	Ex-officio Member	6

5.4. HRC

During the 2018/19 financial year, the number of HRC meetings were as follows:

Table 23: Number of 2018/19 HRC meetings convened

TYPE OF MEETINGS	NUMBER OF MEETINGS
Ordinary Meetings	4
Special Meetings	4
Total	**8**

The composition of the HRC and meeting attendance for the 2018/19 financial year is outlined in Table 24:

Table 24: HRC Membership for the 2018/19 financial year

NAME	DESIGNATION	NO. OF MEETINGS ATTENDED
Sifiso Lukhele	Chairperson	7
Ntsoaki Mamashela	Member	8
Bheki Ntshalintshali	Member	7
Cameron Sello Morajane	Ex-officio Member	7

5.5. GSEC

During the 2018/19 financial year, the number of GSEC meetings were as follows:

Table 25: Number of 2018/19 GSEC meetings convened

TYPE OF MEETINGS	NUMBER OF MEETINGS
Ordinary Meetings	4
Special Meetings	2
Total	**6**

The composition of the GSEC and meeting attendance for the 2018/19 financial year is outlined by Table 26:

Table 26: GSEC Membership for the 2018/19 financial year

NAME	DESIGNATION	NO. OF MEETINGS ATTENDED
Kaizer Moyane	Chairperson[2]	6
Makhulu Ledwaba	Member[3]	6
Geoffrey Esitang	Member	5
Virgil Seafield	Member	3
Cameron Sello Morajane	Ex-officio Member	5

5.6. PC

During the 2018/19 financial year, the number of PC meetings were as follows:

Table 27: Number of 2018/19 PC meetings convened

TYPE OF MEETINGS	NUMBER OF MEETINGS
Ordinary Meetings	5
Total	**5**

The composition of the PC and meeting attendance for the 2018/19 financial year is outlined by Table 28:

Table 28: PC Membership for the 2018/19 financial year

NAME	DESIGNATION	NO. OF MEETINGS ATTENDED
Bheki Ntshalintshali	Chairperson	5
Scott Mphuthi	Member	3
Sifiso Lukhele	Member	5
Virgil Seafield	Member	2
Cameron Sello Morajane	Ex-officio Member	2

6. REMUNERATION OF GOVERNING BODY AND COMMITTEE MEMBERS

The Governing Body and its Committees 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 and other re-imbursements in addition to the approved daily fee, as per the CCMA Policy on Financial Management. Representatives from government are not entitled to such remuneration and were thus not paid remuneration specific to their Governing Body functions. The remuneration of the Governing Body and Committee Members for the 2018/19 financial year is outlined in Table 29 on the following page.

2 Mr Moyane was appointed Chairperson from 12 November 2018 to 31 March 2019

3 Mr Ledwaba was GSEC Chairperson from 1 April to 31 October 2018

Table 29: Remuneration of the Governing Body and Committee Members for the 2018/19 financial year

NAME	REMUNERATION R'000	OTHER ALLOWANCE R'000	OTHER RE-IMBURSEMENTS R'000	TOTAL R'000
Makhulu Ledwaba	192	None	3	195
Sifiso Lukhele	305	None	7	312
Lucio Trentini	111	None	2	113
Kaizer Moyane	188	None	4	192
Narius Moloto	183	None	4	187
Bheki Ntshalintshali	214	None	5	219
Geoffrey Esitang	83	None	5	88
Ntsoaki Mamashela[4]	N/A	None	N/A	N/A
Aggy Moiloa[4]	N/A	None	N/A	N/A
Virgil Seafield[4]	N/A	None	N/A	N/A
Velile Pangwa	171	None	5	176
Ramona Clark	122	None	4	126
Charles Motau	130	None	5	135
Sandra Dimakatso Mahlalela[4]	N/A	None	3	3

7. THE ESC COMMITTEE

During the 2018/19 financial year, the number of ESC meetings were as follows:

Table 30: Number of 2018/19 ESC meetings convened

TYPE OF MEETINGS	NUMBER OF MEETINGS
Ordinary Meetings	4
Special Meetings	1
Total	**5**

Table 30 outlines the Membership of the ESC during the reporting period, as well as their qualifications, areas of expertise and directorships, for the period under review:

Table 31: ESC Membership for the 2018/19 financial year

COMPOSITION OF THE ESC							
NAME	DESIGNATION	DATE APPOINTED	DATE RESIGNED/ END OF TERM	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	NO. OF MEETINGS ATTENDED
Luvuyo Bono	Chairperson	01 July 2018	N/A	• B. Juris • LLB • LLM	• Labour Law • Corporate Governance	• National Examination in Information and Communication Technologies (NEICT) • Education Labour Relations Council (ELRC)	5
Joyce Nkopane	Deputy Chairperson – Senior CCMA Commissioner	01 July 2018	N/A	• B. Proc • LLB • Higher Diploma in Corporate Law	• Labour Law	• Mbileni Tohlang – Nkopane Inc. • Senior Commissioner of the CCMA	5

4 Members are public officials appointed in terms of Public Service Act and hence has not been remunerated for participating in meetings.

NAME	DESIGNATION	DATE APPOINTED	DATE RESIGNED/ END OF TERM	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	NO. OF MEETINGS ATTENDED
Zwe Ndlala	Local Government	01 July 2018	N/A	• BA Honours Industrial Psychology • BA Law • Management Advancement Programme (MAP) • Higher Diploma: Industrial Relations	• Labour Law	• Registered Psychometrist • Registered Member of SA Board For People Practices (SABPP) • Qualified Director and Member of IoDSA • Member of BMF • South African Local Government Bargaining Council (SALGBC)	2
Makhubalo Ndaba	Labour	01 July 2018	N/A	• B Juris • LLB • LLM Employment Law	• Labour Law	• Advocate of the High Court of South Africa • Company Secretary • Public Officer: • Financial Services Board • Police and Prisons Civil Rights Union (POPCRU)	3
Annelie Gildenhuys	Business	01 July 2018	N/A	• PhD. Industrial Sociology M.A. Industrial Sociology • BA Hons Industrial Sociology BA	• Accredited Commercial Mediator	• Commissioner of the Employment Equity Commission	3
Clement Marule	Labour	01 July 2018	N/A	• Labour Law Certificate • Negotiation Skills for the World of Work (ILO) • Post Graduate Diploma: Labour Law • Certificate: Labour Relations Management • Certificate: Human Resource Management	• Collective Bargaining and Negotiations • Dispute Management	• Union Provincial Executive Committee and Central Executive Committee	3
Nomazotsho Memani	National and Provincial Government	01 April 2018	N/A	• BA LLB	• Human Rights Law • Labour law	• N/A	5
Aruna Ranchod	Business	01 April 2018	N/A	• BA Law	• Law • Labour Relations	• N/A	5

Members of the ESC were remunerated as follows during the 2018/19 financial year.

Table 32: Remuneration of the ESC Members for the 2018/19 financial year

NAME	REMUNERATION R'000	OTHER ALLOWANCE R'000	OTHER RE-IMBURSEMENTS R'000	TOTAL AMOUNT OF CASES AND MEETINGS R'000
Luvuyo Bono	1004	18	19	1041
Joyce Nkopane	755	12	10	777
Zwe Ndlala	121	-	1	122
Makhubalo Ndaba	139	-	2	141
Annelie Gildenhuys	107	-	6	113
Clement Marule	158	-	6	164
Nomazotsho Memani	323	-	5	328
Aruna Ranchod	351	-	22	373

8. RISK MANAGEMENT

In compliance with Section 51(1) of the PFMA, the CCMA has and maintains an effective, efficient and transparent system of financial, risk management and internal controls.

The CCMA has adopted the Enterprise Risk Management (ERM) as an essential part of effective Corporate Governance, appreciating that the CCMA has the responsibility to ensure that it implements a risk-based approach in the execution of daily business activities. The CCMA's ERM Function is aligned to the National Treasury's Public Sector Risk Management Framework, with all ERM activities executed during the reporting period undertaken in line with the approved Risk Management Policy and the 2018/19 Risk Management Strategy and Implementation Plan, with a total of 122 activities delivered.

As part of implementing the 2018/19 Risk Management Strategy and Implementation Plan, the CCMA conducted regular risk assessments to determine the effectiveness of the CCMA ERM initiatives. The 2018/19 Strategic Risk Register was also monitored, and as at the end of the 2018/19 financial year, the CCMA's risk profile registered a 68% achievement rate, with 60 of the 88 actions plans identified implemented during the financial year. This is an improvement when compared to the previous financial year. Furthermore, each Department and Region developed and maintained their respective Operational Risk Registers, which outlined the identified operational risks and the accompanying response strategies to address the risks. Emerging risks were also identified on an ongoing basis, with mitigating responses also developed. The CCMA also implemented 100% of the 2018/19 Business Continuity Management (BCM) Implementation Plan, the result being the development of a BCM Strategy, BCM RoadMap and Business Continuity Plans (BCPs).

The Operational and Executive Risk Management Committees were functional during the 2018/19 financial year, and met regularly. The mandates of these Committees are to assist the ARC in discharging its oversight responsibility over the adequacy of the CCMA's ERM Function.

The ARC provides an oversight function over the CCMA's ERM Function, with the ERM Function reporting quarterly to the ARC on all its activities and its functionality, including the risk maturity of the organisation. The ARC also advises the CCMA on risk management, independently monitors the ERM's effectiveness, exercises stringent oversight over the CCMA's ERM risk profile, and monitors the Risk Appetite and Tolerance (RAT) levels set by the Governing Body.

The CCMA is subjected to the National Treasury Financial Management Capability Maturity Model to assess the organisation's risk management maturity level. For the 2018/19 financial year, the CCMA was awarded a level 5.00 risk maturity level rating, meaning that the CCMA has an optimised risk maturity level.

9. INTERNAL CONTROL

In line with the PFMA and the King IV Report on Corporate Governance requirements, assurance providers provide the Governing Body, the ARC and Management with assurance that the internal controls are adequate and effective. This is achieved by means of risk management processes, the identification of corrective actions and suggested enhancements to internal controls to reduce the risks to an acceptable level. The combined assurance model also played a significant role in ensuring that assurance coverage is widened.

From the various reports of the Internal Audit Department, the AGSA and the ERM, there are still some areas within the CCMA which still require improvement in order to enhance the internal control environment of the CCMA.

10. COMPLIANCE WITH LAWS AND REGULATIONS

The CCMA is committed to a philosophy of Integrated Compliance Risk Management (CRM), as a core managerial capability, which is aligned to the principles of the King Report, the standards set by the Compliance Institute of South Africa and the legislative requirements of the PFMA. During the 2017/18 financial year, the CCMA established its Compliance Management Function (CMF). The Compliance Management Plan and Compliance Roadmap, which outlined five (5) maturity levels and key activities and initiatives that will allow the organisation to mature from one level to another, were developed and rolled out. As at the end of the 2017/18 financial year, the CCMA attained a compliance maturity level of 3.00 (controlled level).

The CCMA's CMF is now fully functional, with Compliance Frameworks, Manual, Policies and Implementation Plans developed, approved and implemented. The continuation of the roll-out of the Compliance RoadMap, together with the 100% implementation of the approved 2018/19 Compliance Management Plan, resulted in the CCMA achieving a 94% compliance level at the end of the 2018/19 financial year, registering a compliance maturity level of 4.00 (managed to matured level). Due to the enterprise-wide approach to CMF, Compliance Champions were appointed across all Departments and Regions to cascade down and integrate compliance principles at business unit level.

The CCMA's 2018/19 Compliance Regulatory Universe included 71 identified statutes (legislation) and policies that the CCMA must comply with. The Risk Management Model was utilised to statistically identify the top 20 high-risk statutes. High-risk statutes that were identified were more regularly monitored and evaluated, in order to minimise reputational damage, litigation, fines and penalties and loss of a clean audit. Stringent testing was conducted on the identified high–risk legislations, through Compliance Risk Management Plan (CRMPs). Departmental and Regional Compliance Checklists were rolled out and continuously monitored during the reporting period. The ARC exercised stringent oversight over the CCMA's CMF during the 2018/19 financial year, to ensure its functionality and adequacy.

11. FRAUD AND CORRUPTION

The CCMA has adopted a zero tolerance stance to fraud and corruption. The CCMA strives to create an environment where it is safe to report suspicious activities in line with the Protected Disclosure Act 26 of 2000. The CCMA maintains high ethical standards in carrying out its daily operational activities. The CCMA has established the Complaints and Ethics Management Function, which is aligned with the Public Sector Integrity Framework, the King IV Report and the PFMA.

The 2018/19 Fraud Prevention and Anti- Corruption Strategy and Implementation Plan was fully implemented during the period under review. Fraud awareness sessions were conducted nationally. In order to pro-actively mitigate the risk of fraud, fraud risk assessments, including risk response strategies, were conducted on high risk areas. CCMA employees and members of governance structures completed a declaration of interest form to ensure that any conflict of interest is identified and addressed according to guidelines and policies. The ARC and the GSEC exercised stringent oversight over the implementation of the 2018/19 Fraud Prevention and Anti- Corruption Strategy and Plan.

The CCMA has a number of platforms for Users and Stakeholders to report any fraud and corruption, including the safe and anonymous Vuvuzela Hotline, available in all official languages, 24 hours a day. 29 incidents were reported via the Vuvuzela hotline during the 2018/19 financial year. All reported tip-offs were investigated. The investigations found that none of the alleged reported incidents related to unethical conduct and therefore, no action was taken against any official during the reporting period.

Details for reporting suspected fraud and/or ethical infringements are as follows:

Hotline Number: 0860 666 348
Fax: 086 726 1681
Email: ccma@thehotline.co.za
Call back: 072 595 9135
Postal address: P. O. Box 21091, Valhalla, 0137.

A total of 382 complaints were received during the 2018/19 financial year, representing a six percent (6%) decrease when compared to the previous financial year, wherein 407 complaints were received. The decrease in the number of complaints from the previous financial year, could be as a result of increased improvement to service delivery, stringent Commissioner recruitment programmes and overall improvement in the CCMA's ethical culture. All complaints received were investigated and the complainants were furnished with investigation outcomes. Action was taken against two (2) CCMA employees.

12. GIFTS, DONATIONS AND SPONSORSHIP REGISTER

The CCMA has in place a policy on Gifts, Donations and Sponsorship which directs the granting and receipt of gifts, donations and sponsorships by the CCMA, staff members and members of the governance structures. Gifts, donations and sponsorships (received or granted) are reported on a quarterly basis to the governance structures.

During the 2018/19 financial year, 46 gifts were declared by CCMA officials, with 45 gifts being accepted as they were below the allowable gift threshold of R350. One (1) gift was declined. The Governing Body approved the receipt of nine (9) sponsorships for the CCMA. These sponsorships were utilised at CCMA conferences and the 2019 CCMA Wellness Day. The GSEC exercised stringent oversight over the Gifts, Donations and Sponsorship Register during the 2018/19 financial year.

13. MINIMISING CONFLICT OF INTEREST

All Staff Members are required, on a yearly basis, to complete and submit Declaration of Interest Forms. Staff Members who do not comply may be charged with misconduct according to the regulations. The declarations were tested against the Standard Bidding Documents (SBD) to ensure that employees related to such companies do not partake in the bidding processes.

The CCMA has in place a Code of Conduct for SCM and in accordance with this Code of Conduct, SCM Practitioners, Bid Specification Committee (BSC) Members, Bid Evaluation Committee (BEC) Members, Bid Adjudication Committee (BAC) and PC Members, are obliged to maintain confidentiality of meeting deliberations. The Code of Conduct also obligates all involved in the SCM processes to act ethically at all times, and not be influenced or influence other Members in any way. All newly-appointed Bid Committee Members are trained in their roles and responsibilities in accordance with the National Treasury's Code of Conduct for Supply Chain Practitioners. At the commencement of each Bid Committee sitting, all Bid Committee Members and SCM Practitioners involved in the procurement process also complete and sign conflict of interest forms to declare any conflict of interest, so that potential conflict of interest can be avoided. Furthermore, before the evaluation and adjudication of bids, the Bid Committee Members and SCM Professionals are required to sign and submit a Declaration of Interest Form, which is evaluated to ensure that there is no conflict of interest.

14. CODE OF CONDUCT

The CCMA has a Code of Conduct for employees and a Code of Conduct for Commissioners. The Codes of Conduct serve as a guideline of the CCMA's approach to establishing and maintaining acceptable standards of conduct for employees and Commissioners, placing an emphasis on ethical and professional conduct, also encouraging employees and Commissioners to conduct themselves in accordance with CCMA values. The Codes of Conduct also list typical acts of misconduct, applicable sanctions and processes to be followed in sanctioning employees who misconduct themselves. The CCMA also has a Code of Conduct for the Governing Body and its Committees, aimed at promoting ethical leadership, as envisioned by the King IV Report on Corporate Governance.

15. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

Occupational Health and Safety (OHS) is and remains a priority for the organisation. The CCMA ensures continuous monitoring and implementation of strategies to eliminate recognised hazards by creating awareness and educating employees and stakeholders about OHS issues. This in turn provides assurance to employees, Users and visitors, that CCMA offices are safe, with risk of injury minimised.

Given the character of the CCMA and the services it provides, the importance of compliance with OHS regulations cannot be over emphasised. The CCMA has made statutory appointments to assist in ensuring the safety of employees. OHS Committees are in place, both at the National Office and at Regional level. Training sessions are conducted on a regular basis to ensure that Committee Members are abreast with legislation and their roles and responsibilities as statutory OHS Officers. The CCMA has also introduced OHS e-Learning, which is a self-paced learning environment and provides useful information at a time that suites employees.

During the procurement of new office facilities, compliance with OHS regulations is insisted upon. Regular inspections, assessments and maintenance are conducted to ensure the sustenance of a safe and healthy environment.

16. COMPANY/BOARD SECRETARIAT

The Company/ Board Secretariat Function is performed by the Governance and Secretariat Services (GSS) Function of the CCMA, located in the Governance and Strategy Department. The GSS function is mandated to, amongst others, provide governance advisory and secretariat services to the CCMA governance and management structures, mitigate governance failures, improve organisational and governance processes and assist the organisation to strive for maximum compliance to legislation, policy and best practice.

17. SOCIAL RESPONSIBILITY

The CCMA Community Social Responsibility (CSR) Programme is an initiative aimed at encouraging good citizenship, contribution to nation-building and advancing the CCMA's mandate of social justice, ensuring that the CCMA makes a difference in the communities in which the CCMA and its employees work and live.

In the 2018/19 financial year, the CCMA participated in the *Cell C Take a Girl Child to Work* and the *Tracker Tomorrows Men*. The CCMA's participation in these programmes was to motivate and inspire girl and boy children to reach their full potential through exposure to diverse careers options (and thus helping them choose appropriate school subjects in time) and positive role models.

The CCMA's Nelson Mandela Legacy Programme, established in 2014, as part of the annual CCMA Indaba, and as a means to commemorate the death of the late President Nelson Mandela, aims to contribute towards President Mandela's legacy of community upliftment and socio-economic development. The beneficiary of the CCMA's Nelson Mandela Legacy Programme for the 2018/19 financial year was *Aunty Sally's Soup Kitchen*, located in Vryburg, North West, as nominated by the North-West Region. *Aunty Sally Soup Kitchen* is a Non-Governmental Organisation (NGO) that feeds impoverished community members in and around the surrounding areas of Vryburg, North-West. Aunty Sally manages this soup kitchen with the help of her husband's pension proceeds, as well as from the profits that she makes from the products that she sells. The 2017 CCMA Indaba delegates pledged a total of R39 500, which, together with groceries and other perishable goods donated by staff, were formally handed over to the beneficiary on 29 November 2018.

18. INTERNAL AUDIT

The Internal Audit Department provides an independent and objective assurance, as well as consulting services. The Internal Audit Department's services are designed to add value and improve the systems of internal control and operations of the organisation. The operations of the Internal Audit Department are governed by the Institute of Internal Auditors' mandatory guidance, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing.

The approved 2018/19 Internal Audit Plan followed a risk-based approach. The Audit Plan is reviewed and revised regularly in order to ensure that the audit services are relevant and aligned with key organisational priorities in a changing business and risk environment. All internal audit assignments result in a published report, expressing an opinion on the framework of internal control, risk management and governance, in order to stimulate improvement. Figure 10 indicates the achieved 2018/19 annual internal audit coverage and output.

The Internal Audit Department gives effect to combined assurance through facilitating the implementation of the combined assurance model and coordinating the work of all assurance providers, including the external auditors, in order to ensure that significant risks exposures are adequately addressed. The organisation will continue with its practical approach to combined assurance with a key focus on embedding assurance activities across all lines of defence. The ARC oversees the implementation of the combined assurance model across the various lines of defence.

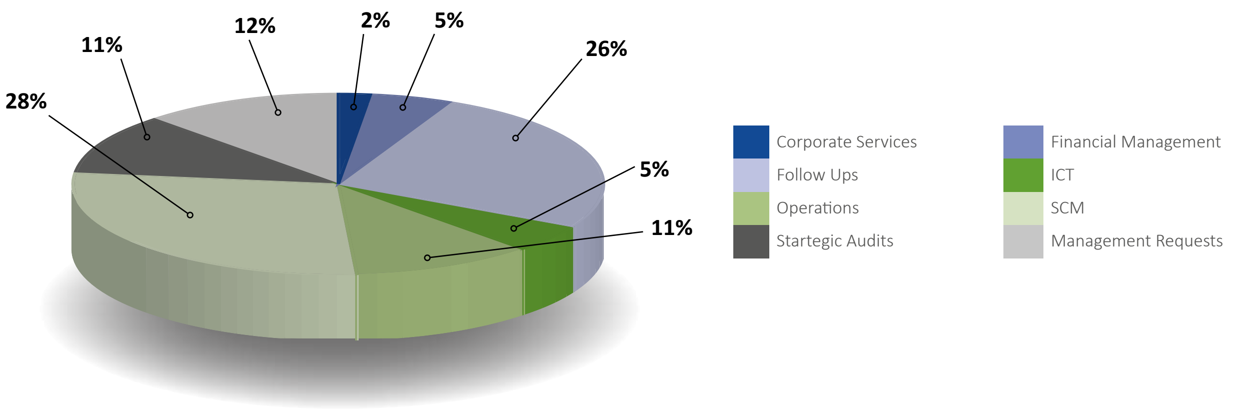


Figure 10: 2018/19 Annual Internal Audit Coverage and Output

19. ARC'S REPORT FOR THE 2018/19 FINANCIAL YEAR

We are pleased to present our report for the financial year ended 31 March 2019.

ARC RESPONSIBILITIES

The ARC is comprised of representatives of seven (7) members; three (3) GB members and four (4) independent members.

The ARC is governed by an approved ARC Charter and its activities are guided by an approved Workplan, which regulates the affairs of the ARC, also outlining its roles and responsibilities, which are in line with Section 55(1)(a) of the PFMA and Treasury Regulation 27. Accordingly, the ARC executed all its planned activities for the 2018/19 financial year.

During the year under review, 11 ARC meetings (ordinary and special) were convened.

THE EFFECTIVENESS OF INTERNAL CONTROLS

Corrective action plans were identified, implemented and monitored in order to reduce the impact of internal control weaknesses. Based on the information and explanations given by Management, and considering the internal and external auditor's inputs, the ARC is of the opinion that, the CCMA's framework of governance, risk management and Internal Control, provide reasonable assurance that the organisation's strategy and objectives will be achieved.

ACTION PLANS

The ARC continued to monitor implementation of management corrective action plans on previously raised audit findings. This process contributed to an improved control environment within the organisation. It is confirmed that 96% of findings raised in the 2017/18 financial year have been resolved by Management as at 31 March 2019.

EVALUATION OF FINANCIAL STATEMENTS

Management has the primary responsibility for the financial statements, for maintaining effective internal control over financial reporting, and for assessing the effectiveness of internal control over financial reporting. The ARC oversees the CCMA's financial reporting on behalf of the Governing Body.

In fulfilling this oversight responsibility, the ARC reviewed, assessed and discussed the AFS information included in this Annual Report. This oversight exercise also included a discussion on the quality of the accounting principles, policies, and the clarity of disclosures and the fairness of significant judgements.

OTHER OVERSIGHT ACTIVITIES

The ARC furthermore discharged its oversight responsibility with respect to compliance with applicable legislative prescripts, policies and best practice, risk management, ICT and performance information, including the Annual Performance Report for the year ended March 2019.

EXTERNAL AUDIT

The ARC concurs with and accepts the AGSA's conclusions on the performance information and AFS for the 2018/19 financial year, and is of the opinion that the performance information and AFS be accepted and read together with the report of the AGSA.

Velile Pangwa
Audit and Risk Committee Chairperson

PART D

HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

The introduction of the NMWA and the Employment Law Amendments during the period under review, broadened the scope of the CCMA's legislative mandates. Accordingly, focused efforts were on the provision of human capital needed to enable the organisation to fulfil its expanded statutory and discretionary mandates. Ongoing commitment to the attraction, development and retention of talent remained the area of focus. Enhancing the organisation's understanding and processes around talent management has ensured that a pipeline of successors is developed for key positions. It is this focus that allowed the seamless introduction of a new macro-structure during the financial year, with all key roles filled within a relatively short timeframe.

2. PERFORMANCE, KEY ACHIEVEMENTS AND STRATEGIC INITIATIVES FOR THE 2018/19 FINANCIAL YEAR

Benchmarking, both locally and internationally, constitutes an essential part of the CCMA's Human Resources activities. In this regard, the following four (4) pillars were adopted to ensure that organisational aspirations are met: capacity, capability, commitment and compliance.

During the 2018/19 financial year, focus was on Commissioner recruitment and the retention of Commissioners through timely contract renewals. Concentration was also on the filling of critical strategic vacancies. Due to financial constraints, limited strides were made with respect to the implementation of the CCMA's revised Human Resources Operating Model. Going forward, a phased-in implementation approach will be followed, with some required capabilities being outsourced.

3. KEY 2019/20 STRATEGIC ACTIVITIES AND PROJECTS TO BE PURSUED

The role of the Corporate Services Department is to assist in the building of the organisational culture. The overall CCMA Human Capital Strategy is aimed at ensuring a positive, supportive, healthy and diversity friendly working environment, in which employees can achieve their full potential, through development opportunities and challenging work, with the assurance of being recognised and rewarded for excellence in performance. This approach requires partnership with the organisation as part of the Human Resources value chain.

The Corporate Services Department will continue to guide the CCMA leadership to invest in its talent through the overarching Talent Management programme. A definite focus on enhancing Management and Leadership capability will continue, as well as the development and empowerment of women at all levels of the organisation.

The Corporate Services Department will also continue to provide the CCMA with an enhanced change management capability, through both in-house and outsourced expertise. Although there has been some delays in the implementation of technology driven business solutions to enhance the speed and quality of delivery of processes, this will be a continued focus in collaboration with the IM Department in the new financial year.

4. 2018/19 HUMAN RESOURCE OVERSIGHT STATISTICS

Efficient capacitation of the CCMA offices in the 12 Regions across the country was maintained during the period under review. Below are the human resource management oversight statistics for the 2018/19 financial year.

The staff demographics of the CCMA as at the end of the reporting period are shown in Table 33. The core Personnel of the CCMA, as shown in Table 34, accounts for 66% of the staff complement to ensure that the CCMA is capacitated to deliver on its mandate.

Table 33: CCMA Staff Demographics for the 2018/19 financial year

OCCUPATIONAL LEVEL	JOB GRADE	FEMALE						MALE						GRAND TOTAL
		A	C	I	W	FOREIGN NATIONAL	SUB TOTAL	A	C	I	W	FOREIGN NATIONAL	SUB TOTAL	
Top Management	P01 and P02	3	0	0	0	0	3	3	0	1	0	0	4	7
Senior Management	P03	3	0	0	0	0	3	5	2	0	1	0	8	11
Professionally Qualified	P04, P05, and P06	34	8	6	8	1	57	45	6	1	6	3	61	118
Skilled Technical	P07, P08, P09, P10, P11 and P12	364	37	9	16	1	427	293	22	1	1	5	322	749
Semi-Skilled	P13 and P14	25	5	0	1	0	31	16	1	0	0	0	17	48
Unskilled	P17	9	0	0	0	1	10	5	0	0	0	0	5	15
Total Permanent		438	50	15	25	3	531	367	31	3	8	8	417	948
Temporary Employees		20	1	0	1	0	22	25	1	0	0	0	26	48
Grand Total		**458**	**51**	**15**	**26**	**3**	**553**	**392**	**32**	**3**	**8**	**8**	**443**	**996**

Table 34: Core Personnel of the CCMA for the 2018/19 financial year

DESIGNATION	FEMALE						MALE						GRAND TOTAL
	A	C	I	W	FOREIGN NATIONAL	SUB TOTAL	A	C	I	W	FOREIGN NATIONAL	SUB TOTAL	
Case Management Officers	130	17	3	6	0	156	43	1	0	0	0	44	200
Commissioners	38	6	5	6	0	55	68	14	1	7	0	90	145
Interpreters	117	6	0	0	0	123	149	5	0	0	0	154	277
Total Permanent	**285**	**29**	**8**	**12**	**0**	**334**	**260**	**20**	**1**	**7**	**0**	**288**	**622**

The CCMA has a healthy workforce profile. The concentration of employees range between the ages of 36 to 55, representing a significant combined experience. In order to mitigate against the effects typically associated with an aging workforce, pipeline talent development is focused on the age groups 20 to 45. Figure 11 depicts the CCMAs workforce age profile. The gender and race workforce profile is depicted in Table 35. Personnel cost by Department and Region is depicted in Table 36.

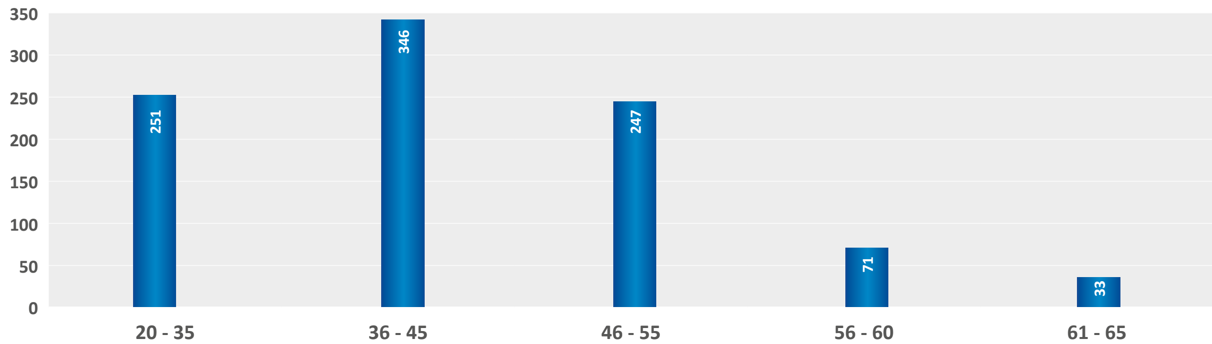


Figure 11: Workforce age profile of the CCMA for the 2018/19 financial year

Table 35 shows gender and race demographics of the CCMA:

Table 35: Gender and race workforce profile for the 2018/19 financial year

AGE GROUP	FEMALE						MALE						GRAND TOTAL
	A	C	I	W	FOREIGN NATIONAL	SUB TOTAL	A	C	I	W	FOREIGN NATIONAL	SUB TOTAL	
20 – 35	115	12	2	5	3	137	103	7	1	0	3	114	251
36 – 45	188	23	5	6	0	222	116	3	1	2	2	124	346
46 – 55	98	11	5	8	0	122	100	18	1	3	3	125	247
56 – 60	27	2	2	2	0	33	35	1	0	2	0	38	71
61- 65	10	2	1	4	0	17	13	2	0	1	0	16	33
Total	**438**	**50**	**15**	**25**	**3**	**531**	**367**	**31**	**3**	**8**	**8**	**417**	**948**

Table 36 shows personnel cost by department or region for the 2018/19 financial year:

Table 36: Personnel cost by department/region for the 2018/19 financial year

DEPARTMENT/REGIONS	TOTAL EXPENDITURE FOR THE ENTITY (R'000)	PERSONNEL EXPENDITURE (R'000)	PERSONNEL EXP. AS A % OF TOTAL EXP.	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Regions	655 408	338 982	51.72%	807	420
Office of the Director	41 097	23 051	56.09%	26	887
Legal Services	21 511	11 657	54.19%	19	614
Collective Bargaining and Outreach	18 535	9 645	52.04%	10	965
Information Management	58 924	29 507	50.08%	49	602
Operations	33 489	11 632	34.73%	18	646
Corporate Services	47 109	21 598	45.85%	33	654
Finance	86 331	60 952	70.60%	36	1 693
Internal Audit	14 002	9 493	67.80%	10	949
Total	**976 406**	**516 517**	**52.90%**	**1008**	**512**

*Total expenditure excludes non-cash transactions.

Table 37 depicts the personnel cost by salary band for the 2018/19 financial year:

Table 37: Personnel cost by salary band for the 2018/19 financial year

LEVEL	PERSONNEL EXPENDITURE (R'000)	PERCENTAGE (%) OF PERSONNEL EXP. TO TOTAL PERSONNEL COST	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Top Management	22 307	4.32%	9	2 479
Senior Management	26 799	5.19%	14	1 914
Professionally Qualified	127 424	24.67%	131	973
Skilled Technical	327 773	63.46%	789	415
Semi-Skilled	10 258	1.99%	49	209
Unskilled	1 956	0.38%	16	122
TOTAL	**516 517**	**100.00%**	**1008**	**512**

*Total expenditure excludes non-cash transactions.

5. PERFORMANCE REWARDS

The performance rewards issued during the 2018/19 financial year are shown in table 38.

Table 38: Performance rewards for the 2018/19 financial year

LEVEL	PERFORMANCE REWARDS (R'000)	PERSONNEL EXPENDITURE (R'000)	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST
Top Management	2 223	22 307	10%
Senior Management	2 229	26 799	8 %
Professional qualified	8 271	127 424	6%
Skilled	8 907	327 773	3%
Semi-skilled	191	10 258	2%
Unskilled	48	1 956	2%
TOTAL	**21 869**	**516 517**	**4%**

6. TRAINING COSTS

The training costs of the CCMA for the 2018/19 financial year are tabulated in table 39.

Table 39: Training costs for the 2018/19 financial year

PROGRAMME/ACTIVITY/OBJECTIVE	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	TRAINING EXPENDITURE AS A % OF PERSONNEL COST.	NO. OF EMPLOYEES TRAINED	AVERAGE TRAINING COST PER EMPLOYEE
CCMA	516 517	14 761	2.86%	3020[5]	R4889

7. EMPLOYMENT AND VACANCIES

The vacancy rate is constantly monitored with funded positions being advertised as soon as they become vacant. Rigorous talent attraction processes have been implemented, such as stringent background and criminal checks, as well as subjecting candidates for senior positions to psychometric testing and preliminary interviews where necessary. A key component of the Talent Management process is the encouragement of upward movements. Positions that are filled by internal candidates leave other positions vacant and thereby increase the vacancy rate.

Over and above monitoring the vacancy rate, vacancies at Top and Senior Management level receive special attention, taking into account succession plans as defined. At this level, where recruitment and strengthening the leadership bench typically takes slightly longer, a resource is placed in the position in an acting capacity. No position at this senior level has been vacant without an acting appointment for more than 30 days. Constant review of the organisation's remuneration framework and benchmarking against the market are among measures implemented to ensure attraction and retention of top talent. Table 40 outlines employment and vacancies as at the end of the 2018/19 financial year.

5 The number represents the total number of interventions attended by employees, meaning that an employee will be counted twice or more, depending on the number of training interventions that they have attended.

Table 40: Employment and vacancies at the end of the 2018/19 financial year

DEPARTMENT/ REGION	2017/18 NO. OF EMPLOYEES	2017/18 APPROVED POSTS	2018/19 NO. OF EMPLOYEES	2018/19 VACANCIES	% OF VACANCIES
Regions	741	827	762	58	7.07%
Office of the Director	27	34	25	6	19.35%
Legal Services	11	13	15	2	11.76%
Collective Bargaining and Outreach	8	10	9	3	25%
Information Management	41	49	47	4	7.84%
Operations	18	22	16	4	20.00%
Corporate Services	33	41	31	5	13.89%
Finance	33	38	33	3	8.33%
Internal Audit	10	12	10	0	0.0%
Total	**922**	**1046**	**948**	**85**	**8.23%**

Employment and vacancies per occupational category are noted in Table 41.

Table 41: Employment and vacancies per occupational category for the 2018/19 financial year

DEPARTMENT/ REGION	2017/18 NO. OF EMPLOYEES	2017/18 APPROVED POSTS	2018/19 NO. OF EMPLOYEES	2018/19 VACANCIES	% OF VACANCIES
Top Management	7	9	7	3	30.00%
Senior Management	12	15	11	1	8.33%
Professional Qualified	112	152	118	19	16.10%
Skilled	725	789	749	57	7.07%
Semi-Skilled	46	58	48	5	9.43%
Unskilled	20	23	15	0	0.00%
Total	**922**	**1046**	**948**	**85**	**8.23%**

8. EMPLOYMENT CHANGES

The employment changes that occurred at the CCMA during the period under review are noted in Table 42.

Table 42: Employment changes during the 2018/19 financial year

SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS EXTERNAL	NET INTERNAL APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
Top Management	7	2	0	2	7
Senior Management	12	1	1	3	11
Professional Qualified	112	10	9	13	118
Skilled	725	60	3	39	749
Semi-Skilled	46	12	-9	1	48
Unskilled	20	0	-4	1	15
Total	**922**	**85**	**0**	**59**	**948**

9. REASONS FOR STAFF LEAVING

The CCMA's overall staff turnover was approximately six percent (6%) for the period under review, with approximately four percent (4%) of the terminations as a result of resignations. This represents an overall decrease in the turnover rate of approximately one percent (1%) when compared with the previous financial year. The number of resignations includes 13 Commissioner Conversions from full-time to part-time. When a conversion is approved, the Commissioner resigns from his or her full-time role but continues to render his/her services to the CCMA on a part-time basis.

Exit interviews are conducted wherever possible and reasons given for resignations, other than conversions, were related to career growth and family reasons. Termination reasons were provided to relevant Line Departments for operational improvement. Attrition in the market is reported at between five percent (5%) and 10% and the CCMA is at the bottom end of the range. Table 43 documents the statistics related to staff leaving.

Table 43: Reasons for staff leaving during the 2018/19 financial year

REASON	NUMBER*	PERCENTAGE (%) OF STAFF LEAVING
Death	3	0.32%
Resignation	38	4.01%
Dismissal	2	0.21%
Retirement	6	0.63%
Expiry of Contract	11	1.16%
Total	**60**	**6.33%**

10. LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Employee relations is a process that ensures that there is a sound employment relationship between the employer and employees. It ensures fairness in respect of consequence management and the handling of employee grievances. In order to resolve issues as fairly and as quickly as possible, the CCMA has policies in place, a Code of Conduct, a Grievance Procedure as well as a Disciplinary Procedure. Table 44 depicts consequence management statistics.

Table 44: Nature of disciplinary action during the 2018/19 financial year

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal Warning	8
Written Warning	41
Final Written Warning	25
Demotion	4
Dismissal	2
Total	**80**

11. EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

Equal employment opportunities are provided to all employees and job applicants, and the CCMA endorses the key principles of EEA, namely elimination of discrimination in decision-making, promotion of employee diversity, reduction of barriers to advancement of the disadvantaged and introduction of measures and procedures for transformation.

The National Employment Equity Consultative Forum (NEECF) is in place and is operational as required by legislation. The forum plays a key role in various initiatives related to employment equity and is very instrumental in the implementation of measures of reasonable accommodation for employees with disabilities.

During the financial year, the CCMA revised its Employment Equity Plan for the period 1 April 2018 to 31 March 2021. The forum played a key role in this work. The plan is continuously monitored and is displayed in all CCMA Offices. The annual Employment Equity Report was submitted to the DOL as required by legislation.

Table 45 depicts the equity target and employment equity status of male employees by occupational category. Table 46 on the other hand depicts the equity target and employment equity status of female employees by occupational category. Table 47 shows information of persons with disabilities.

Table 45: Equity targets and employment equity status of male employees by occupational category for the 2018/19 financial year

OCCUPATIONAL LEVELS	MALE									
	AFRICAN		COLOURED		INDIAN		WHITE		FOREIGN NATIONAL	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	3	4	0	0	1	1	0	0	0	0
Senior Management	5	5	2	2	0	0	1	1	0	0
Professional Qualified	45	48	6	6	1	2	6	7	3	3
Skilled	293	293	22	28	1	6	1	14	5	4
Semi-Skilled	16	15	1	2	0	1	0	2	0	0
Unskilled	5	15	0	1	0	0	0	0	0	0
Total	**367**	**380**	**31**	**39**	**3**	**10**	**8**	**24**	**8**	**7**

Table 46: Equity targets and employment equity status of female employees by occupational category for the 2018/19 financial year

OCCUPATIONAL LEVELS	FEMALE									
	AFRICAN		COLOURED		INDIAN		WHITE		FOREIGN NATIONAL	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	3	4	0	0	0	0	0	0	0	0
Senior Management	3	4	0	1	0	0	0	1	0	0
Professional Qualified	34	34	8	10	6	7	8	7	1	0
Skilled	364	350	37	32	9	7	16	21	1	0
Semi-Skilled	25	17	5	4	0	0	1	2	0	0
Unskilled	9	7	0	1	0	0	0	1	1	0
Total	**438**	**416**	**50**	**48**	**15**	**14**	**25**	**32**	**3**	**0**

Table 47: Persons with disabilities for the 2018/19 financial year

OCCUPATIONAL LEVELS	PERSONS WITH DISABILITIES			
	MALE		FEMALE	
	CURRENT	TARGET	CURRENT	TARGET
Top Management	0	0	0	0
Senior Management	1	1	0	1
Professional Qualified	1	2	0	0
Skilled	8	8	9	9
Semi-Skilled	0	1	0	1
Unskilled	0	0	0	0
Total	**10**	**12**	**9**	**11**

PART E

FINANCIAL INFORMATION

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of the Commission for Conciliation, Mediation and Arbitration (CCMA) set out on pages 68 to 116 which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the CCMA as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

BASIS FOR OPINION

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

4. I am independent of the public entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code), parts 1 and 3 of the International Ethics Standards Board for *Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

EMPHASIS OF MATTER

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Restatement of the corresponding figures

7. As disclosed in note 34 to the financial statements, the corresponding figures for the financial year ended 31 March 2018 have been restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2019.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

8. The Accounting Authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA, and 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.

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

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

INTRODUCTION AND SCOPE

12. 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 material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the public entity for the year ended 31 March 2019:

OBJECTIVES	PAGES IN THE ANNUAL PERFORMANCE REPORT
Strategic objective 1 – enhancing the labour market to enhance stability and growth	34 – 35
Strategic objective 2 – advancing good practices at work and transforming workplace relations	36
Strategic objective 3 – building knowledge and skills	37
Strategic objective 4 – optimising the organisation	37 – 39

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

16. The material finding in respect of the usefulness and reliability of the selected objectives is as follows:

Strategic objective 4 – optimising the organisation

4.1.1 Percentage (%) of all registered cases' first event heard within thirty (30) days (excludes agreed extension)

17. The achievement for the target of 98% of all registered cases first event heard within 30 days (excludes agreed extension) reported in the annual performance report was 88%. However, the supporting evidence did not agree to the reported achievement due to the public entity reporting on only conciliable cases first event heard within 30 days instead of all registered cases first event heard within 30 days.

18. I did not raise any material findings on the usefulness and reliability of the reported performance information these objectives:

- Strategic objective 1 – enhancing the labour market to enhance stability and growth
- Strategic objective 2 –advancing good practices at work and transforming workplace relations
- Strategic objective 3 – building knowledge and skills

OTHER MATTER

19. I draw attention to the matter below.

Achievement of planned targets

20. Refer to the annual performance report on pages 34 to 38 for information on the achievement of planned targets for the year and explanations provided for the under- or overachievement of a number of targets. This information should be considered in the context of the material finding on the usefulness and reliability of the reported performance information in paragraph 17 of this report.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

21. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the public entity with

specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

22. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

OTHER INFORMATION

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

24. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

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

26. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

27. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report.

28. Controls were not in place to ensure a reliable and adequate case management system exist to support consistent reporting between planned and reported achievement per the annual performance report.

Auditor - General.

Pretoria
31 July 2019

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected objectives and on the public entity's compliance with respect to the selected subject matters.

FINANCIAL STATEMENTS

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

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

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	NOTES	2019 R	2018 Restated* R
ASSETS			
Current Assets			
Inventories	3	2 085 869	1 656 266
Receivables from exchange transactions	4	1 685 064	4 920 012
Prepayments	5	430 919	511 909
Cash and cash equivalents	6	180 288 725	141 161 682
		184 490 577	**148 249 869**
Non-Current Assets			
Property, plant and equipment	7	27 078 009	41 599 611
Intangible assets	8	6 462 285	8 289 066
		33 540 294	**49 888 677**
Total Assets		**218 030 871**	**198 138 546**
LIABILITIES			
Current Liabilities			
Finance lease obligation	9	125 640	3 849 803
Operating lease liability	10	20 342 795	18 658 494
Payables from exchange transactions	11	71 190 440	70 800 674
Provisions	12	32 421 281	21 148 935
		124 080 156	**114 457 906**
Non-Current Liabilities			
Finance lease obligation	9	3 493 883	3 482 141
Total Liabilities		**127 574 039**	**117 940 047**
Net Assets		**90 456 832**	**80 198 499**
Accumulated surplus		90 456 832	80 198 499

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2019

	NOTES	2019 R	2018 Restated* R
REVENUE			
Revenue from exchange transactions			
Rendering of services	13	5 714 814	6 289 508
Interest received (investment)	14	14 762 254	11 763 182
Insurance and other recoveries	17	282 718	175 898
Total revenue from exchange transactions		**20 759 786**	**18 228 588**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies	15	965 905 171	867 173 300
Total revenue	16	**986 664 957**	**885 401 888**
EXPENDITURE			
Employee related costs	18	(521 670 993)	(454 551 930)
Administration	19	(138 132 095)	(129 123 832)
Depreciation and amortisation	20	(27 277 384)	(15 384 286)
Finance costs	21	(680 212)	(1 108 682)
Bargaining councils subsidies	22	(5 610 160)	(7 155 814)
Loss on disposal of assets		(80 770)	(537 904)
Operating expenses	23	(282 955 010)	(244 183 344)
Total expenditure		**(976 406 624)**	**(852 045 792)**
Surplus for the year		**10 258 333**	**33 356 096**

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2019

	Accumulated surplus R	Total net assets R
Opening balance (restated)	55 826 000	55 826 000
Adjustments		
Prior year adjustments	(8 984 000)	(8 984 000)
Balance at 01 April 2017 as restated*	**46 842 403**	**46 842 403**
Changes in net assets		
Surplus for the year	33 356 096	33 356 096
Total changes	33 356 096	33 356 096
Restated* Balance at 01 April 2018	**80 198 499**	**80 198 499**
Changes in net assets		
Surplus for the year	10 258 333	10 258 333
Total changes	10 258 333	10 258 333
Balance at 31 March 2019	**90 456 832**	**90 456 832**

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

	NOTES	2019 R	2018 Restated* R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rendering of services		8 949 762	7 565 796
Government grant and subsidies		965 905 171	867 173 300
Interest income		14 762 254	11 763 182
Other receipts		282 718	175 898
		989 899 905	**886 678 176**
Payments			
Employee costs		(506 898 348)	(452 912 065)
Suppliers		(366 522 849)	(314 955 923)
Finance costs		(680 212)	(1 108 683)
		(874 101 409)	(768 976 671)
Net cash flows from operating activities	24	**115 798 496**	**117 701 505**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7	(8 136 281)	(4 874 616)
Purchase of intangible assets	8	(3 106 110)	(4 438 509)
Net cash flows from investing activities		**(11 242 391)**	**(9 313 125)**
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayment) / Advance of finance lease		(3 712 421)	(3 389 443)
Operating lease		(61 716 641)	(53 055 585)
Net cash flows from financing activities		**(65 429 062)**	**(56 445 028)**
Net increase/(decrease) in cash and cash equivalents		**39 127 043**	**51 943 352**
Cash and cash equivalents at the beginning of the year		141 161 682	89 218 330
Cash and cash equivalents at the end of the year	6	**180 288 725**	**141 161 682**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

FIGURES IN RAND	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
STATEMENT OF FINANCIAL PERFORMANCE						
Revenue						
Revenue from exchange transactions						
Rendering of services	7 763 000	-	7 763 000	5 714 814	(2 048 186)	35
Other income	-	-	-	282 718	282 718	
Interest received (investment)	11 364 000	-	11 364 000	14 762 254	3 398 254	35
Total revenue from exchange transactions	**19 127 000**	**-**	**19 127 000**	**20 759 786**	**1 632 786**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants and subsidies	969 099 000	1 300 000	970 399 000	965 905 171	(4 493 829)	35
Total revenue	**988 226 000**	**1 300 000**	**989 526 000**	**986 664 957**	**(2 861 043)**	
Expenditure						
Employee related costs	(491 582 167)	(48 649 612)	(540 231 779)	(521 670 993)	18 560 786	35
Administration	(164 269 431)	4 200 198	(160 069 233)	(138 132 095)	21 937 138	35
Depreciation and amortisation	-	-	-	(27 277 384)	(27 277 384)	35
Finance costs	(11 472)	(256 802)	(268 274)	(680 212)	(411 938)	35
Bargaining councils subsidies	(6 000 000)	(178 043)	(6 178 043)	(5 610 160)	567 883	35
Operating expenses	(299 651 930)	(8 249 747)	(307 901 677)	(282 955 010)	24 946 667	35
Total expenditure	**(961 515 000)**	**(53 134 006)**	**(1 014 649 006)**	**(976 325 854)**	**38 323 152**	
Operating surplus	**26 711 000**	**(51 834 006)**	**(25 123 006)**	**10 339 103**	**35 462 109**	
Loss on disposal of assets	-	-	-	(80 770)	(80 770)	
Surplus	**26 711 000**	**(51 834 006)**	**(25 123 006)**	**10 258 333**	**35 381 339**	
Actual amount on comparable basis as presented in the budget and actual comparative statement	**26 711 000**	**(51 834 006)**	**(25 123 006)**	**10 258 333**	**35 381 339**	

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. They are presented in South African Rand. All figures are rounded to the nearest rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

1.1 GOING CONCERN ASSUMPTION

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

1.2 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement are 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.

Receivables from exchange transactions

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

The impairment for receivables from exchange transactions is considered first for individually significant receivables and then calculated on a portfolio basis for the remaining balance, including those individually significant receivables for which no indicators of impairment were found.

Allowance for slow moving, damaged and obsolete inventory

An assessment is made of net realisable value of inventory at the end of each reporting period. A write down of inventory to the lower of cost or net realisable value is subsequently provided.

The write down is included in surplus or deficit.

Impairment testing

The entity reviews and tests the carrying value of cash generating assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Provisions

Provisions were raised for which management determined the best estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 12- Provisions.

Useful lives of property, plant and equipment and other assets

The entity's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment and other assets. This estimate involves a matter of judgement based on the experience of the entity with similar assets. The entity considers all facts and circumstances in estimating the useful lives of assets, which includes the consideration of financial, technical and other factors. Management will increase the useful lives where useful lives are less than previously estimated useful lives and decrease the useful lives where useful lives are more than previously estimated useful lives.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows, computed at initial recognition.

Litigation costs

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

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.

Prepayments

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

1.4 PROPERTY, PLANT AND EQUIPMENT

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

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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.

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

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

Property, plant and equipment is carried at historical cost amount, being cost model: cost less accumulated depreciation and any impairment losses.

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	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Furniture and fittings	Straight line	3-30 years
IT equipment	Straight line	2-25 years
Leased assets	Straight line	leased period
Motor vehicles	Straight line	3-10 years
Office equipment	Straight line	2-30 years
Small asset value	Straight line	5-30 years

Leasehold improvements are amortised over the shorter of the asset's useful lives and the lease term. The residual value, 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 entity assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate in terms of the Standard of GRAP on Accounting Policies, Changes in Estimates and Errors.

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.

1.5 INTANGIBLE ASSETS

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the 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.

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.

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits or service potential;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

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

Amortisation is provided on a straight line basis over the expected useful lives of the intangible assets.

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

The useful lives of intangible assets have been assessed as follows:

ITEM	AMORTISATION METHOD	AVERAGE USEFUL LIFE
Computer software,other	Straight line	3-25 years

Intangible assets are derecognised:

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

1.6 IMPAIRMENT OF CASH-GENERATING ASSETS

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Designation

At initial recognition, the entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of the entity's objective of using the asset.

The entity designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the entity designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of non-cash-generating assets.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of the asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the entity:

- bases cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- bases cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts cover a maximum period of five years, unless a longer period can be justified; and

- estimates cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the entity expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash- generating unit are affected by internal transfer pricing, the entity uses management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occurs when there is clear evidence that such a redesignation is appropriate.

1.7 IMPAIRMENT OF NON-CASH-GENERATING ASSETS

Non-cash-generating assets are assets other than cash-generating assets.

Designation

At initial recognition, the entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of the entity's objective of using the asset.

The entity designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The entity designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the entity designates the asset as a non-cash-generating asset and applies this accounting policy.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating asset is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity will not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occurs when there is clear evidence that such a redesignation is appropriate.

1.8 FINANCIAL INSTRUMENTS

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

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

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

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from exchange transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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.

A financial asset is:

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

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

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

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions. Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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

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

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

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

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

Classification

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

CLASS	CATEGORY
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost

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

CLASS	CATEGORY
Finance lease obligation	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability, except for financial instruments subsequently measured at fair value, which are measured at its fair value.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at amortised cost

All financial assets measured at amortised cost, are subject to an impairment review.

If an entity determines that no objective evidence of impairment exists for an individually assessed receivable, whether significant or not, it includes the receivable in a group of receivables with similar credit risk characteristics and collectively assesses them for impairment.

If there is objective evidence that a receivable is impaired and this receivable is individually assessed, the receivable is excluded from the collective assessment.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.9 LEASES

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

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

Finance leases - lessee

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

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

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

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight line basis over the lease term. The difference between the amounts recognised as revenue and the contractual receipts is recognised as an operating lease asset or liability.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight line basis. Income for leases is disclosed under revenue in statement of financial performance.

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 is recognised as an operating lease asset or liability.

The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight line basis over the lease term. Any contingent rents are expensed in the period in which they are incurred.

1.10 INVENTORIES

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for:

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost. The same cost formula is used for all inventories having a similar nature and use to the entity.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 ACCUMULATED SURPLUS/(DEFICIT)

The accumulated surplus/(defcit) represents the net difference between the total assets and the total liabilities of the entity. Any surpluses and deficits realised during a specific financial year are credited / debited against accumulated surplus/(deficit). Prior year adjustments, relating to income and expenditure, are credited / debited against accumulated surplus/(deficit) when retrospective adjustments are made.

1.12 PROVISIONS AND CONTINGENCIES

A provision is a liability of uncertain timing or amount.

Provisions are recognised when:

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

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 surplus.

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

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

A contingent liability is:

- a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 27.

1.13 COMMITMENTS

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

Disclosures are made in respect of unrecognised contractual commitments which include future capital commitments relating to property, plant and equipment, investment property, intangible assets and heritage assets, as applicable, operational commitments, as well as future commitments relating to operating leases. Refer to note 26- Commitments.

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

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

1.14 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.

Measurement

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

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 time frame, revenue is recognised on a straight line basis over the specified time frame 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.

Interest

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

1.15 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.

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, the 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.

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.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

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

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

1.16 EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees. Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within 12 months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within 12 months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;

- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within 12 months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within 12 months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits: Defined contribution plans

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.

1.17 BORROWING COSTS

Borrowing costs are interest and other expenses incurred by the entity in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred.

1.18 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure as defined in section 1 of the PFMA means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred and classified in accordance with the nature of the expense. Upon investigation, if a person was found to be liable in law for the fruitless and wasteful expenditure that occurred, a receivable is recognised for the recovery of the monies, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

For details on fruitless and wasteful expenditure, refer to note 31- Fruitless and wasteful expenditure.

1.19 IRREGULAR EXPENDITURE

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

(a) this Act; or

(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or

(c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury 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, is recorded in the register and disclosed in the notes 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, is recorded in the register and disclosed in the notes 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 are 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 is recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account is created if such a person is liable in law. Immediate steps are thereafter 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 register is also updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto remains against the relevant programme/expenditure item, disclosed as such in the notes to the financial statements and updated accordingly in the register.

For details on irregular expenditure, refer to note 32- Irregular expenditure.

1.20 BUDGET INFORMATION

Entities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

The approved budget covers the fiscal period from 2018/04/01 to 2019/03/31.

The budget for the economic entity includes all the entities approved budgets under its control.

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 has been included in the statement of comparison of budget and actual amounts.

1.21 RELATED PARTIES

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

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

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

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

1.22 EVENTS AFTER REPORTING DATE

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity adjusts the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

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

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

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

STANDARD/ INTERPRETATION	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER	EXPECTED IMPACT
GRAP 12 (as amended 2016): Inventories	01 April 2018	The impact of the standard is not material.
GRAP 17 (as amended 2016): Property, Plant and Equipment	01 April 2018	The impact of the standard is not material.
GRAP 26 (as amended 2016): Impairment of Cash Generating Assets	01 April 2018	The impact of the standard is not material.
GRAP 31 (as amended 2016): Intangible Assets	01 April 2018	The impact of the standard is not material.
Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities	01 April 2018	The impact of the standard is not material.

2.2 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2019 or later periods:

STANDARD/ INTERPRETATION	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER	EXPECTED IMPACT
GRAP 34: Separate Financial Statements	01 April 2020	Unlikely there will be a material impact
GRAP 35: Consolidated Financial Statements	01 April 2020	Unlikely there will be a material impact
GRAP 38: Disclosure of Interests in Other Entities	01 April 2020	Unlikely there will be a material impact
GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	01 April 2019	Unlikely there will be a material impact
GRAP 20: Related Parties	01 April 2019	Unlikely there will be a material impact
GRAP 32: Service Concession Arrangements: Grantor	01 April 2019	Unlikely there will be a material impact
GRAP 108: Statutory Receivables	01 April 2019	Unlikely there will be a material impact

3. INVENTORIES

	2019 R	2018 Restated* R
Consumable stores	2 085 869	1 656 266

Inventories write down in 31 March 2019, R- (2018: R 38 000) and relates to obsolete inventory.

4. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade debtors	811 751	1 545 390
Other receivables	1 055 335	3 777 953
Provision for doubtful debts	(182 022)	(403 331)
	1 685 064	**4 920 012**

TRADE AND OTHER RECEIVABLES PAST DUE BUT NOT IMPAIRED

The ageing of amounts past due but not impaired is as follows:

Trade debtors		
Current	228 423	872 080
30 Days	42 920	41 338
60 Days	13 284	12 622
90 Days	56 336	19 158
> 120 Days	470 788	600 192
Other receivable		
Current	50 458	130 596
30 Days	6 730	73 662
60 Days	-	56 378
90 Days	9 931	48 842
> 120 Days	988 216	3 468 475
	1 867 086	**5 323 343**

Provision for doubtful debts		
Current	(1 920)	(149 428)
30 Days	(4 376)	-
90 Days	-	(1 219)
> 120 Days	(175 726)	(252 684)
	(182 022)	**(403 331)**

4. RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

	2019 R	2018 Restated* R
Total receivable		
Current	276 960	853 248
30 Days	45 276	115 000
60 Days	13 284	45 000
90 Days	66 267	66 781
> 120 Days	1 283 277	3 839 982
	1 685 064	**4 920 011**

TRADE AND OTHER RECEIVABLES IMPAIRED

As of 31 March 2019, trade and other receivables of R 1 867 086 (2018: R 5 323 343) was assessed for impairment and provision for doubtful debt was provided for.

The amount of the provision was R 182 022 as of 31 March 2019 (2018: R 403 331).

5. PREPAYMENTS

Prepayments	430 919	511 909

Includes prepaid licenses and subscriptions.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:		
Cash on hand	34 013	19 079
Bank balances	179 333 925	140 275 367
Short-term deposits	920 787	867 236
	180 288 725	**141 161 682**
Current assets	180 288 725	141 161 682
Current liabilities	-	-
	180 288 725	**141 161 682**
Total amount of undrawn facilities available for future operating activities and commitments	920 787	867 236

7. PROPERTY, PLANT AND EQUIPMENT

	2019			2018		
	Cost / Valuation R	Accumulated depreciation and accumulated impairment R	Carrying value R	Cost / Valuation R	Accumulated depreciation and accumulated impairment R	Carrying value R
Furniture and fixtures	26 740 975	(18 507 422)	8 233 553	11 457 287	(5 354 056)	6 103 231
Motor vehicles	708 295	(401 050)	307 245	708 295	(215 417)	492 878
Office equipment	6 380 202	(5 047 196)	1 333 006	4 567 427	(3 298 604)	1 268 823
IT equipment	49 774 488	(37 258 675)	12 515 813	44 354 569	(24 748 759)	19 605 810
Leasehold improvements	3 887 881	(2 669 136)	1 218 745	3 588 464	(1 565 382)	2 023 082
Leased motor vehicles	332 098	(285 977)	46 121	916 111	(691 152)	224 959
Leased office equipment	10 883 212	(7 458 006)	3 425 206	10 745 963	(4 110 541)	6 635 422
Small value assets	(1 539)	(141)	(1 680)	15 715 144	(10 469 738)	5 245 406
Total	**98 705 612**	**(71 627 603)**	**27 078 009**	**92 053 260**	**(50 453 649)**	**41 599 611**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2019

	Opening balance R	Additions R	Disposals R	Transfers R	Other changes, movements R	Depreciation R	Total R
Furniture and fixtures	6 103 231	3 442 039	(20 244)	3 990 812	(18 886)	(5 263 399)	8 233 553
Motor vehicles	492 878	-	-	-	(3 602)	(182 031)	307 245
Office equipment	1 268 823	586 834	(4 592)	361 359	(37 197)	(842 221)	1 333 006
IT equipment	19 605 810	3 659 877	(57 054)	789 080	3 150	(11 485 050)	12 515 813
Leasehold improvements	2 023 082	134 201	(4 224)	84 221	74 464	(1 092 999)	1 218 745
Leased motor vehicles	224 959	-	-	-	(4)	(178 834)	46 121
Leased office equipment	6 635 422	313 250	-	-	(176 001)	(3 347 465)	3 425 206
Small value assets	5 245 406	-	-	(5 250 759)	3 673	-	(1 680)
	41 599 611	**8 136 201**	**(86 114)**	**(25 287)**	**(154 403)**	**(22 391 999)**	**27 078 009**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - AS AT 31 MARCH 2018

	Opening balance R	Additions R	Disposals R	Depreciation R	Total R
Furniture and fixtures	6 545 491	287 326	(42 706)	(686 880)	6 103 231
Motor vehicles	417 624	206 874	-	(131 620)	492 878
Office equipment	1 446 995	408 218	(12 194)	(574 196)	1 268 823
IT equipment	21 473 981	2 827 533	(55 207)	(4 640 497)	19 605 810
Leasehold improvements	2 512 356	766 658	(27)	(1 255 905)	2 023 082
Leased motor vehicles	572 160	-	-	(347 201)	224 959
Leased office equipment	10 158 752	-	-	(3 523 330)	6 635 422
Security equipment	13 132	-	(12 687)	(445)	-
Small value assets	6 484 670	378 007	(86 718)	(1 530 553)	5 245 406
	49 625 161	**4 874 616**	**(209 539)**	**(12 690 627)**	**41 599 611**

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

ASSETS SUBJECT TO FINANCE LEASE (NET CARRYING AMOUNT)	2019 R	2018 Restated* R
Leasehold improvements	1 218 745	2 023 082
Leased motor vehicles	46 121	224 959
Leased office equipment	3 425 206	6 635 422
	4 690 072	**8 883 463**

REPAIRS AND MAINTENANCE

Repairs and maintenance on property, plant and equipment		
Property, plant and equipment	3 802 765	1 245 359

OTHER INFORMATION

Property plant and equipment for prior year has been restated, refer to prior period error note 34 for details.

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

8. INTANGIBLE ASSETS

	2019			2018		
	Cost / Valuation R	Accumulated amortisation and accumulated impairment R	Carrying value R	Cost / Valuation R	Accumulated amortisation and accumulated impairment R	Carrying value R
Computer software, other	24 483 349	(18 021 064)	6 462 285	21 331 494	(13 042 428)	8 289 066

RECONCILIATION OF INTANGIBLE ASSETS - 2019

	Opening balance R	Additions R	Transfers R	Other changes, movements R	Amortisation R	Total R
Computer software, other	8 289 066	3 106 110	25 287	(72 819)	(4 885 359)	6 462 285

RECONCILIATION OF INTANGIBLE ASSETS - 2018

	Opening balance R	Additions R	Disposals R	Amortisation R	Total R
Computer software, other	6 876 882	4 438 509	(332 666)	(2 693 659)	8 289 066

9. FINANCE LEASE OBLIGATION

	2019 R	2018 Restated* R
Minimum lease payments due		
• within one year	3 754 764	4 487 783
• in second to fifth year inclusive	180 567	3 660 263
	3 935 331	8 148 046
Less: Future Finance Charges	(315 808)	(816 102)
Present value of minimum lease payments	**3 619 523**	**7 331 944**
Present value of minimum lease payments due		
• within one year	125 640	3 849 803
• in second to fifth year inclusive	3 493 883	3 482 141
	3 619 523	**7 331 944**
Non-current liabilities	3 493 883	3 482 141
Current liabilities	125 640	3 849 803
	3 619 523	**7 331 944**

It is entity policy to lease certain motor vehicles and equipment under finance leases.

The average lease term was 3-5 years and the average effective borrowing rate was 10% (2018: 10%).

The entity’s obligations under finance leases are secured by the lessor’s charge over the leased assets. Refer to note 7 - Property, plant and equipment.

10. OPERATING LEASE LIABILITY

Current liabilities	(20 342 795)	(18 658 494)

Refer to commitments note 26 for additional information.

11. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	67 966 987	62 596 595
Payroll creditors	1 126 693	6 367 924
Workmen compensation	2 096 760	1 836 155
	71 190 440	**70 800 674**

12. PROVISIONS

RECONCILIATION OF PROVISIONS - 2019	Opening Balance R	Additions R	Utilised during the year R	Total R
Audit fees	1 887 981	3 272 406	(2 593 279)	2 567 108
Performance incentives	19 260 954	29 854 173	(19 260 954)	29 854 173
	21 148 935	**33 126 579**	**(21 854 233)**	**32 421 281**

12. PROVISIONS

RECONCILIATION OF PROVISIONS - AS AT 31 MARCH 2018	Opening Balance R	Additions R	Utilised during the year R	Reversed during the year R	Total R
Audit fees	2 584 960	3 153 000	(3 244 000)	(605 979)	1 887 981
Performance incentives	17 045 785	19 261 000	(17 045 831)	-	19 260 954
	19 630 745	**22 414 000**	**(20 289 831)**	**(605 979)**	**21 148 935**

The provision for incentives relates to the performance achievements of the employee based on assumption that a determined number of employees will achieve an average performance score to qualify for the incentive.

The provision for audit fees relates to the audit strategy based on the assumption of future audit fees according to the audit engagement.

	2019 R	2018 Restated* R
13. RENDERING OF SERVICES		
Rendering of services	5 714 814	6 289 508
14. INTEREST RECEIVED		
Interest received		
Bank	14 762 254	11 763 182
15. GOVERNMENT GRANTS AND SUBSIDIES		
Transfers		
Government grants and subsidies	965 905 171	867 173 300
16. REVENUE		
Government grants and subsidies	965 905 171	867 173 300
Interest received- investment	14 762 254	11 763 182
Rendering of services	5 714 814	6 289 508
Other income	282 718	175 898
	986 664 957	**885 401 888**
The amount included in revenue arising from exchanges of goods or services is as follows:		
Interest received- investment	14 762 254	11 763 182
Rendering of services	5 714 814	6 289 508
Other income	282 718	175 898
	20 759 786	**18 228 588**
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Government grants and subsidies	965 905 171	867 173 300

17. OTHER INCOME

	2019 R	2018 Restated* R
Insurance and other recoveries	282 718	175 898

18. EMPLOYEE RELATED COSTS

	2019 R	2018 Restated* R
Basic	374 468 671	337 621 893
Medical aid- company contributions	42 285 347	34 043 983
UIF	1 727 254	1 654 139
WCA	1 046 947	774 585
Leave pay provision charge	6 067 886	4 027 449
Provident fund	59 782 068	55 124 221
Performance incentives	35 573 863	21 150 032
Part time casuals	-	1 100
Other staff costs	718 957	154 528
	521 670 993	**454 551 930**

REMUNERATION OF DIRECTOR

C Morajane

	2019 R	2018 Restated* R
Annual Remuneration	3 490 544	3 099 000
Contributions to UIF, Medical and Pension Funds	491 181	494 000
Other	106 036	-
	4 087 761	**3 593 000**

REMUNERATION OF CHIEF AUDIT EXECUTIVE

Z Hlophe

	2019 R	2018 Restated* R
Annual Remuneration	2 257 243	2 327 000
Cellphone allowance	14 400	12 000
Contributions to UIF, Medical and Pension Funds	436 421	341 000
Other	50 113	-
	2 758 177	**2 680 000**

R Dinga (Acting)

	2019 R	2018 Restated* R
Annual Remuneration	38 379	-

REMUNERATION OF THE GENERAL MANAGER: LEGAL SERVICES

R Moeketsi

	2019 R	2018 Restated* R
Annual Remuneration	2 435 794	2 315 000
Cellphone allowance	14 400	12 000
Contributions to UIF, Medical and Pension Funds	423 443	339 000
Other	64 700	-
	2 938 337	**2 666 000**

18. EMPLOYEE RELATED COSTS (CONTINUED)

	2019 R	2018 Restated* R
REMUNERATION OF THE CHIEF FINANCIAL OFFICER		
KS Mashaakgomo		
Annual Remuneration	510 857	-
Cellphone allowance	3 600	-
Contributions to UIF, Medical and Pension Funds	88 020	-
Other	2 348	-
	604 825	**-**
M Mabaso (Acting)		
Annual Remuneration	143 786	-
Cellphone allowance	714	-
	144 500	**-**
P Magagula		
Annual Remuneration	1 350 339	1 997 000
Cellphone allowance	9 600	12 000
Contributions to UIF, Medical and Pension Funds	236 615	333 000
Other	32 571	-
	1 629 125	**2 342 000**
B Mbolekwa (Acting)		
Annual remuneration	219 786	295 000
Contributions to UIF, Medical and Pension Funds	22 463	45 000
	242 249	**340 000**
REMUNERATION OF THE NATIONAL SENIOR COMMISSIONER: COLLECTIVE BARGAINING AND OUTREACH		
H Docrat		
Annual Remuneration	2 387 094	2 325 000
Cellphone allowance	14 400	12 000
Contributions to UIF, Medical and Pension Funds	478 000	347 000
Other	64 339	-
	2 943 833	**2 684 000**
REMUNERATION OF THE GENERAL MANAGER: CORPORATE SERVICES		
M Ncanana		
Annual Remuneration	2 460 277	2 325 000
Cellphone allowance	14 400	12 000
Contributions to UIF, Medical and Pension Funds	370 797	340 000
Other	65 012	-
	2 910 486	**2 677 000**

18. EMPLOYEE RELATED COSTS (CONTINUED)

	2019 R	2018 Restated* R
S Mafora (Acting)		
Annual Remuneration	26 391	-

REMUNERATION OF THE GENERAL MANAGER: EXTERNAL RELATIONS AND BUSINESS DEVELOPMENT

A Mokgadinyane (Acting)		
Annual Remuneration	248 040	-
Cellphone allowance	1 538	-
	249 578	**-**
N Govender		
Annual Remuneration	699 201	2 232 000
Cellphone allowance	4 800	-
Contributions to UIF, Medical and Pension Fund	127 573	340 000
Other	33 144	274 000
	864 718	**2 846 000**

REMUNERATION OF THE NATIONAL SENIOR COMMISSIONER: REGIONS

C Small (Acting)		
Annual Remuneration	131 789	-
Cellphone allowance	12 000	-
	143 789	**-**
M Kotze (Acting)		
Annual Remuneration	51 184	2 043 000
Cellphone allowance	200	12 000
Contributions to UIF, Medical and Pension Funds	-	275 000
	51 384	**2 330 000**
G Mafa -Chali (Acting)		
Annual Remuneration	190 443	-
Cellphone allowance	1 200	-
	191 643	**-**
C Johnson (Acting)		
Annual Remuneration	-	138 000
Cellphone allowance	-	4 000
Contributions to UIF, medical and pension fund	-	23 000
	-	**165 000**

18. EMPLOYEE RELATED COSTS (CONTINUED)

	2019 R	2018 Restated* R
REMUNERATION OF THE CHIEF INFORMATION OFFICER		
A Mososo (Acting)		
Annual Remuneration	159 376	-
N Nkosi		
Annual Remuneration	325 443	-
Cellphone allowance	2 345	-
Contributions to UIF, medical and pension fund	58 612	-
Other	1 461	-
	387 861	**-**
MEMBER'S EMOLUMENTS		
Bono L - ESC Member	1 040 994	1 487 000
Burn F - ARC Member	-	61 000
Clark R - ARC Member	125 826	76 000
Esitang GT - Governing Body Member	88 191	52 000
Gildenhuys A - ESC Member	112 813	-
Gumede W - ARC Member	15 516	138 000
Harris AS - Governing Body Member	-	64 000
Koen J - ESC Member	11 120	49 000
Ledwaba M - Governing Body Member	194 891	232 000
Lukhele S - Governing Body Member	311 865	273 000
Mahlalela SD - ARC Member	2 955	-
Marule CK- ESC Member	163 645	-
Memani N - ESC Member	328 360	170 000
Mokoena C - ESC Member	29 354	239 000
Moloto N - Governing Body Member	186 977	115 000
Monage E - Governing Body Member	-	72 000
Motau C - ARC Member	134 564	-
Moyane IK - Governing Body Member	192 054	115 000
Ndaba M - ESC Member	141 150	-
Ndlala AZ - ESC Member	122 444	-
Nkopane MJ - ESC member	777 403	724 000
Nolutshungu R - ESC Member	78 298	416 000
Ntshalintshali B - Governing Body Member	218 808	149 000
Pangwa V - ARC Member	175 350	63 000
Ranchod A - ESC Member	372 572	134 000
S Khumalo - ESC Member	25 685	492 000
Smythe N - ESC Member	-	67 000
Trentini L - Governing Body Member	112 315	42 000
Wilson J - ARC Member	-	67 000
	4 963 150	**5 297 000**

19. ADMINISTRATIVE EXPENDITURE

	2019 R	2018 Restated* R
General administration	74 731 153	70 736 744
Rental office building leases (Operating lease)	63 400 942	58 387 088
	138 132 095	**129 123 832**

20. DEPRECIATION AND AMORTISATION

PROPERTY, PLANT AND EQUIPMENT

Furniture and fixtures	5 263 399	686 880
Motor vehicles	182 031	131 620
Office equipment	842 221	574 196
IT equipment	11 485 050	4 640 497
Leasehold improvements	1 092 999	1 255 905
Leased motor vehicles	178 834	347 201
Leased office equipment	3 347 465	3 523 330
Security equipment	-	445
Small assets	-	1 530 553
	22 391 999	**12 690 627**

INTANGIBLE ASSETS

Computer software, other	4 885 359	2 693 659
	27 277 358	**15 384 286**

21. FINANCE COSTS

Finance leases	680 212	1 108 682

Capitalisation rates used during the period were 10% on specific borrowings for capital projects, aligned to the weighted average cost of funds.

Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit.

22. BARGAINING COUNCILS SUBSIDIES

Bargaining councils subsidies	5 610 160	7 155 814

71 190 440	2019 R	2018 Restated* R
Advertising	1 173 464	247 920
Case disbursement costs	228 063 687	203 701 225
Cleaning	5 180 480	3 461 161
Computer expenses	5 083 659	8 926 526
Consulting and professional fees	2 684 512	2 444 542
Flowers	211 369	246 274
Other operating expenses	18 420 263	9 991 184
Rental other	1 201 775	-
Software expenses	1 212 466	1 423 933
Travel- local	18 854 130	13 038 213
Travel- overseas	869 205	702 366
	282 955 010	**244 183 344**

24. CASH GENERATED FROM OPERATIONS

Surplus	10 258 333	33 356 096
Adjustments for:		
Depreciation and amortisation	27 277 384	15 384 286
Other movement in PPE	240 597	(343 422)
Other movement in Intangible	72 819	332 784
Movement in operating lease straight-lining asset	63 400 942	55 226 078
Movement in provisions	11 272 346	1 517 935
Increase in leave and bonus accrual	3 500 299	1 639 865
Changes in working capital:		
Inventories	(429 603)	(36 266)
Receivables from exchange transactions	3 234 921	1 271 988
Prepayments	80 990	749 091
Payables from exchange transactions	(3 110 532)	8 603 070
	115 798 496	**117 701 505**

25. FINANCIAL INSTRUMENTS DISCLOSURE

CATEGORIES OF FINANCIAL INSTRUMENTS

2019

Financial assets	At amortised cost R	Total R
Cash and cash equivalents	180 288 725	180 288 725
Receivables from exchange transactions	1 685 064	1 685 064
	181 973 789	**181 973 789**

Financial liabilities		
Finance lease obligation	3 619 523	3 619 523
Payables from exchange transactions	71 190 440	71 190 440
	74 809 963	**74 809 963**

25. FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

AS AT 31 MARCH 2018 Financial assets	At amortised cost R	Total R
Cash and cash equivalents	141 161 682	141 161 682
Receivables from exchange transactions	4 920 012	4 920 012
	146 081 694	**146 081 694**

Financial liabilities		
Finance lease obligation	7 331 944	7 331 944
Payables from exchange transactions	70 800 674	70 800 674
	78 132 618	**78 132 618**

Due to the effect of the prior period errors, the information in the financial instruments note have been adjusted. For the detailed breakdown of the items affected please refer to the prior period adjustment note 34.

26. COMMITMENTS

	2019 R	2018 Restated* R
AUTHORISED CAPITAL EXPENDITURE		
Approved and contracted for		
• Property, plant and equipment	21 003 394	13 721 452
Total capital commitments		
• Office furniture	84 094	3 185 256
• Computer equipment	47 806	3 090 459
• Intangible asset	20 871 494	7 445 737
	21 003 394	**13 721 452**
Total capital commitments		
• Already contracted for but not provided for	21 003 394	13 721 452
AUTHORISED OPERATIONAL EXPENDITURE		
Approved and contracted for		
• Operational Commitment within one year	24 754 732	25 791 753
• Operational Commitment in second to fifth year	16 130 355	2 009 041
	40 885 087	**27 800 794**
Approved and not yet contracted for		
• Operational Commitment within one year	23 209 080	12 104 639
• Operational Commitment in second to fifth year	50 124 543	-
	73 333 623	**12 104 639**
Total operational commitments		
• Approved and contracted for	40 885 087	27 800 794
• Approved and not yet contracted for	73 333 623	12 104 639
	114 218 710	**39 905 433**

26. COMMITMENTS (CONTINUED)

	2019 R	2018 Restated* R
Total commitments		
• Authorised capital expenditure	21 003 394	13 721 452
• Authorised operational expenditure	114 218 710	39 905 433
	135 222 104	**53 626 885**

Capital and Operational expenditure are financed by government grant received from National Treasury through the Department of Labour. The commitments represent approved orders and contracts that are concluded at year-end, and will be financed by available bank facilities, and retained surplus.

OPERATING LEASES - BUILDINGS

Minimum lease payments due		
• within one year	57 529 388	62 215 000
• in second to fifth year inclusive	146 610 351	187 614 000
• later than five years	25 080 511	38 952 000
	229 220 250	**288 781 000**

Operating lease payments represent rentals payable by the CCMA for office properties and parking, rentals are smoothed over the 5-10 years period of the lease.

FINANCE LEASE - OBLIGATION

Minimum lease payments due		
• within one year	3 754 764	4 421 000
• in second to fifth year inclusive	180 567	3 561 000
• later than five years	(315 808)	(796 000)
	3 619 523	**7 186 000**

Finance Lease payments represents the CCMA pool cars, photocopying machine, water cooler and vending machines

27. CONTINGENCIES

27.1 CONTINGENCY ON RETAINING OF SURPLUS

In terms of Section 53(3) of the PFMA, a Public entity may not accumulate surplus funds without approval from National Treasury. Approval has been requested from National Treasury to retain surpluses amounting to R9 929 821 as at 31 March 2019 and R56 000 000 as at 31 March 2018.

27.2 LITIGATION

Claims of repudiation	15 000 000	-
Claims of damages	400 000	-
Claims of services rendered	220 000	-
Claims of arrears payments	50 970	-
Labour matter	701 888	1 500 000
	16 372 858	**1 500 000**

28. RELATED PARTIES

	2019 R	2018 Restated* R

RELATIONSHIPS

Governing body's emoluments	Refer to Governing Body's emoluments note 18
Controlled entity	Department of Labour
Entities with common control	Nedlac Workmen's Compensation Fund Unemployment Insurance Fund (UIF) Sheltered Employment Enterprises (SEE)
Subsidised Bargaining Councils	There are thirty six (36) accredited bargaining councils by the CCMA, which have been Accredited according to the Labour Relations Act (LRA)
Key management and related party commitments information	Refer to note 20 for key management and their remuneration details

GOVERNMENT GRANTS

	2019 R	2018 Restated* R
Department of Labour	965 905 171	867 173 300

PURCHASES FROM RELATED PARTIES

	2019 R	2018 Restated* R
Sheltered Employment Enterprises (SEE)	-	2 238 000
UIF	3 453 794	1 654 000
WCA	2 637 582	2 446 000
BC for Civil Engineering Industry	273 468	260 000
BC for Electrical Industry	66 071	58 000
BC for Contract Cleaning Ind	83 329	-
BC for Meat Trade	64 313	23 000
BC for Restaurant, Catering	269 169	318 000
BC for Food Retail Restaurant, Catering & Allied Trades	52 567	41 000
BC for The Hairdressing & Cosmetology	69 860	79 000
BC for Public Health and Social Development	238 076	228 000
BC for Building Industry S&E	6 426	51 000
BC for Building Industry Cape of Good Hope	262 304	303 000
BC for Clothing Industry	91 178	68 000
BC for Furniture Manufacturing Industry	27 530	14 000
BC for Furniture Bedding & Upholstery Industry	36 465	36 000
BC for Metal & Engineering Industry	1 068 105	2 719 000
BC for Motor Industry	1 159 471	1 138 000
NBC for the Road Freight Industry	569 266	647 000
NBC for the Leather Industry of SA	15 784	21 000
BC for Public Service Coordinating	182 127	151 000
BC for Safety and Security Sectoral	88 348	119 000
BC for South African Road Passenger	237 831	226 000
BC for Statutory Council of the Printing Newspaper & Packaging Industry	72 491	47 000
BC of Education Labour Relations Council	42 403	44 000
BC for South African Local Government	119 221	-
BC of Laundry Cleaning & Dyeing	9 358	10 000
BC for The Chemical Industry	182 013	127 000
BC for Road Freight Industry	95 868	259 000
BC of Transnet	-	86 000
	11 474 418	**13 411 000**

28. RELATED PARTIES (CONTINUED)

	2019 R	2018 Restated* R
PAYABLE BY CCMA		
Workmen's Compensation Fund	2 567 108	1 887 981
BC South African Local Government	-	12 000
BC Metal and Engineering Industry	-	105 000
BC for Public Health	-	26 000
NBC for Road Freight Industry	-	165 000
BC for Building Industry	-	41 000
BC for Food Retail, Rest & Catering Nat.	-	9 000
BC for Civil Engineering	-	10 000
NBC for Electrical Industry	-	30 000
BC for Motor Industry	-	86 000
	2 567 108	**2 371 981**

29. RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

LIQUIDITY RISK

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2019	Less than 1 year R	Between 1 and 2 years R	Between 2 and 5 years R	Over 5 years R
Finance lease obligation	125 640	3 493 883	-	-
Payables from exchange transactions	71 190 440	-	-	-
At 31 March 2018				
Finance lease obligation	3 849 803	3 482 141	-	-
Payables from exchange transactions	70 800 674	-	-	-

CREDIT RISK

Credit risk consists mainly of cash deposits, cash equivalents and receivables. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

29. RISK MANAGEMENT (CONTINUED)

	2019 R	2018 Restated* R

Financial assets exposed to credit risk at year end were as follows:

Financial instrument		
Cash and cash equivalents	180 288 725	141 162 862
Receivables from exchange transactions	1 685 064	4 920 012

30. GOING CONCERN

We draw attention to the fact that at 31 March 2019, the entity had an accumulated surplus of R 90 456 832 and that the entity's total assets exceed its liabilities by R 90 456 832.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

31. FRUITLESS AND WASTEFUL EXPENDITURE

Opening balance	27 000	34 000
Add: Fruitless and wasteful expenditure	70 419	63 000
Less: Amounts written-off	(14 787)	(70 000)
	82 632	**27 000**

Two suppliers booked to cater for the same meeting. The amount of R 14 787 was written off by the relevant authority.

Details of fruitless and wasteful expenditure		
Interest on overdue supplier accounts	9 898	5 800
Cancelled non-refundable flights and accomodation	60 521	57 200
	70 419	**63 000**

32. IRREGULAR EXPENDITURE

Opening balance	68 296	54 072
Add/ (Less): Prior year adjustments to opening balance	1 736	(477)
Add: Movement from prior years	8 955	54 474
Add: Occurred in current year	1 030	4 027
Less: Irregular expenditure written-off	-	(8 063)
Less: Total amounts condoned	-	(35 737)
	80 017	**68 296**

ANALYSIS OF EXPENDITURE AWAITING CONDONATION PER AGE CLASSIFICATION

Current year	1 030	4 027
Prior years	78 987	64 269
	80 017	**68 296**

33. CHANGE IN ESTIMATE

PROPERTY, PLANT AND EQUIPMENT

The useful life of certain plant, property and equiptment was estimated in 2018 to be between 3-30 years. In the current year management revised the estimated useful life in line with the accounting policy. The effect of this revision has increased the depreciation charges for the current and future periods by R 11 893 098

34. PRIOR-YEAR ADJUSTMENTS

Presented below are those items contained in the Statement of financial position and Statement of financial performance that have been affected by prior-year adjustments:

STATEMENT OF FINANCIAL POSITION **As at 31 March 2018**	**As previously reported** **R**	**Correction of error** **R**	**Restated** **R**
Inventories	1 656 000	-	1 656 000
Receivables from exchange transactions	5 629 000	(709 000)	4 920 000
Prepayments	512 000	-	512 000
Cash and cash equivalents	141 161 000	-	141 161 000
Property, plant and equipment	41 422 000	179 000	41 601 000
Intangible assets	8 289 000	-	8 289 000
Finance lease obligation (long-term)	(3 390 000)	(92 000)	(3 482 000)
Finance lease obligation (short-term)	(3 796 000)	(54 000)	(3 850 000)
Payables from exchange transactions	(62 464 000)	(8 337 000)	(70 801 000)
Operating lease obligation (long-term)	(19 022 000)	363 000	(18 659 000)
Provisions (short-term)	(21 149 000)	-	(21 149 000)
Accumulated surplus	(88 848 000)	8 650 000	(80 198 000)
	-	-	-

STATEMENT OF FINANCIAL PERFORMANCE **As at 31 March 2018**			
Rendering of services	6 350 000	(60 000)	6 290 000
Other income	176 000	-	176 000
Interest income (investment)	11 763 000	-	11 763 000
Government grants and subsidies	867 173 000	-	867 173 000
Employee related cost	(455 197 000)	645 000	(454 552 000)
Depreciation and amortisation	(15 384 000)	-	(15 384 000)
Bargaining councils subsidies	(7 156 000)	-	(7 156 000)
Administration	(128 843 000)	(281 000)	(129 124 000)
Finance cost	(1 098 000)	(11 000)	(1 109 000)
Operating expense	(244 762 000)	579 000	(244 183 000)
Loss on disposal of asset	-	(538 000)	(538 000)
Surplus for the year	**33 022 000**	**334 000**	**33 356 000**

34. PRIOR-YEAR ADJUSTMENTS (CONTINUED)

ERRORS

The following resulted in the prior period errors

Employee related costs and Payables from exchange transactions

Employee cost adjustment due to prior period over estimation on workmens compensation. The employee costs needed to be adjusted after receiving the statement from the third party.

Alignment of the PAYE account to the SARS statement of account in the prior year.

Finance lease obligation and finance cost

Correction of Vending Machine incorrectly accounted for as an expense in prior year.

Operating lease obligation

Correction of Smoothing schedule calculation gave rise to an increase in the operating lease liability in the prior year.

Receivables from exchange transactions

Debtor impairment 2018: Prior period correction of impairment calculation according to GRAP 104. Bursary debt 2018: Correction of bursary debt according to the correct treatment of account.

Payables from exchange transactions, administration, and operating expenses

Prior year IC/PO clearing account adjustment.

Property, plant and equipment

Take-on and disposing of assets that were on the floor and not on the register. Reclassification of loss of disposal of assets.

Receivables from exchange transactions and provision for doubtful debt adjustment

GRAP104 - Provision for doubtful debt: The impairment policy used by the entity was not considered to sufficiently reflect the requirements of GRAP 104. Therefore, the policy was reviewed, updated, and implemented. As a result of the change comparative years also had to be adjusted.

Rendering of services and Receivables from exchange transactions

Rendering of service transactions not accounted for in the prior year. Loss on disposal of assets.

Commitments

In the prior year the incorrect amount relating to commitments were disclosed, it was subsequently corrected. Please refer to note 26.

Authorised capital expenditure was disclosed as R9 650 000 and should have been R13 721 435.

Authorised operational expenditure was disclosed as R40 658 000 and should have been R39 905 433.

35. BUDGET DIFFERENCES

MATERIAL DIFFERENCES BETWEEN BUDGET AND ACTUAL AMOUNTS

Revenue and income from investments

The revenue is as per drawdown agreement with the Department of Labour with R30.9m allocated to the capital expenditure. Furthermore, additional funding to an amount of R1.3m was allocated to adjust the budget for implementation of National Minimum Wage (R1.3m).

Income from investment was 30% above the budget mainly due to variable interest rates and investments timing difference. Income from rendered services and other income was 26.4% lower than the budget, due to rendering services income being demand based and varies from month to month.

Expenditure

The overall expenditure spent for the period ending March budget is reported at 96.2% with the overall saving of 3.8%. Employee related staff costs budget reported a saving of 3.4% which is mainly due to staff vacancies that were not filled during the financial year.

Administration and operating expenditure reported a saving of 10.9%, mainly due to software and building maintenance as they are demand based and vary from year to year, training and development as well as savings realised from printing and stationery due to the implementation of cost containment measures.

Subsidies paid during the year were under by 9.2% due to lower inflow of claims on settled and awarded cases from bargaining councils.

Depreciation for the year was not budgeted for as it is a non cash activity, only considered CAPEX portion.

The Finance cost exceeed the budget by 153.6% mainly due to the underestimation of vehicle and printers finance costs.

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters.

In the 2017/18 financial year, R56m of the prior year accummulated surplus were earmarked and budgeted expenditure related to the implementation of the Labour Law amendments, to absorb the appointment of the full time interpreters and increase in case load and accessibilty of the CCMA.

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