ANNUAL REPORT 2017/2018

CCMA

COMMISSION FOR CONCILIATION, MEDIATION & ARBITRATION

CCMA

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ANNUAL REPORT 2017/2018

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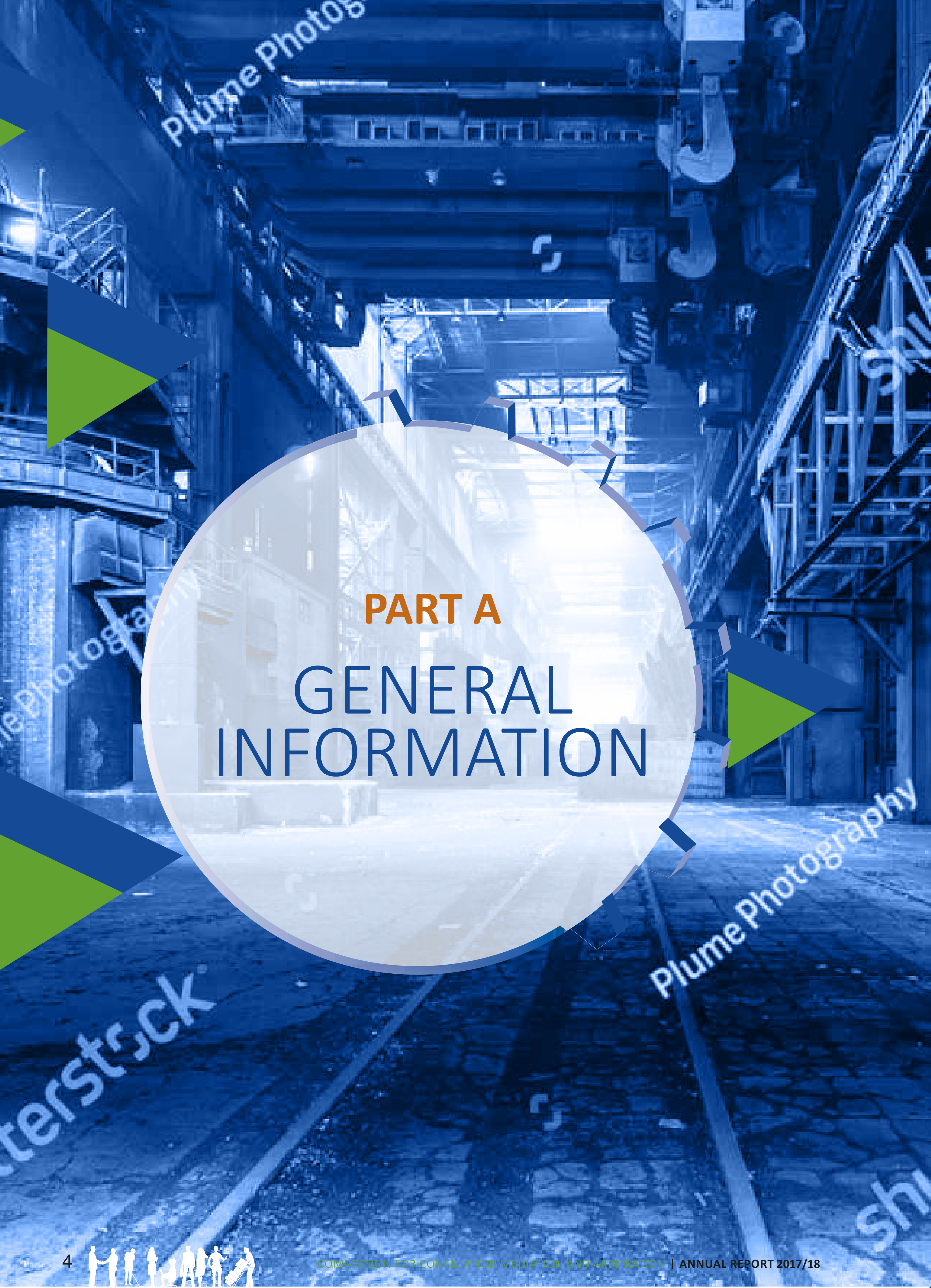

PART A

GENERAL INFORMATION

1. 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
EMAIL ADDRESS	ho@ccma.org.za
WEBSITE	www.ccma.org.za
EXTERNAL AUDITORS INFORMATION	Auditor-General South Africa
EXTERNAL AUDITORS ADDRESS:	300 Middle Street, Brooklyn, Pretoria
BANKER'S INFORMATION	Nedbank Ltd
BOARD SECRETARY	Edmund Nyamakupe Acting Board Secretary
JUDIRISDICTION	The CCMA is a public entity under the Department of Labour
ACCOUNTING AUTHORITY	CCMA Governing Body

2. LIST OF ABBREVIATIONS

AGSA	Auditor-General South Africa
AFS	Annual Financial Statements
AMCU	Association of Mineworkers and Construction Union
APP	Annual Performance Plan
ARC	Audit and Risk Committee
ASC	Accreditation and Subsidy Committee
BAC	Bid Adjudication Committee
BC	Bargaining Council
BCEA	Basic Conditions of Employment Act (No 75 of 1997), as amended
BCM	Business Continuity Management
BEC	Bid Evaluation Committee
BSC	Bid Specification Committee
CB	Collective Bargaining
CBIP	Collective Bargaining Improvement Process
CBSP	Collective Bargaining Support Process
CC	Competition Commission
CCMA	Commission for Conciliation, Mediation and Arbitration
CEE	Commission for Employment Equity
CEO	Chief Executive Officer (CCMA Director in terms of the PFMA)
CLM	Case Law Monitor
CMS	Case Management System
COGP	Code of Good Practice
CSC'S	Convening Senior Commissioners
CSR	Community Social Responsibility
DMP	Dispute Management and Prevention
DOL	Department of Labour
DP	Dispute Prevention
DR	Dispute Resolution
DUT	Durban University of Technology
EAP	Employee Assurance Programme
EE	Employment Equity
EEA	Employment Equity Act no 55 of 1998
EEAA	Employment Equity Act, as amended
ELA	Employment Law Amendments

ELRC	Education Labour Relations Council
ENE	Estimates of National Expenditure
ENS	Effective Negotiation Skills
ERM	Enterprise Risk Management
ESC	Essential Services Committee
ESU	Employment Security Unit
EWS	Early Warning System
FAWU	Food and Allied Workers Union
GB	Governing Body
GSEC	Governance, Social and Ethics Committee
HR	Human Resources
HRC	Human Resources Committee
HRM	Human Resource Management
HSRC	Human Science Research Council
IBTC	Items Being Tracked for Correction
ICT	Information and Communications Technology
IEC	Independent Electoral Commission
ILO	International Labour Organisation
JAVS	Justice Audio Video Solutions
JSS	Job Saving Strategy
KPA	Key Performance Area
KPAs	Key Performance Areas
LDRP	Labour Dispute Resolution Practice
LRA	Labour Relations Act (No. 66 of 1995) (as amended)
LRC	Legal Resource Centre
MANCO	Management Committee
MCW	Managing Conflict in the Workplace
MEIBC	Metal and Engineering Industry Bargaining Council
MoU	Memorandum of Understanding
MSAs	Minimum Service Agreements
MSDs	Minimum Service Determinations
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NDP	National Development Plan

NEDLAC	National Economic Development and Labour Council
NMW	National Minimum Wage
NNMW	New National Minimum Wage
NT	National Treasury
NUM	National Union of Mineworkers
OHS	Occupational Health and Safety
PC	Procurement Committee
PFMA	Public Finance Management Act
PPCL	Parliamentary Portfolio Committee on Labour
SABC	South African Broadcasting Corporation
SAHRC	South African Human Rights Commission
SANP	South Africa National Parks
SBD	Standard Bidding Documents
SCM	Supply Chain Management
SDIP	Service Delivery Improvement Plan
SO	Strategic Objective
SSSBC	Safety and Security Sectoral Bargaining Council
TLS	Training Layoff Scheme
UIF	Unemployment Insurance Fund
UNISA	University of South Africa

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5. THE CHAIRPERSON'S FOREWORD

Makhulu Ledwaba

It has been a great honour to have served my first year as the Chairperson of the Governing Body of the Commission for Conciliation Mediation and Arbitration (CCMA) during the 2017/18 financial year, wherein the CCMA celebrated 21 years of existence of serving the labour market by delivering expeditious social justice.

ACKNOWLEDGEMENTS AND WORDS OF APPRECIATION

First and foremost, may I, on behalf of the Governing Body, thank the Portfolio Committee on Labour, the Executive Authority, the Honourable Minister of Labour, Ms Mildred Oliphant, the Department of Labour and the National Treasury, for their support during the 2017/18 financial year. It is through their leadership that the CCMA has been able to register great achievements during the reporting period.

My appreciation is also extended to the Governing Body and the Members of the following Governance Committees: the Accreditation and Subsidy Committee (ASC), the Audit and Risk Committee (ARC), the Governance, Social and Ethics Committee (GSEC), the Human Resources Committee (HRC) and the Procurement Committee (PC). Your leadership and tireless dedication in exercising your Corporate Governance responsibility is commendable.

My gratitude also goes to the Director of the CCMA, Mr Cameron Sello Morajane and the Executive Management Team, for the good work done in the past year to turn the organisation around. CCMA Commissioners and Staff, you are also thanked for your service to the people of South Africa.

OVERVIEW OF STRATEGY AND PERFORMANCE

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 mandate is drawn from the purpose of the Labour Relations Act (LRA) itself, which is to *"advance economic development, social justice, labour peace and the democratisation of the workplace"*.

The identified five (5) strategic priorities of the CCMA for the 2017/18 financial year, as outlined in the 2017/18 Annual Performance Plan (APP), drove all organisational activities and initiatives, with the organisational structure and the budget also supporting the implementation of these set priorities.

The core of the CCMA's work is founded in its statutory mandate, which is to deliver speedy Dispute Resolution (DR) to Users, through conciliations and arbitrations, amongst others. The large volumes of referrals streaming into the CCMA and Bargaining Councils daily, reflected in the CCMA's operational reports, bear testimony to the state of the South African labour market. A total of 186 902 cases were referred to the CCMA during the 2017/18 financial year, compared to 188 449 cases referred during the prior financial year, which constitutes a decrease of one (1%) percent. For the first time in a five (5) year period, a decline in the caseload is registered. The enhancement of the Dispute Management and Prevention (DMP) Function, aiming to empower Users to resolve matters at plant level first, may have contributed to the caseload decline year on year.

A total of 148 403 conciliations were heard during the reporting period. Furthermore, 18 942 arbitration awards were sent to parties.

The above demonstrates the CCMA's efficiency and effectiveness in implementing its legislated mandate, to ensure that social justice is delivered expeditiously to the benefit of the vulnerable workforce. A monitoring system is in place to ensure compliance with the legislated mandate, with corrective action being taken to address under-performance. More efforts will be concentrated to attain full compliance with statutory obligations where possible. This remains a consistent priority for the CCMA in the 2018/19 financial year.

Economic growth is a national imperative and a key priority as documented in the National Development Plan (NDP). The CCMA aims to contribute towards the alleviation of the triple crisis of unemployment, poverty and inequality. One of the ways that the CCMA does this, is through its Job Saving Strategy, executed through the dedicated efforts of all CCMA Regional offices in the course of Section 189A facilitations. These efforts resulted in the CCMA saving 36% (21 316) of jobs, against 59 146, of those likely to be retrenched (as per cases refererd to the CCMA). This achievement was against a target of 35% of jobs to be saved. Actual retrenchments were recorded at 36 016 for the 2017/18 financial year.

During the reporting period, Coca-Cola Beverages Africa Ltd and various Coca-Cola Bottling and related operations (Coca-Cola), had filed a large merger transaction with the Competition Commission and the outcome of the investigation held that "the merging parties may be entitled to transfer current employees with their consent, to owner–driver contracts, and they shall provide counselling to employees through the CCMA prior to a decision by any individual worker to move to the owner-driver or similar scheme, to enable them to understand the risks inherent in moving from an employment relationship to a contracting relationship."

The Johannesburg Region, in collaboration with the National Office, based on the above requirement from the Competition Commission, assisted with the counselling of employees interested in the owner-driver scheme. A Memorandum of Understanding (MOU) between the CCMA, the Food and Allied Workers Union (FAWU) and Coca-Cola was then signed, outlining the services that the CCMA will be providing. The process is ongoing and to date, over 10 sessions have been held with the relevant stakeholders, including organised labour. This is further confirmation of the role that the CCMA plays in the broader labour market, with respect to jobs saving in particular.

The CCMA, in partnerships with other institutions, is committed to continue supporting the labour market by offering support and survival mechanisms to retrenched employees. For instance, the CCMA is in the process of reviewing and enhancing the Early Warning System (EWS) to mitigate job losses. Furthermore, the CCMA will continue to work with the Unemployment Insurance Fund (UIF) to streamline the Training Layoff Scheme (TLS) to improve its efficiency and effectiveness. If repositioned properly, the CCMA is of the view that the TLS has the potential to assist businesses in distress, in a bid to alleviate the prevalence of job losses.

One of the CCMA's key objectives of enhancing the labour market to advance stability and growth, by proactively providing guidance and support in Collective Bargaining matters, remained a priority for the CCMA during the 2017/18 financial year. A stable labour market encourages investor confidence. Investor confidence supports job creation initiatives, thus contributing to economic growth. As at the end of the financial year, 4 703 mutual interest disputes were recorded, representing a seven percent (7%) decline compared to the previous financial year. The high figure is indicative of the labour market's heavy reliance on the CCMA with respect to Collective Bargaining disputes. The settlement rate in these matters was recorded at 59%, dropping by five percent (5%) when compared to the previous year.

Of the 136 Section 150 Public Interest Matters dealt with during the reporting period, 120 were settled, resulting in an 88% success rate, due to the CCMA's continuous proactive monitoring, support and guidance in the labour market, in respect of Collective Bargaining matters. In the 2018/19 financial year, the facilitation of improved Collective Bargaining remains a priority in order to promote orderly and healthy labour relations, with a number of pre – during – and post Collective Bargaining activities being planned for delivery for the benefit of parties.

It is with pride that the CCMA was instrumental in resolving the following high profile strikes during the reporting period, involving the following organisations: South African National Parks (SANP), South African Broadcasting Corporation (SABC), University of South Africa (UNISA) and the Durban University of Technology (DUT). The proactive monitoring of the labour market also led to the successful suspension of the 10111 Call Centre Agents strike in the Safety and Security Sectoral Bargaining Council, and the resolution of the Intertoll strike on the eve of the 2018 Easter Weekend.

The CCMA also continued to monitor, support and maintain effective stakeholder relations with the 35 accredited Bargaining Councils and Private Agencies. The inability of the Councils and Agencies to perform their functions will place a tremendous burden on the CCMA's DR capacity and service delivery. Therefore, the CCMA had a dedicated focus to ensure that Councils and Agencies perform and sustain their accreditation functions in accordance with the criteria set out in the LRA. This is important for labour market stability.

The significant challenges facing the South African labour market and economy posed a key challenge for the CCMA to play a more proactive role in addressing the high levels of workplace conflict and job loss. During the reporting period, the CCMA exercised

A total of 148 403 conciliations were heard during the reporting period. Furthermore, 18 942 arbitration awards were sent to parties.

its discretionary functions and implemented proactive strategies to intervene earlier in the labour market to prevent disputes by building appropriate capacity. In total, the CCMA conducted 2 439 outreach activities inclusive of awareness raising, capacity building and social justice blockages activities across the country, with 59 696 people being reached.

The CCMA continues to strive for a clean audit opinion, and continues to adhere to the principles of good Corporate Governance. During the financial year under review, the Governing Body formally adopted the King IV Report as its vehicle to reach full governance maturity. The CCMA has made great strides towards the full implementation of the 16 King IV principles applicable to it. The CCMA has adopted Enterprise-Wide Compliance Management, with the organisation registering a managed compliance maturity, as per the Compliance Management Road Map. Furthermore, the CCMA implements Enterprise-Wide Risk Management (ERM) as an essential part of effective Corporate Governance, with Management, implementing a risk-based approach in the execution of daily business activities.

The CCMA remains committed to making an impact in the labour market. The five-year (5) Senz'umehluko Strategy was in its third year in the 2017/18 financial year, and as such, the time was opportune for the CCMA to critically assess progress made and highlight milestones achieved in the last three (3) years. As such, a mid–term strategy impact assessment study was commissioned to evaluate the impact of the strategy and to propose recommendations for improved strategic prioritisation. The study has been concluded and results presented to Management and the Governing Body. During the 2018/19 financial year, the CCMA's Service Delivery Improvement Plan (SDIP) will be developed. The purpose of the SDIP is to detail the service delivery improvement initiatives to be implemented by the CCMA going forward, recognising that service delivery excellence is achieved through an ongoing improvement programme. Through the SDIP, the CCMA will continue to explore ways and means to improve service delivery by developing and implementing an effective approach to transact with its Users.

I would like to congratulate the Director, Management and the CCMA staff as a whole, for the 87% performance registered for the 2017/18 financial year, with 13 targets achieved, against a total of 15 set targets.

STRATEGIC RELATIONSHIPS

The CCMA's relationship with the Department of Labour (DOL) continued to thrive, with both parties sharing various platforms on a number of occasions. Furthermore, the CCMA continued to utilise Labour Centres to hear matters in areas where the CCMA does not have offices. The strategic partnership with the International Labour Organisation (ILO) was maintained, with the ILO participating at the CCMA's Inaugural 2017 Shop Steward Conference, held in September 2017, and the CCMA's Inaugural 2018 Labour Conference, which took place in March 2018.

The CCMA established partnerships with the following institutions during the year under review: The Commission for Employment Equity (CEE), the South African Human Rights Commission (SAHRC), the Human Science Research Council (HSRC), the Legal Resource Centre (LRC) and AgriSA. MOU's were signed with these institutions. The purpose of these strategic partnerships is to collaborate with relevant stakeholders to accelerate service delivery in the labour market.

The CCMA continued to partner with its sister labour public entities. As already mentioned, the CCMA is continuing to work with the UIF in improving the TLS. The CCMA also continued close working relations with Productivity SA, with respect to the CCMA's Holistic Approach to job saving, exploring initiatives to mitigate business distress, and finding alternatives to retrenchment and business closure.

In order to assist workers in the execution of awards in their favour, the relationship with the Sheriffs Board was maintained. Through this partnership, accessibility to vulnerable workers was improved. The CCMA assisted more than 3 721 employees earning less than R205 433.30 per annum with the execution of their arbitration awards. This is an important intervention to ensure that the CCMA's mandate of social justice is achieved.

As part of professionalising the labour market and building knowledge and skills, partnerships with the various universities were sustained to ensure the successful delivery of the Labour Dispute Resolution Practice (LDRP). Engagements are ongoing with the universities to introduce and start implementing the future vision of mutual benefitiation of the LDRP partnership.

The CCMA also intends expanding this programme to other institutions that have not yet come on board.

THE 2018/19 FINANCIAL YEAR AND BEYOND

The CCMA will continue to strive to make an impact in the labour market through the implementation of the 2018/19 APP, focusing on the identified five (5) strategic priorities. The organisation will also continue to grow and mature its systems and processes in a bid to deliver world class service, achieve a clean audit, embed the culture of good Corporate Governance, improve compliance, manage all risks, decrease irregular, fruitless and wasteful expenditure, and remain financially sustainable.

Critical is the enactment of the Employment Laws Amendments, and the National Minimum Wage (NMW) Act. When promulgated, those legislations will have a huge impact on the work of the organisation. The CCMA is gearing its efforts to ensure that it is ready for the required operational and technical changes. Also, in the upcoming financial year, work will commence in earnest on the development of the new five (5) year strategy, which will take effect in the 2020/21 financial year.

The CCMA will also focus on expanding its footprint nationally, and in this regard, have planned to convert three (3) venues into satellite offices. The organisation has also embarked on a project to investigate the launching of its first mobile office in the upcoming financial year. The CCMA is also looking towards digitisation, including the launch of a CCMA Mobile Application.

Following on the success of the inaugural conferences of the 2017/18 financial year, the CCMA is looking forward to hosting labour market stakeholders at the 2018 Shop Steward Conference to be held in Durban in September 2018, as well as the 2019 CCMA Labour Conference, to be hosted in Johannesburg, in March 2019.

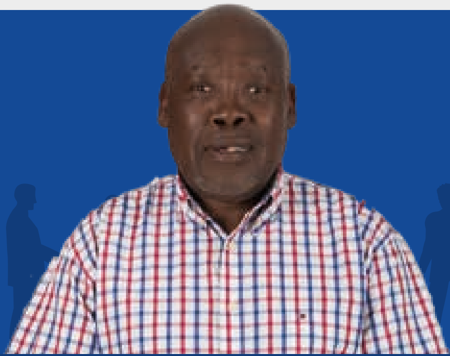
WELL WISHES FOR THE YEAR AHEAD

I wish the CCMA Family well in the implementation of the 2018/19 APP and all other projects and activities. I have full confidence that the CCMA will continue to be the beacon of hope in the labour market.

To the labour market, I would like to re–emphasise that the CCMA's positive impact in the labour market remains a priority, and we will always ensure that we do our best to live up to the expectations you have set for us.

Makhulu Ledwaba
Chairperson of the Governing Body

6. GOVERNING BODY MEMBERSHIP



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

7. THE DIRECTOR'S OVERVIEW

Cameron Sello Morajane

GENERAL FINANCIAL REVIEW

The CCMA receives its entire funding from the fiscus through grant transfers from the DOL. An increase of 12% on the government grant over the previous year brought the total to R867m. Of the total increase, five percent (5%) related to baseline increase, with seven percent (7%) additional funding to cater for the Metal and Engineering Industry Bargaining Council (MEIBC) case backlogs and permanent absorption of Part-Time Interpreters. This grant transfer was augmented with interest income received from investment income of R11.8m, income earned from rendering of services of R6.4m, and other income of R176k.

A surplus of R33m, and a net asset position of R89m, is reported as at year end. The organisation managed its working capital effectively and continues to be in a financially healthy position, with a liquidity ratio of 1.66:1, translating into a favourable cash position of R141m to meet short-term financial obligations. The prior year Cash Surplus of R89.2m was approved for roll-over, to settle the accrued liabilities of the prior year and to augment the 2017/18 financial year budget to cater for short-term commitments.

SPENDING TRENDS OF THE CCMA

Despite the 12% budget increase, the total expenditure over the past two (2) financial years increased from an average of four point five percent (4.5%) in the 2016/17 financial year, to five point eight percent (5.8%) in the 2017/18 financial year, as a result of absorption of Part-Time Interpreters into the fulltime staff establishment, as well as case disbursements costs for the MEIBC backlog cases. The goods and services spend increased by seven percent (7%), whilst total staff costs increased by six point eight percent (6.8%), due to the cost of living adjustments and performance-based incentives from the previous year.

A proportion of expenditure was appropriated to the appointment of additional Commissioners, as well as to the annual cost of living increases in Commissioner fees. The subsidies transfers towards Bargaining Councils and Private Agencies increased by 20%, due to the increased caseloads. The capital expenditure for the 2017/18 financial year was mainly due to procurement of new office furniture and Information Communication Technology (ICT) equipment to cater for additional staff.

The budget allocation from the government is increasingly proving to be insufficient to cover the competing needs of the CCMA and the high caseload operational cost. The insufficient budget has affected the execution of the strategy, prohibited the CCMA from fully rolling out its DMP programmes, disempowered the CCMA's attempt to digitise and introduce new innovations, and paralysed the sourcing of core talent. Of critical concern is that the anticipated introduction of the Employment Law Amendments and the anticipated NMW Act will exert further pressure on current budget constraints.

The overall projected increase in caseload is an average of 15% over the Medium Term Expenditure Framework (MTEF) period. This projection includes the normal annual increase of 10%, with the additional five percent (5%) projected increase as a result of the impending implementation of the Employment Law Amendments and the NMW Act in the first year of implementation. A further 10% increase is anticipated in subsequent financial years when the NMW Act will be fully rolled out in the Domestic and Agriculture Sectors.

During the 2017/18 financial year, the CCMA embarked on a process of assessing the envisaged impact of the Employment Law Amendments and the NMW Act on CCMA operations. Strategic and operational response tactics are currently being developed in anticipation of the enactment of these legislations. It is important that the CCMA is adequately funded to ensure efficient and effective implementation of these legislative changes. The CCMA is engaging the National Treasury for additional funding to ensure that required resources are available to deal with the anticipated caseload increase.

OUTLOOK/PLANS FOR THE FUTURE TO ADDRESS FINANCIAL CHALLENGES

As already discussed, the current funding model is not aligned to the growing needs of the organisation, resulting in the organisation experiencing financial constraints. In response, the Financial Sustainability Strategy was developed for implementation in the 2018/19 financial year, outlining plans to increase revenue for the CCMA outside the fiscus. This strategy considered mandatory functions under Section 115 of the LRA, which will continue to be delivered free of charge to Users.

During the 2017/18 financial year, the CCMA received approval for an additional funding allocation of R57m over the MTEF period. This allocation represents part funding towards the increasing caseload and the implementation of the Employment Law Amendments and the NMW Act. This funding will also go towards the roll out of the Justice Audio Visual System (JAVS) recording equipment system in all CCMA offices.

REQUESTS FOR ROLL OVER OF FUNDS

As at 31 March 2018, a cash and cash equivalent balance of R141m, as well as the receivables balance of R5.6m, were reported for the year under review, and will be utilised to fund the reported short-term liabilities and commitments of R123.2m in the new financial year. The CCMA has reported and requested for the roll-over of these cash surplus funds to the new financial year.

SUPPLY CHAIN MANAGEMENT (SCM)

CONCLUDED UNSOLICITED BID PROPOSALS FOR THE YEAR UNDER REVIEW

The CCMA's Supply Chain Policy discourages the entertainment of unsolicited bids and none were entertained or considered over the reporting period.

SCM PROCESSES

The 2017/18 Procurement Plan approved at the beginning of the financial year was executed. As at the end of the financial year, some projects were rolled over to the 2018/19 financial year as they were still in progress, and some were cancelled due to non-responsive bids. Quarterly Procurement Plan Progress Reports were submitted to National Treasury for the Tender e-portal update as required. A significant improvement is noted on the SCM processes, which has also been highlighted by the statutory audit.

EVENTS AFTER THE REPORTING DATE

The implementation of the one percent (1%) VAT increase, will have a negative impact on the budget allocation for the 2018/2019 financial year. Efficiencies improvement plans and implementation of financial sustainability plans are in place to assist curb the negative effects of the VAT increase on the allocated budget. As already discussed, the possibility that the Employment Law Amendments and the NMW Act will be enacted during the 2018/19 financial year will negatively impact on the budget due to the anticipated spike in caseload.

ECONOMIC VIABILITY

As already stated, the Financial Sustainability Strategy was developed and approved by the CCMA Governing Body during the 2017/18 financial year. The Strategy will be implemented over the next three (3) financial years, in order to ensure that the current economic outlook of the organisation is maintained and further improved.

2017/18 FINANCIAL YEAR ACHIEVEMENTS AND PLANS FOR THE 2018/19 FINANCIAL YEAR

In the bid to transform the CCMA into a 21st century institution, the 2017/18 financial year was a busy year for the CCMA. A 21st century organisation is a digitised and connected organisation. During the reporting period, the CCMA developed the Electronic Labour Market Monitoring Tool. The importance of this tool lies in the potential benefits that can be yielded from real time monitoring of the labour market in order to identify early warning signals of labour market volatility, enabling the CCMA to intervene timeously to manage conflict and disputes. This tool will play an important role in labour market stability and peace. The CCMA looks forward to rolling it out during the 2018/19 financial year. During the same period, the Workplace Conflict Diagnosis Tool was also developed, as well as the Report on Online Conciliation and Picketing produced.

The prototype for the CCMA's Mobile Application was also developed during the reporting period, for deployment in the 2018/19 financial year. The first in the history of the CCMA, this Mobile Application platform will enable the CCMA to manage its Stakeholder Relations better, through more regular and timeous communication of important notifications. It is anticipated that the Mobile Application will provide a platform for Users and Stakeholders to check the status of their cases without having to phone the CCMA Call Centre. Additionally, the Mobile Application will also provide a tool for registering compliments or complaints.

The CCMA remains committed to contribute towards alleviating the triple crisis. Great strides were made during the reporting period in this regard. Firstly, the CCMA conducted sectoral interventions in Employment Security matters and conceptualised and established the National Job Saving Forum, as discussed later in the report.

During the reporting period, an investigation was also conducted into how the CCMA can build and develop what is termed "World-Class Commissioners". World-Class Commissioners are highly trained Commissioners, with sector and industry-specific knowledge and skills. A rich research report was produced with recommendations. The CCMA looks forward to implementing these recommendations in the 2018/19 financial year. Pursuits to create a Professional Body for Commissioners will also continue during the 2018/19 financial year.

The CCMA has committed to building knowledge and skills in the labour market. As part of this objective, in the 2018/19 financial year, the CCMA will develop a training video on how to manage an arbitration hearing for use by CCMA Users to further empower them in the best use of CCMA processes. Furthermore, the CCMA will investigate the process of establishing an accredited internal learning centre for CCMA staff. Also, capacity building programmes will be developed on the statutory amendments, the NMW Act and the new Code of Good Practice to further capacitate the labour market, including an advocacy campaign.

It is with pride that the 2017/18 financial year saw the first ever National Director's User Forums, sector specific, being convened across the country. Three (3) were specifically held as follows: Mining Sector in North West, Magalies; Agricultural Sector in Limpopo, Polokwane; and the Retail Sector in Gauteng, Johannesburg. Sector specific areas of mutual interest were discussed, with various strategic projects for implementation during the 2018/19 financial year ear-marked. The CCMA was also very excited to host its Inaugural CCMA Shop Steward Conference on 21 and 22 September 2017, in Johannesburg. It was attended by over 400 Shop Stewards and Union Officials from across the country. The aim of this engagement was to provide a neutral platform to discuss ways in which all stakeholders in the labour market, particularly Shop Stewards and Union Officials in this instance, can help prevent and manage disputes and conflict in workplaces, with the ultimate aim of transforming and building workplace relations.

Another big moment for the CCMA during the 2017/18 financial year was the convening of the CCMA's 2018 Inaugural Labour Conference, with the theme "State of readiness: The Implementation of the National Minimum Wage and Employment Law Amendments - The envisaged impact in the labour market". This dynamic two (2) day engagement of stakeholders in the labour market was convened on 15 and 16 March 2018, in Johannesburg, to enable plenaries to cover a range of sub-themes. This conference drew approximately 500 delegates. The state of readiness in this context referred to the operational readiness of all stakeholders to implement the NMW Act and transitional arrangements required, in anticipation of the enactment. A follow–up conference has been planned for the 2018/19 financial year.

The 2017/18 financial year saw the implementation of the new macro-structure focused on the execution of the strategy. It is also with pride that, during the 2017/18 financial year, the CCMA introduced its first Internship Programme, with the CCMA's first interns joining the organisation on 1 November 2017. Also during the reporting period, there was a notably higher number of Registrars partaking in the Commissioner Training as part of an extended career path.

The 2017/18 financial year was the third year of the five (5) year strategy. The CCMA conducted the mid-term impact assessment on the Strategy in order to determine whether the strategic objectives and prioritised interventions of the Senz'umehluko Strategy implemented thus far, have had an impact in the labour market as envisaged. The results of the impact assessment study will assist the CCMA to commence with the development of the new five (5) year strategy commencing in 2021/22. However, the "quick wins" will be developed as part of the 2018/19 and 2019/20 financial years' SDIP for the reporting period.

The organisation had 15 set strategic targets for the reporting period, of which 13 were achieved, translating into an 87% performance for the 2017/18 financial year, as depicted by Figure 1.

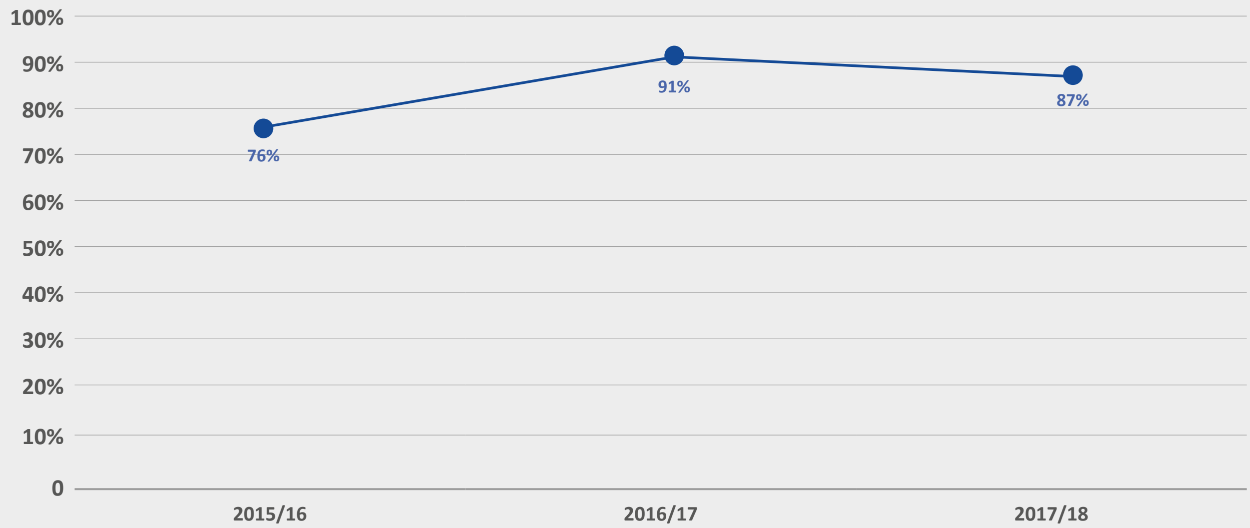


FIGURE 1: COMPARISON OF 2015/16, 2016/17 AND 2017/18 ANNUAL PERFORMANCE

Although the 87% performance registered for the 2017/18 financial year is a four percent (4%) decrease from the 91% of the 2016/17 financial year, three (3) targets were not achieved in the 2016/17 financial year, whereas only two (2) targets were not achieved in the 2017/18 financial year. The two (2) targets not achieved for the 2017/18 financial year related to conciliations first event heard and arbitration awards sent to parties.

The CCMA remained committed to excellent service delivery during the 2017/18 financial year. The dedication, long hours and selfless service by Management and staff ensured that the 2017/18 financial year was a success.

The CCMA also remained committed to improving its compliance to all applicable legislations, regulations, policies and best practices, and to embed the culture of good Corporate Governance. The CCMA's control environment is also improving and the CCMA continued to stringently monitor organisational spending against the approved budget, also ensuring implementation of cost containment regulations. These practices will be carried through to the 2018/19 financial year.

ACKNOWLEDGEMENTS AND APPRECIATION

I wish to extend my deepest appreciation to the Portfolio Committee on Labour, the Ministry and Department of Labour, and the Governing Body and Committees, for the guidance provided during this period. I further wish to acknowledge the Management Committee (MANCO) for their important role in the successes we have achieved over the past financial year. Finally, to the Commissioners and staff, who make social justice happen on the ground daily — thank you for being the committed public servants that you are.

To the South African public and CCMA Users, the CCMA will continue to strive to "Make a Difference" in your lives, as intended by the organisation's five (5) year Senz'umehluko Strategy.

Cameron Sello Morajane
Director

8. STATEMENT OF RESPONSIBILITY OF THE ANNUAL REPORT

The Governing Body as the Accounting Authority of the CCMA, is responsible for the preparation of the Annual Report and is accountable for the integrity and objectivity of the information presented. Furthermore, according to prescripts governing Schedule 3A public entities, the Accounting Authority is also responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information and human resource information. In compliance, this system existed and was implemented during the 2017/18 financial year.

The Accounting Authority and Officer of the CCMA, to the best of their knowledge and belief, confirms that this Annual Report has been prepared in accordance with the guidelines on developing Annual Reports, issued by the National Treasury.

In our opinion and to the best of our knowledge, the Annual Report is complete, accurate and free from any omissions, and fairly reflects the operations, the performance information and the human resources information of the CCMA for the financial year ended 31 March 2018. The reported performance information has also been approved by their Governing Body.

The performance information reflects the service delivery of the CCMA for the reporting period, as documented in the 2017/18 APP. It is noted however, that some improvement to the internal control environment is still required. Furthermore, the performance management system also need to be improved to ensure reliable reporting for all indicators and targets.

Makhulu Ledwaba
Chairperson of the Governing Body

Cameron Sello Morajane
Director

9. STRATEGIC OVERVIEW

9.1. VISION

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

9.2. MISSION

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

9.3. 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 who 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 dealings with everyone we serve.

10. LEGISLATIVE AND OTHER MANDATES

The CCMA is a schedule 3A national public entity in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (the PFMA). The CCMA's Constitutional mandate is drawn directly from Section 23 of the Constitution of the Republic of South Africa that deals with labour relations.

The CCMA's statutory functions are set out in 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.

The CCMA's discretionary functions that enhance delivery of the CCMA mandate, but do not replace the delivery of 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 additionally derives its mandate from specific provisions of the Employment Equity Act [as amended] (EEAA). Chapter 2 prohibits unfair discrimination, and in particular Section 10, subsections (5) and (6) (a) and (b) of the EEAA, identifies the functions that the CCMA is required to perform as follows:

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

Moreover, the CCMA also subscribes to Chapter 5 (Section 41) of the Basic Conditions of Employment Act (No 75 of 1997), as amended, which sets out the functions of the CCMA as follows:

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

11. ORGANISATIONAL STRUCTURE

The CCMA underwent an institutional restructuring exercise to strategically align to its new strategy for better delivery. The CCMA's organisation structure for the 2017/18 period had six (6) functional Departments, excluding the Office of the Director and the Internal Audit Department, which assisted the organisation to meet its statutory mandate, as depicted by the figure below:

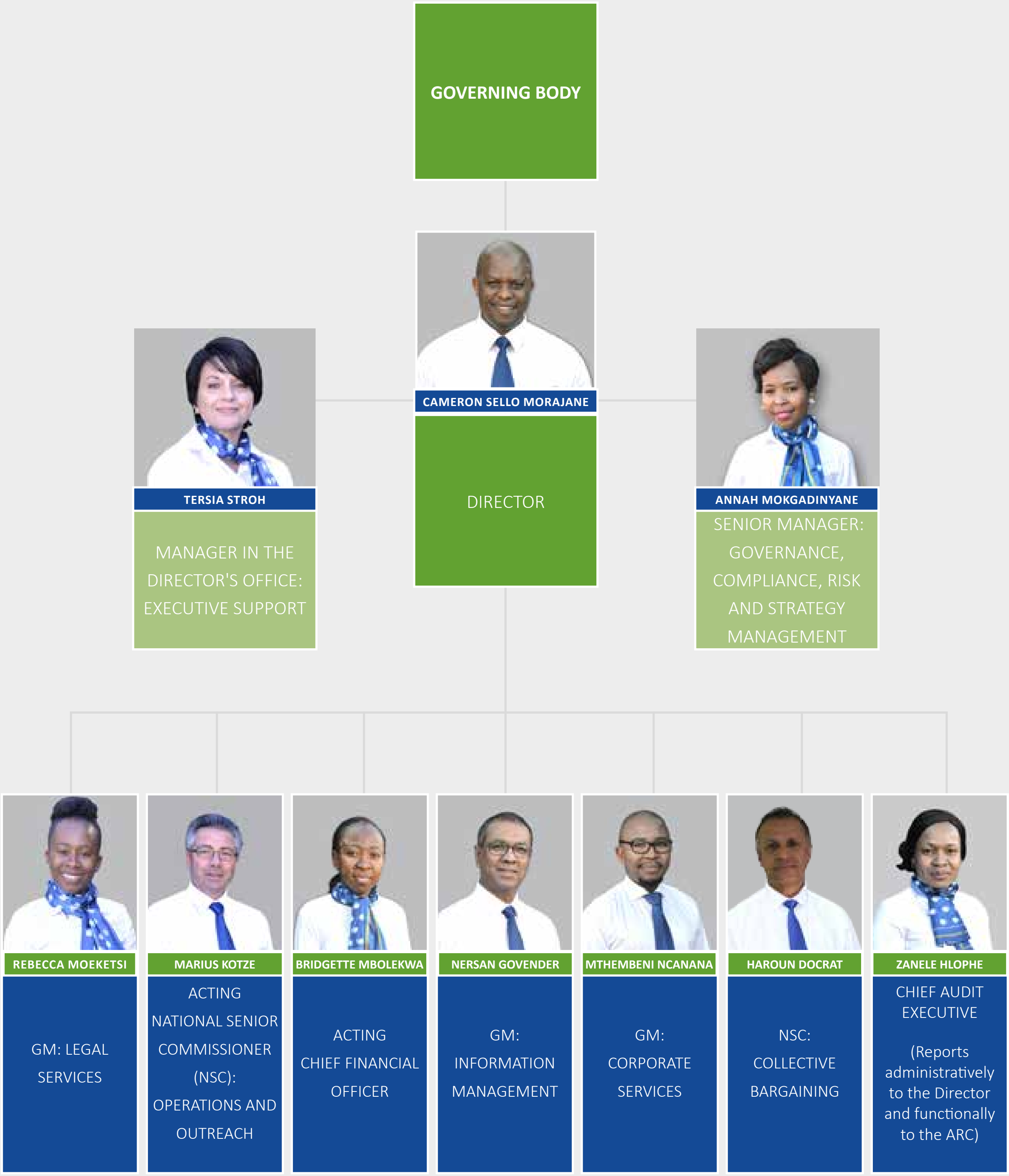


FIGURE 2: MACRO ORGANISATIONAL STRUCTURE OF THE CCMA

12. REGIONAL MANAGEMENT

The statutory mandate of the CCMA of DR, as well as the discretionary functions are conducted across the CCMA's 12 Regions headed by Convening Senior Commissioners (CSC's), with the exception of the East London and Northern Cape Regions, which are headed by Senior Commissioners (SC's). Hereunder is the Regional Management.

Acting NSC: Operations and Outreach
(also Port Elizabeth CSC)
Marius Kotze

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
Carmen Ward

CSC
Mpumalanga
Xolani Nduna

CSC
KwaZulu-Natal
Bongumusa Khumalo

SC
East London
Nowethu Ndiki

SC
Northern Cape
Hendrick Oliphant

CSC
Ekurhuleni
Arnause Mohlala

FIGURE 3: REGIONAL MANAGEMENT

PART B

PERFORMANCE INFORMATION

1. SITUATIONAL ANALYSIS

1.1. SERVICE DELIVERY ENVIRONMENT

The South African economy has not been immune to the poor global economic climate, which resulted in large-scale retrenchments, protracted industrial action, and persistent unemployment. A total of 186 902 cases were referred to the CCMA during the 2017/18 financial year. This translates to an average of 754 new cases referred every working day. 619 new jurisdictional cases were referred daily. The case referral rate decreased by one percent (1%), while in jurisdiction referrals, the figures remained the same as the previous year. Non-jurisdictional cases decreased by four percent (4%). The CCMA's five (5) year caseload comparison is reflected by Figure 4.

As in previous years, the CCMA played a key role in the resolution of wage negotiations across various sectors. The CCMA dealt with a large number of mutual interest or potentially strike related matters across all CCMA offices, as discussed by the Chairperson in his Foreword.

The high caseload and mutual interest or potentially strike related matters exert pressure on CCMA business processes and pose a risk to the efficiency and effectiveness of the organisation.

Stringent controls are implemented by the organisation to ensure that identified and emerging internal and external risks that may prohibit maximum service delivery and compliance to legislative prescripts are mitigated adequately in order to minimise any negative impact.

The CCMA anticipates an ordinary caseload increase of five percent (5%) in the 2018/19 financial year. With the introduction of the Employment Law Amendments, and the anticipated introduction of the NMW Act, it is expected that the caseload will increase even further due to the new jurisdictions that the CCMA will be presented with.

A labour market in distress characterised by conflict and disputes, calls for the CCMA to further intensify its DMP efforts. During the 2017/18 financial year, the DMP Function was re – conceptualised. Concentration was on how the CCMA can have a greater impact in the labour market through timeous transformation of workplace interventions to assist workplaces to manage conflict better and build workplace relations. The envisaged impact is a much more peaceful labour market, measured through decreased case referrals to the CCMA, as well as decreased industrial action.

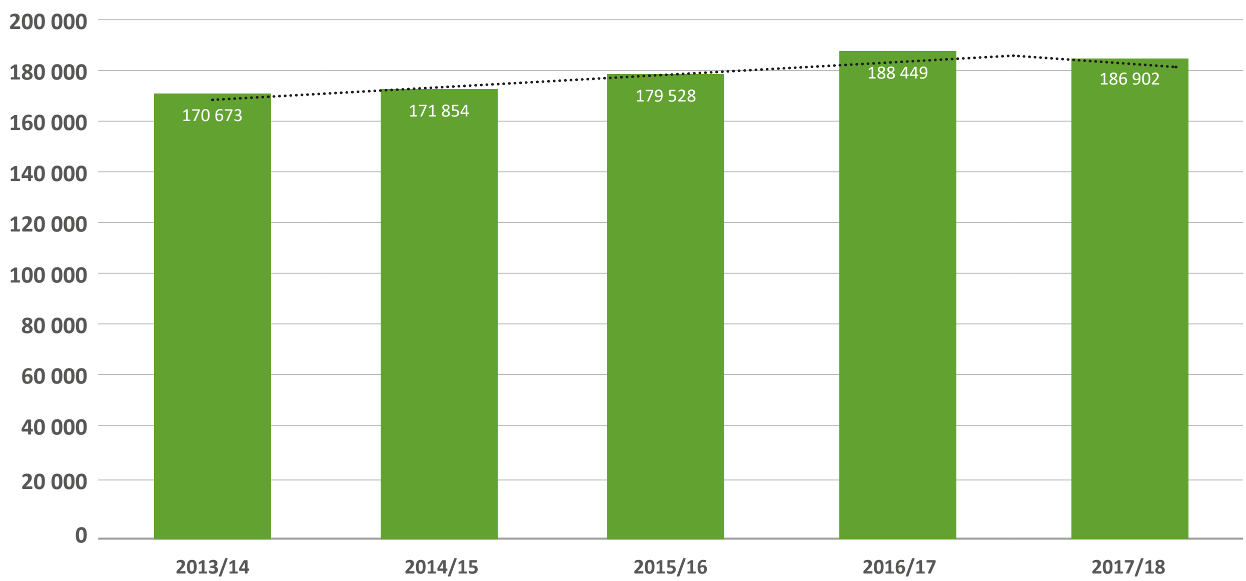


FIGURE 4: FIVE (5) YEAR CASELOAD COMPARISON

1.2. ORGANISATIONAL ENVIRONMENT

The key challenge that has affected the execution of the strategy has been the limited financial resources which were not proportional to the high caseload. This also had a negative effect on the sourcing of core talent. As a result, the high vacancy rate remained a challenge during the reporting period.

Competition for skill remains a potential threat. However, the CCMA's established partnerships provide for a platform to attract skill. A surgical analysis of CCMA operations resulted in the realignment of the macrostructure. The organisation experienced challenges in attracting suitable candidates for the position of NSC: Operations and Outreach. Notwithstanding the fact that there has been acting personnel, there was difficulty in maintaining continuity and stability. It is anticipated that this position will be filled during the 2018/19 financial year.

1.3. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

During the 2017/18 financial year, the CCMA embarked on a process of assessing the envisaged impact of the Employment Law Amendments and the NMW Act on CCMA operations. The CCMA anticipates an ordinary average annual five percent (5%) increase in case referrals in the 2018/19 financial year, with an additional five percent (5%) anticipated due to the introduction of the Employment Law Amendments and the NMW Act in the year of implementation, and a further 10% increase in the subsequent financial year. It is envisaged that there will be a further caseload increase in the 2020/21 financial year when the NMW Act is fully rolled out in the Domestic and Agriculture Sectors.

Strategic and operational response tactics are currently being developed in anticipation of the enactment of the legislation. The CCMA will be embarking on an extensive training programme during the 2018/19 financial year to capacitate CCMA Commissioners and labour market stakeholders on the amended new legislation and the NMW Act to ensure consistency in understanding, which is important for consistent application.

Therefore, it is important that the CCMA is adequately funded to ensure efficient and effective implementation of these legislative changes.

1.4. 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.

TABLE 2: STRATEGIC OUTCOME ORIENTED GOAL ONE (1)

STRATEGIC ORIENTATED GOAL ONE (1) 2015/16 - 2019/20 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 Labour Relations Act, the Public Finance Management Act, and other policies.
LINKED STRATEGIC OBJECTIVE	Strategic objective 3: Building Knowledge and skills.
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.

STRATEGIC ORIENTATED GOAL ONE (1) (CONT.) 2015/16 - 2019/20 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 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 (MCW), 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 4: 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 1: Enhancing the labour market to advance stability and growth.
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	Continuous thought leadership engagements and social dialogues facilitated, strategic partnerships established and maintained, advocacy sessions conducted for awareness purposes and jobs saved from those likely to be facing retrenchments (as per cases referred to the CCMA).

TABLE 3: STRATEGIC OUTCOME ORIENTED GOAL TWO (2)

STRATEGIC ORIENTATED GOAL 2 2015/16 - 2019/20 Strive for organisational effectiveness GOAL STATEMENT The CCMA will strive for organisational effectiveness in the five (5) year period	
PROGRAMME 3: CORPORATE GOVERNANCE	
PROGRAMME PURPOSE	A Governing Body, which is appointed by the Minister of Labour (the Executive Authority), is 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	Embedding of an organisation that facilitates the implementation of the new strategic direction and utilises resources optimally.

2. PERFORMANCE INFORMATION BY STRATEGIC OBJECTIVE

2.1. OVERALL PERFORMANCE PER STRATEGIC OBJECTIVE

The tables that follow provide a detailed breakdown of performance per Programme and Strategic Objective for the 2017/18 financial year. Due to the changes in performance indicators and targets, comparison of the 2017/18 performance to that of the two (2) prior years is not possible. As such, the two (2) prior financial years' performance information is not presented in this Annual Report. Users and Stakeholders are referred to the CCMA's previous Annual Reports in this regard.

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

TABLE 4: PERFORMANCE OF STRATEGIC OBJECTIVE 1: ENHANCING LABOUR MARKET TO ADVANCE STABILITY AND GROWTH AGAINST TARGETS

STRATEGIC OBJECTIVE 1: ENHANCING LABOUR MARKET TO ADVANCE STABILITY AND GROWTH					
KEY PERFORMANCE AREA (KPA)	**PERFORMANCE INDICATOR**	**PLANNED TARGET 2017/2018**	**ACTUAL ACHIEVEMENT 2017/2018**	**DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/2018**	**COMMENT ON DEVIATIONS**
1.1 PROVIDE THOUGHT LEADERSHIP AND FACILITATE SOCIAL DIALOGUE	1.1.1 Number (#) of engagements convened with strategic labour market stakeholders to provide thought leadership on identified strategic labour market topics.	One (1) engagement convened with strategic labour market stakeholders to provide thought leadership on identified strategic labour market topics.	Two (2) engagements with strategic labour market stakeholders to provide thought leadership on identified strategic labour market topics convened.	+ One (1).	Over-achievement on this target is attributed to the Management decision to convene an Inaugural 2017 CCMA Indaba.
	1.1.2 Number (#) of engagements convened with Users to facilitate social dialogue on identified strategic labour market issues.	Four (4) engagements convened with Users to facilitate social dialogue on identified strategic labour market issues.	Four (4) engagements with Users to facilitate social dialogue on identified strategic labour market issues convened.	Zero (0).	None, as the target was achieved as planned.
1.2 ADVANCE EMPLOYMENT SECURITY	1.2.1 Percentage (%) of jobs saved compared to employees likely to be retrenched (as per cases referred to the CCMA).	Thirty five percent (35%) of jobs saved compared to employees likely to be retrenched (as per cases referred to the CCMA).	Thirty six percent (36%) of jobs compared to employees likely to be retrenched (as per cases referred to the CCMA) saved (21 316 jobs saved compared to 59 146 of those likely to be retrenched).	+ One percent (1%).	Over-achievement on this target is attributed to two (2) factors: (1) The efforts that 189A facilitators put towards job saving in appreciating the socio-economic consequences of being unemployed (2) The nature and the intricacies of the S189A processes.
1.3 PARTNERSHIPS FOR STRATEGIC COLLABORATION	1.3.1 Number (#) of new strategic partnerships established for strategic collaboration to accelerate service delivery in the labour market for the benefit of the Users.	Four (4) new strategic partnerships established for strategic collaboration to accelerate service delivery in the labour market for the benefit of the Users.	Five (5) new strategic partnerships for strategic collaboration to accelerate service delivery in the labour market for the benefit of the Users established.	+ One (1).	Over-achievement on this target resulted on additional partnership with Agri-SA established emanating from the issues raised on the Directors User forum on Agriculture held on 08 November 2017.

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

No under-performance registered for this Strategic Objectives.

CHANGES TO PLANNED TARGETS

There were no in-year changes to planned targets during the 2017/18 financial year.

LINKING PERFORMANCE WITH BUDGETS

TABLE 5: STRATEGIC OBJECTIVE 1: ENHANCING LABOUR MARKET TO ADVANCE STABILITY AND GROWTH: LINKING PERFORMANCE WITH BUDGET

OBJECTIVE	2017/2018			2016/2017		
	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
SO 1	11 869	11 103	766	18 755	13 525	5 230
TOTAL	**11 869**	**11 103**	**766**	**18 755**	**13 525**	**5 230**

While the targets remain unchanged, the budget was adjusted during mid-term and increased by the roll-over of the prior year's cash surplus.

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

TABLE 6: PERFORMANCE OF STRATEGIC OBJECTIVE 2: ADVANCING GOOD PRACTICES AT WORK AND TRANSFORMING WORKPLACE RELATIONS AGAINST TARGETS

STRATEGIC OBJECTIVE 2: ADVANCING GOOD PRACTICES AT WORK AND TRANSFORMING WORKPLACE RELATIONS					
KEY PERFORMANCE AREA (KPA)	PERFORMANCE INDICATOR	PLANNED TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/2018	COMMENT ON DEVIATIONS
2.1 PROACTIVELY FACILITATE IMPROVED COLLECTIVE BARGAINING	2.1.1 Number (#) of capacity interventions on effective negotiation skills delivered to Users.	Twelve (12) capacity building interventions on effective negotiation skills delivered to Users.	Nineteen (19) capacity building interventions on effective negotiation skills delivered to Users.	+ Seven (7).	Over-achievement on this target is attributed to the high demand by Users for this capacity building, over and above what was planned for by the CCMA.
	2.1.2 Number (#) of Collective Bargaining Improvement Processes conducted for identified User in an identified sector.	One (1) Collective Bargaining Improvement Processes conducted for identified User in an identified sector.	One (1) Collective Bargaining Improvement Process conducted for an identified User in an identified sector.	Zero (0).	None, as the target was achieved as planned.
	2.1.3 Number (#) of Collective Bargaining Support Processes proactively conducted for Users.	Four (4) Collective Bargaining Support Processes proactively conducted for Users.	Six (6) Collective Bargaining Support Processes proactively conducted for Users.	+ Two (2).	Over-achievement on this target is as a result of the need and demand of the labour market for this process.
2.2 TRANSFORM WORKPLACE RELATIONS	2.2.1 Number (#) of transformation in the workplace interventions delivered for Users.	Two (2) transformation in the workplace interventions delivered for Users.	Two (2) transformation in the workplace interventions for Users delivered.	Zero (0).	None, as the target was achieved as planned.

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

No under – performance registered for this Strategic Objective.

CHANGES TO PLANNED TARGETS

There were no in-year changes to planned targets during the 2017/18 financial year.

LINKING PERFORMANCE WITH BUDGETS

TABLE 7: STRATEGIC OBJECTIVE 2: ADVANCING GOOD PRACTICES AT WORK AND TRANSFORMING WORKPLACE RELATIONS: LINKING PERFORMANCE WITH BUDGET

OBJECTIVE	2017/2018			2016/2017		
	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
SO2	10 627	7 719	2 908	8 238	16 782	(8 544)
TOTAL	**10 627**	**7 719**	**2 908**	**8 238**	**16 782**	**(8 544)**

2.1.3. STRATEGIC OBJECTIVE 3: BUILDING KNOWLEDGE AND SKILLS

TABLE 8: PERFORMANCE OF STRATEGIC OBJECTIVE 3: BUILDING KNOWLEDGE AND SKILLS AGAINST TARGETS

STRATEGIC OBJECTIVE 3: BUILDING KNOWLEDEGE AND SKILLS					
KEY PERFORMANCE AREA (KPA)	PERFORMANCE INDICATOR	PLANNED TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/2018	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 delivered to Users.	Forty eight (48) capacity building interventions delivered to Users.	Sixty eight (68) capacity building interventions delivered to Users.	+20.	Over-achievement on this target is attributed to the interest shown by Users in the respective Regions.

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

No under – performance registered for this Strategic Objective.

CHANGES TO PLANNED TARGETS

There were no in-year changes to planned targets during the 2017/18 financial year.

LINKING PERFORMANCE WITH BUDGETS

TABLE 9: STRATEGIC OBJECTIVE 3: BUILDING KNOWLEDGE AND SKILLS: LINKING PERFORMANCE WITH BUDGET

OBJECTIVE	2017/2018			2016/2017		
	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
S03	17 585	13 840	3 745	10 348	17 278	(6 930)
TOTAL	**17 585**	**13 840**	**3 745**	**10 348**	**17 278**	**(6 930)**

2.1.4. STRATEGIC OBJECTIVE 4: OPTIMISING THE ORGANISATION

TABLE 10: PERFORMANCE OF STRATEGIC OBJECTIVE 4: OPTIMISING THE ORGANISATION AGAINST TARGETS

STRATEGIC OBJECTIVE 4: OPTIMISING THE ORGANISATION					
KEY PERFORMANCE AREA (KPA)	PERFORMANCE INDICATOR	PLANNED TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/2018	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 thirty (30) days (excludes agreed extension).	Hundred percent (100%) of all registered cases' first event heard within thirty (30) days (excludes agreed extension).	99.90% (148 263 out of 148 403) of all registered cases' first event heard within thirty (30) days (excludes agreed extension).	- Zero point one percent (-0.1%).	Cumulatively, year to date,140 cases were heard outside the thirty(30)days period. Under-performance on this target is attributed to system errors, staff negligence and capacity constraints.
	4.1.2 Percentage (%) of arbitration awards sent to parties by the fourteenth (14th) day after completion of the arbitration process.	Hundred percent (100%) of arbitration awards sent to parties by the fourteenth (14th) day after completion of the arbitration process.	99.80% (18 905 out of 18 942) of arbitration awards sent to parties by the fourteenth (14th) day after completion of the arbitration process.	- Zero point two percent (-0.2%).	Cumulatively, 37 cases were sent to parties outside of the fourteen (14) day prescribed time frame. Under-performance on this target is attributed to system errors, staff negligence, late submission of awards by Commissioners and capacity constraints.
	4.1.3 Number (#) of Determinations and Minimum Service Agreements monitored and reports produced.	Eight (8) Determinations and Minimum Service Agreements monitored and reports produced.	Eight (8) Determinations and Minimum Service Agreements were monitored and a report produced.	Zero (0).	None, as the target was achieved as planned.
4.2 PRIORITISE ORGANISATIONAL SUSTAINABILITY	4.2.1 CCMA Financial Sustainability Strategy developed.	CCMA Financial Sustainability Strategy developed.	CCMA Financial Sustainability Strategy developed.	Zero (0).	None, as the target was achieved as planned.
4.3 STRIVE FOR MAXIMUM COMPLIANCE TO PRESCRIPTS AND BEST PRACTICE TO IMPROVE BUSINESS PROCESSES	4.3.1 Defined compliance maturity level attained.	Defined compliance maturity level attained.	Managed compliance maturity level attained.	Zero (0).	None, as the target was achieved as planned.
4.4 PROVIDE FOR CONTINUOUS PROFESSIONAL DEVELOPMENT ALIGNED WITH THE NEEDS OF THE ORGANISATION AND OUR PEOPLE	4.4.1 Number (#) of training interventions delivered to capacitate the workforce for efficient and effective delivery of the CCMA mandate.	Thirty nine (39) training interventions delivered to capacitate the workforce for efficient and effective delivery of the CCMA mandate.	Forty five (45) training interventions delivered to capacitate the workforce for efficient and effective delivery of the CCMA mandate.	+ Six (6).	Over-achievement on this target is attributed to additional interventions being delivered, over and above what was planned for, in preparation of the rolling out of the Employment Law Amendments.

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

Continuous monitoring and stringent controls are being implemented to ensure that in cases of system and administrative errors, similar occurrences are minimised. Where non – performance is as a result of staff negligence, remedial and/or disciplinary action is taken. It is noted however, that the organisation needs to enhance its internal controls and performance management system to ensure reliable reporting for all indicators and targets.

CHANGES TO PLANNED TARGETS

There were no in-year changes to planned targets during the 2017/18 financial year.

LINKING PERFORMANCE WITH BUDGETS

TABLE 11: STRATEGIC OBJECTIVE 4: OPTIMISING THE ORGANISATION: LINKING PERFORMANCE WITH BUDGET

OBJECTIVE	2017/2018			2016/2017		
	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
S04	871 806	829 164	42 642	793 345	788 152*	5 193
TOTAL	**871 806**	**829 164***	**42 642**	**793 345**	**788 152***	**5 193**

* Includes Capital Expenditure actuals R 9 386 (2017: R30 625)

3. SERVICE DELIVERY PERFORMANCE INFORMATION

The aim of the CCMA is to have a positive impact in the labour market by contributing to the NDP 2030, the government service delivery outcomes as outlined in the Medium Term Strategic Framework (MTSF), as well as contribute to the alleviation of the triple crisis.

To achieve the strategic goals and strategic objectives of the organisation, the 2017/18 APP outlines five (5) strategic priorities, as depicted by the figure below.

The primary objective of the CCMA, which is to entrench the LRA through the promotion of social justice, economic development and labour peace, is driven through the provision of a range of services to CCMA Users, including the statutory mandate of speedy DR to Users. Conciliations and Arbitrations, amongst others are conducted across the 12 Regions and 22 Offices.

As already indicated, a total of 186 902 cases were referred to the CCMA during the 2017/18 financial year. About 75% of all case referrals related to unfair dismissal, with 10% relating to unfair labour practice disputes. The Vaal and Durban Offices experienced the highest increases in referrals, at 13% and seven percent (7%) respectively, followed by the Port Elizabeth Office, at two percent (2%). In contrast, the Klerksdorp Office saw a drop in referrals of 26%. In terms of legislation, one point six percent (1.6%) fewer cases were received in connection to disputes related to the EEA and 10.5% more cases in relation to disputes linked to the Basic Condition of Employment Act (BCEA).

Breakdown of cases per sector confirms that the Business Professional Services Sector remains the highest referring Sector at 25%. This represents an increase of one percent (1%) in comparison with the 2016/17 financial year. The Building and Construction Sector, as well as the Domestic Sector, experienced a one percent (1%) drop in referrals, when compared with the same period last year, as illustrated by Table 12.

TABLE 12: REFERRALS PER SECTOR

SECTOR	REFERRALS [2]
Mining	4%
Agriculture	4%
Food Beverage (manufacture)	4%
Building Construction	7%
Domestic	7%
Safety Security (Private)	12%
Retail	12%
Business Professional Services	25%
Other	25%

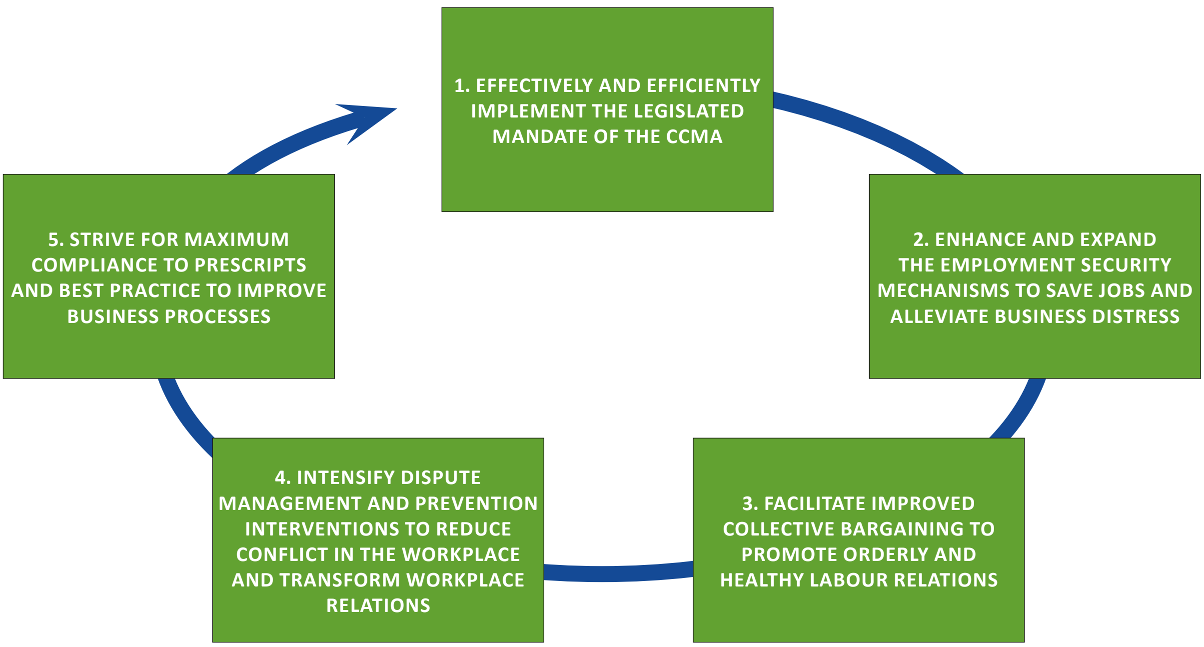


FIGURE 5: FIVE (5) STRATEGIC PRIORITIES

2 Constitutes the eight (8) highest referring sectors

TABLE 13: NATIONAL JOB SAVING

	YTD	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
EMPLOYEES LIKELY TO BE RETRENCHED	59 146	2 431	3 709	2 958	2 505	15 797	2 210	7 827	3 956	10 999	1 113	1 661	3 980	59 146
JOBS SAVED	21 316	795	1 234	1 396	1 174	3 985	343	2 330	1 205	5 524	394	399	2 537	21 316
% JOBS SAVED	36%	33%	33%	47%	47%	25%	16%	30%	30%	50%	35%	24%	64%	36%

With respect to priority 1, despite the high caseload, the CCMA continued to strive to ensure that there is compliance to the legislated mandate.

Real time response to queries by the public at a daily average of 721 calls was provided, an 11% increase from the 2016/17 financial year. The social media platform, Facebook, continued to assist the CCMA in interacting with the public on a daily basis to address more substantive type queries, with the CCMA's Facebook profile having a membership exceeding 51 000 as at 31 March 2018.

As part of the CCMA's mandate to improve accessibility to vulnerable workers, the organisation assisted 3 721 employees earning less than R205 433.30 per annum to "serve the referral form" on the other party. Port Shepstone (82%), Vryburg (79%) and the Vaal (70%) Offices, account for the highest achievers in terms of assisting parties with this service.

For the 2018/19 financial year, the CCMA will further focus on expanding its footprint nationally, by opening new offices, strengthening its relationship with DOL as a key stakeholder in taking the CCMA to rural areas, and embarking on a project to investigate the launch of the first CCMA Mobile Office, for those Regions operating in more rural environments.

Priority 2 focuses on the CCMA's job saving activities. As shown by Table 13, through CCMA efforts, 36% (21 316) of jobs were saved, of those likely to be retrenched (59 146) (as per cases referred to the CCMA). Actual retrenchments were recorded at 36 016. The highest number of employees facing retrenchment were recorded in the Mining (28 130), Metal (4 387) and Building/Construction (3 232) Sectors.

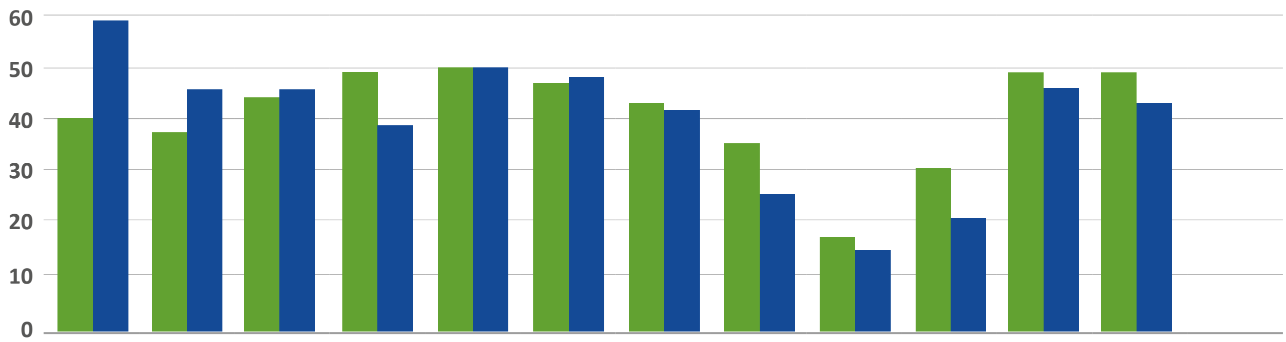
Ongoing efforts to support the labour market has resulted in partnerships with other institutions to offer support and survival mechanisms to retrenched employees. Year to date representation of jobs saved in the 2017/18 financial year is shown in Table 14.

TABLE 14: JOBS SAVED BY SECTOR

SECTOR	EMPLOYEES LIKELY TO BE RETRENCHED	TOTAL RETRENCHMENTS	FORCED RETRENCHMENTS	VOLUNTARY RETRENCHMENTS	OTHER	JOBS SAVED (#)	JOBS SAVED (%)
AGRICULTURE/FARMING	787	420	386	34	3	364	46%
BANKING/FINANCE	795	658	143	515	137	0	0%
BUILDING/CONSTRUCTION	3 232	1 486	1 155	331	116	1 630	50%
BUSINESS/PROFESSIONAL SERVICES	1 845	1 208	919	289	22	615	33%
CHEMICAL	1 010	579	300	279	8	423	42%
CIVIL ENGINEERING	341	32	32			309	91%
CLOTHING MANUFACTURING	397	316	204	112	37	44	11%
CLOTHING/TEXTILE (MANUFACTURE)	1 041	504	459	45	8	529	51%
COMMUNICATIONS	258	218	218			40	16%
COMPUTING	184	58	12	46	14	112	61%
CONTRACT CLEANING	90	0			10	80	89%

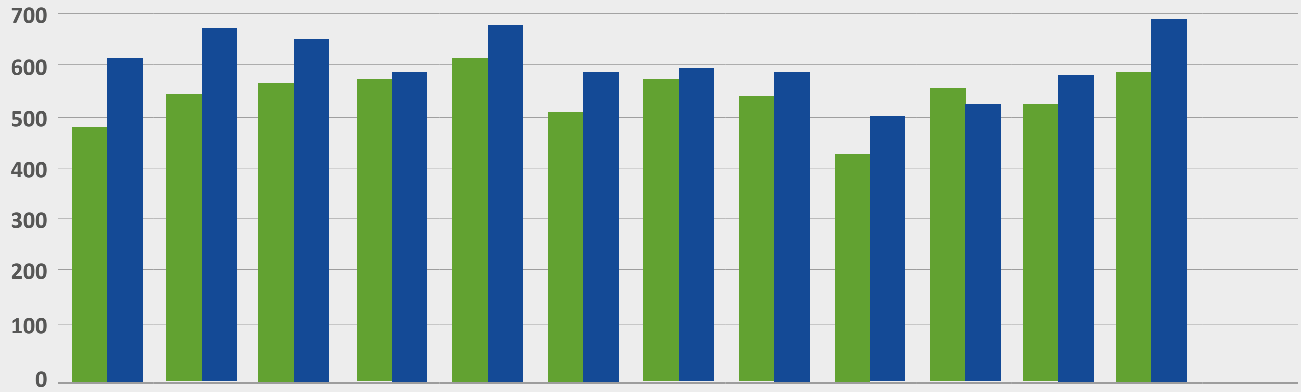
SECTOR	EMPLOYEES LIKELY TO BE RETRENCHED	TOTAL RETRENCHMENTS	FORCED RETRENCHMENT	VOLUNTARY RETRENCHMENT	OTHER	JOBS SAVED (#)	JOBS SAVED (%)
DISTRIBUTION/WAREHOUSING	201	172	150	22		29	14%
EDUCATORS (PRIVATE)	161	118	103	15	10	33	20%
ELECTRICAL	357	250	227	23	4	103	29%
FOOD/BEVERAGE (MANUFACTURE & PROCESSING)	2 731	866	569	297	258	1 607	59%
FURNITURE (MANUFACTURE)	26	7	7			19	73%
HEALTH (PRIVATE)	925	834	634	200		91	10%
INFORMATION AND COMMUNICATIONS TECHNOLOGY	115	115	115			0	0%
LEATHER	345	345	339	6		0	0%
MANUFACTURING	40	0				40	100%
MEDIA (PRIVATE)	228	160	78	82	23	45	20%
METAL	4 387	2 758	1 887	871	269	1 360	31%
MINING	28 130	18 834	13 708	5 126	801	8 495	30%
MOTOR	1 596	1 230	908	322	26	340	21%
MOTOR (MANUFACTURE)	1 766	814	224	590		952	54%
NON-EDUCATORS (PRIVATE)	19	18	18		1	0	0%
PAPER/PRINTING/PACKAGING	784	423	249	174	26	335	43%
PHARMACEUTICAL (MANUFACTURE)	154	124	94	30		30	19%
RELIGIOUS/COMMUNITY SERVICE	765	725	107	618		40	5%
RETAIL	1 864	1 122	900	222	3	739	40%
ROAD FREIGHT	28	24	24			4	14%
SAFETY/SECURITY (PRIVATE)	1376	260	257	3	5	1 111	81%
TELECOMMUNICATIONS	95	64	64			31	33%
TRANSPORT (PRIVATE)	2 835	1 191	1 029	162	33	1 611	57%
WASTE RECYCLING	88	83	83			5	6%
WHOLESALE	150	0				150	100%
TOTAL	**59 146**	**36 016**	**25 602**	**10 414**	**1 814**	**21 316**	**36%**

Large-scale retrenchment (Section 189A) referrals received during the 2017/18 financial year were recorded at 488, translating into an increase of three percent (3%), when compared to the 2016/17 financial year, wherein 475 referrals were recorded, as demonstrated by Figure 6.



	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
2017/18	40	37	44	49	50	47	42	35	16	30	49	49	488
2016/17	59	46	46	38	50	48	41	25	14	20	46	42	475

FIGURE 6: S189A (LARGE SCALE RETRENCHMENTS) REFERRALS



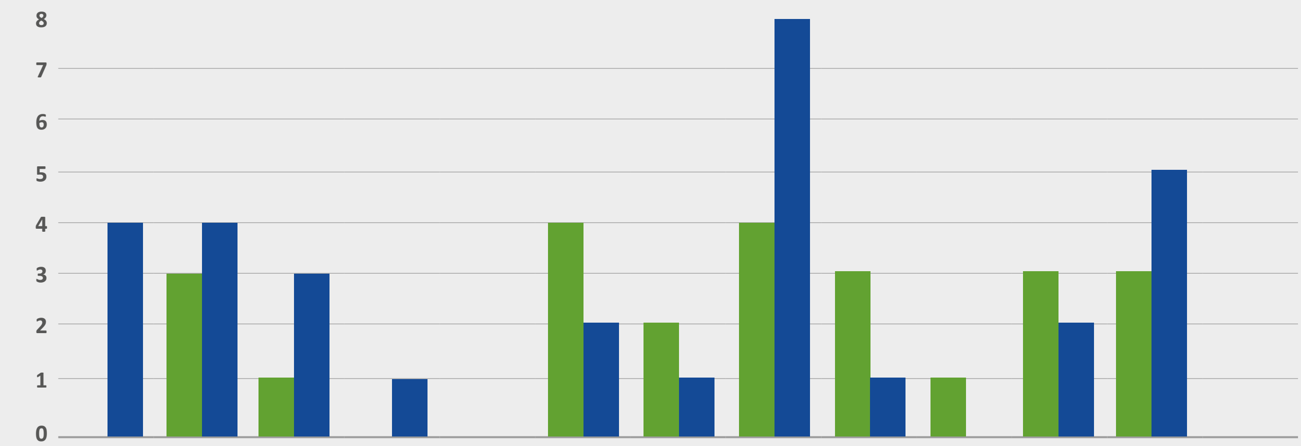
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
2017/18	482	548	561	577	616	513	577	542	433	553	526	586	6 514
2016/17	613	664	651	588	669	588	593	584	501	528	575	681	7 235

FIGURE 7: S189 (SMALL SCALE RETRENCHMENTS) REFERRALS

Figure 7 shows that small-scale retrenchment referrals are recorded at 6 514 for the 2017/18 financial year, a 10% decrease as compared to the past financial year, wherein 7 235 referrals were received.

The CCMA hosted the National Job Saving Forum (the Forum) in which several stakeholders participated. The purpose was to provide a platform for strategic partners to share their roles in job saving and services that could advance the CCMA's facilitated Section 189A processes. The Forum also reviewed the CCMA's "Holistic Approach to Job Saving", and explored initiatives to mitigate business distress. This involved finding alternatives to retrenchment and business closure by collaborating with strategic role players. The Chief Executive Officer (CEO) of Productivity SA, Mr. Mothunye Mothiba, delivered the keynote address titled *"The importance of collegial collaborations towards a national coordinated strategy to job saving".*

The Agricultural Sectoral Intervention Social Dialogue was also convened to provide a platform for social partners to share their reflections and experiences with the CCMA's facilitated Section 189A processes. The engagement further reviewed and enhanced the EWS to mitigate job losses. The dialogue was facilitated under the theme *"Reflections on the Section 189A experiences and challenges and reprioritising early warning mechanisms and post retrenchment assistance."* The social dialogue culminated in the signing of a MoU between the CCMA and AgriSA in an effort to deliver User and social partner



	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
2017/18	0	3	1	0	0	4	4	4	3	1	3	3	26
2016/17	4	4	3	1	0	2	1	8	1	0	2	5	37

FIGURE 8: TRAINING LAYOFF SCHEME UPTAKE

awareness raising and capacity on dealing with job insecurity and business distress, whilst advancing industry sustainability processes.

As Figure 8 on the previous page depicts, a total of 26 TLS applications were received during the reporting period, representing a decline when compared to the 37 TLS received in the previous period. This is attributed to the reluctance of stakeholders to request assistance from the scheme owing to the onerous application process. As discussed, the re-engineering of the process, spearheaded by the UIF, is underway in an effort to improve the efficacy of the scheme. The importance of assisting businesses in distress and alleviating the scourge of job losses cannot be over-emphasised, and the contribution of the TLS in this regard is significant. It is therefore vital that all role-players contribute meaningfully in the bid to improve the functioning of the TLS.

Priority 3 focused on the facilitation of improved Collective Bargaining, which remained a priority during the 2017/18 financial year, in order to promote orderly and healthy labour relations. In preparation for an anticipated challenging Collective Bargaining season, the Annual Collective Bargaining Season Briefing was hosted on 17 May 2017 in order to converge CCMA's experienced Mediators, who primarily deal with mutual interest disputes. The purpose of the gathering was to capacitate the Mediators to enable the CCMA to provide a better service to its Users in the upcoming Collective Bargaining season. The programme set the stage for the Collective Bargaining season and provided a business and labour perspective on conditions under which wage negotiations will be conducted. The programme also included a submission from an Economist on economic forecasts that included input on the macro-economic environment.

As discussed, a total of 4 703 mutual interest disputes were recorded, representing a seven percent (7%) decline compared to the 5 039 matters recorded in the previous financial year. Despite the decline, the high figure is indicative of the labour market's heavy reliance on the CCMA, in Collective Bargaining disputes. The settlement rate in these matters recorded at 59%, decreasing by five percent (5%) when compared to the 64% of the previous year. A total of 136 public interest matters were dealt with during the 2017/18 financial year. To this end, a total of 120 of these matters were resolved, resulting in an 88% settlement rate.

A Collective Bargaining Improvement Process (CBIP) was facilitated by NSC: Collective Bargaining, Haroun Docrat, and Acting Senior Commissioner, Shimane Kgantse, for the New Tyre Manufacturing Industries Bargaining Council. The process provided a structured approach to analysing individual wage negotiations and improving negotiations by identifying elements that impact on effectiveness, developing and implementing action plans to address them. The process was aimed at drawing key learnings from the parties bargaining process and improving the manner in which parties engage for the next bargaining round. This sets the tone for pre-, during and post Collective Bargaining processes for the industry. It also highlighted the need to explore initiatives for industry sustainability to ensure the long-term survival of the industry. Six (6) Collective Bargaining Support Processes (CBSP) in respect of wage facilitations were proactively conducted during the reporting period. The CCMA was also instrumental in resolving a number of strikes in terms of Section 150 of the LRA.

The CCMA successfully conducted a fourth verification exercise in the Private Security Sector since the establishment of the National Bargaining Forum for the Sector in 2009. The verification determines union representetivity before commencement of the wage negotiations. The wage facilitation is also currently being facilitated under the auspices of the CCMA. The ongoing support by the CCMA to the parties in the Private Security Sector paved the way for the parties to apply for the registration of a Bargaining Council in the sector, which is pending at the DOL. As already expressed by the Chairperson, the CCMA sustained its monitoring and support of 35 accredited Bargaining Councils, which included two (2) statutory Councils and four (4) accredited Private Agencies.

The CCMA, in collaboration with DOL, hosted a Joint Consultative Forum meeting attended by all Bargaining Councils as a means to further enhance the relationship with the Councils, address any matters that they may have, and ensure that they are fully supported. Several other initiatives have been undertaken, with meetings held with the General Public Service Council, New Tyre Bargaining Council and support services offered to the Fisheries Bargaining Council.

The CCMA, in collaboration with DOL, undertook the process to assist the MEIBC with its backlog of cases. The CCMA also facilitated a CBSP to deal with relationship and mutual interest matters in an effort to restore the MEIBC to full functionality. The assistance by the CCMA ensured that the MEIBC was able to sustain its operations and avoid a potential collapse. A total of 2 227 MEIBC cases were transferred to the CCMA to assist with the backlog. MEIBC Management was engaged to discuss the state of the organisation, as well as its financial sustainability, accreditation and impact on operations. A Collective Agreement covering the parties to the Council is in place and will lapse in 2020.

The 19 Effective Negotiation Skills (ENS) training interventions were delivered as part of the transformation in the workplace project, with the aim of improving workplace relations in strategically targeted workplaces, resulting in the CCMA making significant strides towards the attainment of priority 4. ENS interventions were delivered as follows: Sugar Bargaining Council representatives in KwaZulu-Natal, Vaal Sanitary Ware representatives in Johannesburg and representatives from various organisation in the Western Cape Regions respectively. Two (2) strategically targeted workplaces were identified (Agricultural Research Council and Sun City International Hotel) and transformation in the workplace projects delivered.

The CCMA conducted a total of 2 439 outreach activities during the reporting period, inclusive of awareness raising, capacity building and social justice blockages activities, with 59 696 people being reached.

In the quest to achieve the organisation's strategic paradigm shift from DR to DMP, a concept paper on the review of the DMP Function was developed for implementation in the 2018/19 financial year.

In pursuant to the attainment of priority 5, the Governing Body, at its meeting of 1 August 2017, formally adopted the King IV Report on Corporate Governance as a tool to assist it to achieve full governance maturity. Management and Governance Structures have concentrated efforts in ensuring that the CCMA adheres to the principles of good Corporate Governance.

Many strides have been made by the organisation in implementing all applicable principles of the King IV report during the reporting period, in the bid to realise the governance outcomes. Areas in need of improvement have been noted for the 2018/19 financial year. Furthermore, the process of developing the Governance Maturity Model has commenced, and it is envisaged that this model will pave the way for the CCMA to reach all governance maturity.

The CCMA also ensured that all applicable legislative prescripts and policies are complied with, and that all strategic and operational risks identified are mitigated to ensure excellent service delivery. The risk maturity of the CCMA for the 2017/18 financial year is a 3.6, as assessed by the National Treasury. This means that the CCMA has achieved a level 3 assessment of 74% with respect to its Risk Management Function.

3.1. ESSENTIAL SERVICES COMMITTEE

INTRODUCTION

The Essential Services Committee (ESC) is a statutory committee established in terms of Section 70 of the LRA. Its main purpose is to designate essential and maintenance services. The functions of the ESC are to monitor the implementation and observance of essential Minimum Services Determinations (MSDs) and Minimum Services Agreements (MSAs), maintain the MSDs and MSAs, promote effective DR 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.

PERFORMANCE, KEY ACHIEVEMENTS AND STRATEGIC INITIATIVES OF THE 2017/18 FINANCIAL YEAR

Against the above stated legislative prescripts, the ESC conducted three (3) self-initiated investigations during the 2017/18 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 of part of a service is an essential service. It is against this background that the ESC conducted eight (8) Section 71 investigations, including three (3) investigations which were self-initiated.

The ESC, in the year under review, embarked across provinces to investigate the following services:

- Security services at education institutions – self initiated (completed and designated);
- Lifeguards at beaches - self initiated (completed and designated);
- Services perfomed by medical officers in public health care - self initiated (completed and designated);
- Fraser Alexander (Pty) Ltd vs AMCU, NUM & Solidarity (completed and designated);
- Fresenius Kabi SA vs SACWU (completed and designated);
- Masiwilange Corridor Construction CC vs DETAWU (pending);
- Egoli Gas (Pty) Ltd (completed and designated);
- NUMSA vs NUM, Solidarity, SALGA & Eskom (pending);
- Medipost Holding (Pty) Ltd vs YKWUSA (completed and designated);
- Chubb Security SA (Pty) Ltd vs SATAWU (completed and not designated); and
- SBV Services (Pty) Ltd vs SASBO & MTWU (pending).

Figure 9 depicts the outcome of the Section 71 cases that were investigated in the year under review.

In terms Section 72, the ESC has to ensure that MSAs are concluded in sectors performing essential services. The purpose of the ESC in this regard is to balance the right to strike with the need to ensure the delivery of essential services. Accordingly, the ESC identified institutions providing essential services and engaged them with the aim to educate and help facilitate the conclusion of MSAs. Overall, the ESC has had meaningful facilitation in the following institutions:

- Municipalities;
- Public Service Institutions;
- Old Age Homes;
- Water-Boards; and
- Social Development Centres.

SECTION 71 REFERRALS DURING THE 2017/18 FINANCIAL YEAR

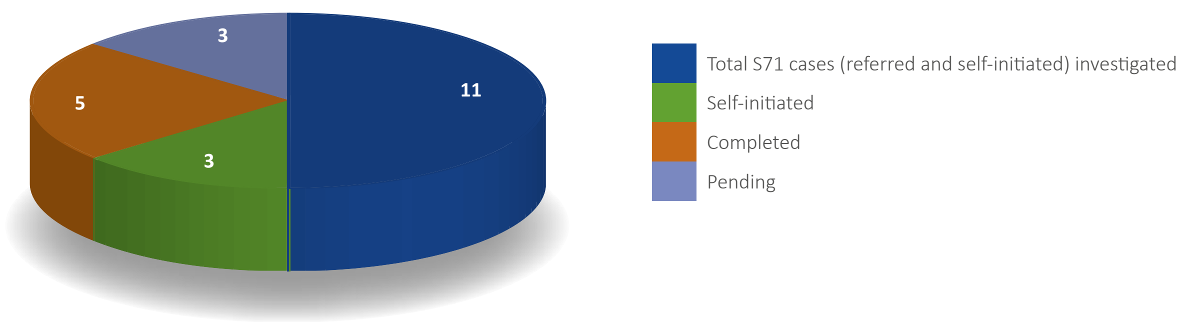


FIGURE 9: SECTION 71 REFERRALS FOR THE 2017/18 FINANCIAL YEAR

The ESC has also had meaningful facilitations in the above institutions (listed under S72). In terms of Section 73, the ESC received seven (7) referrals, and has to date, completed five (5).

The following Section 73 cases were investigated in the year under review:

- Working on Fire (Pty) Ltd (completed);
- Mediforce Emergency Medical Blood Services (completed);
- Bosasa Youth Development Centres (completed);
- Clinix Health Group (Pty) Ltd (pending);
- Zandvliet Care Facility (completed);
- SHOWUSA vs Vredendal Te Huis (completed); and
- Eskom Rotek Industries VS NUM, NUMSA, Solidarity and SATAWU (pending).

With respect to Section 75 on the other hand, the ESC did not receive any referrals.

MONITORING AND EVALUATION

During the period under review, the ESC administered its monitoring and evaluation tool to analyse the effectiveness of the determinations made for institutions such as municipalities, and old age homes, amongst others, across the provinces. The outcome of the assessment was that there is adequate compliance with the determination made by the ESC and the provisions of the MSA. The same tool was also administered to water-boards in terms of assessing the effectiveness of MSA's in the sector. During the year under review, the ESC monitored nine (9) institutions compliance with MSDs and MSAs, as targeted in the 2017/18 APP.

REVIEW OF CURRENT DETERMINATIONS AS AND WHEN REQUIRED

The ESC has the authority to review current determinations as and when required. The amendments to the current determinations have been published in the Government Gazette together with Section 71 investigations. This is to reduce costs, thereby grouping the determination amendments with the Section 71 investigations.

The following determinations were reviewed during the year under review:

- Air Traffic Control; and
- Blood Transfusion Services.

ESC PARTNERSHIPS AND AWARENESS DRIVE

As part of its drive to promote knowledge and information about the ESC, its mandate, scope, and importance within both the CCMA and the broader labour market, the ESC, in partnership with the CCMA, conducted awareness campaigns, which targeted CCMA's User Forums across various Regions. Furthermore, in a bid to strengthen relations with the CCMA Regional Offices, aimed at attaining better support for ESC activities and promoting efficiency in ESC performance, the ESC effectively established partnerships with CCMA Regional Offices.

STAKEHOLDER ENGAGEMENTS

Notwithstanding the fact that the ESC is empowered to investigate and designate essential services, some services have been declared as such by legislation. For example, the Parliament of the Republic of South Africa and South African Police Services (SAPS) are declared essential by the LRA, whilst the Electoral Act has declared the services rendered by the Independent Electoral Commission (IEC) as essential. The powers of the ESC in respect of services declared as essential came into question during the previous financial year. A legal opinion was obtained to offer clarity. The opinion advised that although the services rendered by the above institutions are not designated as essential by the ESC, the ESC has an obligation to perform its other duties in relation to such institution. The ESC successfully conducted stakeholder engagements in 20 sectors during the year under review.

The ESC hosted its 2nd Stakeholder Conference on 8 and 9 March 2018, at Kopanong Hotel and Conference Centre, in Benoni, Gauteng. The Conference was attended by delegates drawn from a cross-section of sectors impacted upon by MSDs, MSAs and investigations, such as organised labour, organised business, public sector representative organisations, nongovernmental organisations, community-based organisations and international guests. The Conference deliberated on a range of topics emanating from the statutory work performed by the ESC through presentations and panel discussions. The Conference was a success with 192 delegates in attendance.

CHALLENGES ENCOUNTERED DURING THE 2017/18 FINANCIAL YEAR

Despite budgetary limitations, which prohibited the maximum service delivery and impact of the ESC, the ESC still managed to deliver efficiently against its mandate.

KEY 2018/19 STRATEGIC ACTIVITIES AND PROJECTS TO BE PURSUED

The following are the planned service delivery interventions for the 2018/19 financial year:

- Two (2) self-initiated investigations;
- 100% of Sections 71, 73 and 75 cases investigated, as and when referred;
- 10 essential service designations, MSDs, MSAs and Maintenance Determinations monitored for compliance and observance;
- 100% of current determinations reviewed, as and when required;
- 40 new MSAs and 20 follow-ups for municipalities to be facilitated;
- 80 MSAs for public service (60 Hospitals and 20 Social Development Centres) to be facilitated;
- 20 MSAs for old age homes to be facilitated;
- Five (5) MSA's for Other (such as Blood Transfusion and Air Traffic Control) to be facilitated;
- Strategic research projects, including the hosting of a Stakeholder Conference, to be able to provide better interventions and information in various sectors conducted;
- The Monitoring and Evaluation function to be enhanced;
- Engagement and awareness programmes with social partners and stakeholders to be developed; and
- Identification of Case Law Monitor (CLM) cases to present for the purposes of Commissioner professional development and raising awareness on ESC matters to be identified.

4. REVENUE COLLECTION

TABLE 15: REVENUE COLLECTION

SOURCES OF REVENUE	2016/2017			2017/2018		
	ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER)/UNDER-COLLECTION	ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER)/UNDER-COLLECTION
	R'000	R'000	R'000	R'000	R'000	R'000
GOVERNMENT GRANT	864 090	867 173	(3 083)	770 501	773 416	(2 915)
RENDERING OF SERVICES	6 877	6 350	527	4 573	4 613	(40)
OTHER INCOME	0	176	(176)	647	1 206	(559)
INVESTMENT INCOME	10 205	11 763	(1 558)	14 826	17 664	(2 838)
TOTAL	**881 172**	**885 462**	**(4 290)**	**790 547**	**796 899**	**(6 352)**

The main source of CCMA's revenue is from the Government Grant of R 867 173 (2017: R 773 416). Additional grant transfer of R2 800 (2017: R2 915) was also received in respect of conscientious objectors during the year under review. Other revenue comprises of rendering of services and investment income.

The under-collection of revenue from rendering of services is resulting from demand of services from the public that varies year on year. The investment income over-collection in the current financial year was mainly due to the lower forecasting of interest earnings which are dependent on market performance.

5. CAPITAL INVESTMENT

There were no infrastructure assets procured during the year (2017: R0). An additional funding of R20m was received for the roll out of the JAVS recording system during the 2018/19 financial year. This system will ensure that all formal proceedings brought before the CCMA such as arbitrations, are properly recorded in an electronic format, as obligated by Rule 36 of the Rules of the Conduct of Proceedings before the CCMA. There are no plans to close down or downgrade any current facilities.

The non-current assets holdings of the organisation have decreased by 11% in net book value. The material increase in assets additions mainly relates to the procurement of laptops for newly recruited staff and replacements for current staff.

Assets' verifications were conducted on an ongoing basis throughout the financial year, concluded at year-end. Assets' reconciliations between the Asset Register and the general ledger were prepared and updated. The above measures have assisted in ensuring that the organisation's Asset Register is up-to-date for the period under review. During verification, assets conditions were assessed, including useful life. Assets with poor conditions were approved for disposal.

TABLE 16: FIXED ASSET HOLDINGS FOR THE 2017/18 FINANCIAL YEAR

	CARRYING AMOUNT R'000	ADDITIONS R'000	DISPOSALS R'000	DEPRECIATION R'000	DEPRECIATION ON DISPOSAL R'000	TOTAL R'000
FURNITURE AND FIXTURES	6 488	344	(142)	(687)	100	6 103
MOTOR VEHICLES	414	210	-	(131)	-	493
OFFICE EQUIPMENT	1 415	439	(1 028)	(574)	1 016	1 268
IT EQUIPMENT	21 411	2 890	(1 195)	(4 640)	1 140	19 606
LEASEHOLD IMPROVEMENTS	2 291	709	(4 978)	(1 256)	5 257	2 023
LEASED MOTOR VEHICLES	549	-	(718)	(347)	741	225
LEASED OFFICE EQUIPMENT	9 983	-	-	(3 524)	-	6 459
SECURITY EQUIPMENT	13	-	(13)	-	-	-
LOW VALUED ASSETS	6 508	355	(512)	(1 531)	425	5 245
	49 072	**4 947**	**(8 586)**	**(12 690)**	**8 679**	**41 422**

TABLE 17: FIVE (5) -YEAR REVIEW

ITEM	2013/14	2014/15	2015/16	2016 /17	2017/18
	R'000	R'000	R'000	R'000	R'000
GRANT INCOME AND SERVICES RENDERED	597 741	690 372	737 918	796 899	885 462
ACCUMULATED SURPLUS	34 554	77 702	55 121	55 826	88 844
INTEREST RECEIVED	7 184	14 482	16 560	17 664	11 763
INVESTMENTS AND CASH	79 921	94 167	90 182	89 218	141 161
CURRENT RATIO	1.09	1.25	1.31	1.31	1.32

PART C
GOVERNANCE

1. INTRODUCTION

The CCMA is a Public Entity listed under Schedule 3A of the PFMA. In pursuit of governance excellence, the CCMA ascribes to the principles of the Code of Corporate Practices and Conduct contained in the King Reports, as well as the Protocol on Corporate Governance in the Public Sector of 2002.

The Parliamentary Portfolio Committee on Labour (PPCL), the Ministry of Labour (Executive Authority) and the Governing Body (Accounting Authority) exercise oversight over the CCMA and are the custodians of Governance. Governance in this instance refers to the means in which the CCMA is controlled and given direction, based on the relationship between all the oversight structures and the CCMA Management. It also refers to the policies, systems and structures through which the goals of the organisation are set and achieved, how performance is monitored and how Management is held to account.

2. PORTFOLIO COMMITTEES

The CCMA represented by members of the Governing Body and Management made presentations to the PPCL on a number of occasions on its quarterly performance, as well on the Employment Law Amendments and the NMW Act.

3. EXECUTIVE AUTHORITY

During the reporting period, the CCMA ensured full compliance with respect to all statutory reporting requirements. The CCMA's Integrated Reports, executive summaries of quarterly Governing Body meetings proceedings and decisions, as well as compliance management reports and risk management reports were submitted to the Executive Authority within 30 days after the end of each quarter, as prescribed, as follows: 27 July 2017 (2017/18 first quarter reporting), 26 October 2017 (2017/18 second quarter reporting), and 26 January 2018 (2017/18 third quarter reporting).

4. THE ACCOUNTING AUTHORITY

4.1. COMPOSITION

The CCMA is governed by a tripartite Governing Body made up of a Non-Executive independent Chairperson, and three (3) representatives respectively, from Government, Organised Labour and Organised Business. The Director of the CCMA is an ex-officio Member. The Members of the Governing Body, other than the Director of the CCMA, are appointed for a three (3) year term through a process managed by NEDLAC and the Minister of Labour.

The term of office for the outgone Governing Body ended on 31 October 2017. The Members of the outgone Governing Body are listed hereunder:

1. Elias Monage (Organised Business);
2. Kaizer Moyane (Organised Business);
3. Sifiso Lukhele (Organised Business);
4. Thembinkosi Mkalipi (Government);
5. Ian Macun (Government);
6. Ntsoaki Mamashela (Government);
7. Steve Harris (Organised Labour);
8. Narius Moloto (Organised Labour); and
9. Bheki Ntshalintshali (Organised Labour).

The new Governing Body was duly re-appointed by the Minister of Labour, effective from 1 November 2017. Comprising of five (5) re-appointed Members and three (3) new Members, the new Governing Body is constituted as follows:

1. Makhulu Ledwaba (Independent Chairperson);
2. Kaizer Moyane (Organised Business);
3. Sifiso Lukhele (Organised Business);
4. Lucio Trentini (Organised Business);
5. Bheki Ntshalitshali (Organised Labour);
6. Narius Moloto (Organised Labour);
7. Geoffrey Esitang (Organised Labour);
8. Ntsoaki Mamashela (Government);
9. Aggy Moiloa (Government);
10. Virgil Seafield (Government); and
11. Cameron Sello Morajane (ex-officio).

With the appointment of the new Governing Body, all Governing Body Committees were also duly reconstituted.

4.2. MANDATE, ROLES AND RESPONSIBILITIES OF THE GOVERNING BODY

The roles and responsibilities of the Governing Body are stipulated in Section 116 of the LRA, applicable provisions of the PFMA and related Treasury Regulations, as well as the King IV Report on Corporate Governance. The non-delegable functions of the Governing Body include the appointment of the Director, the appointment of Commissioners and their removal, depositing or investing surplus money, accrediting Councils and/or Agencies, or amending, withdrawing or renewing their accreditation and subsidising accredited Councils or accredited Agencies.

In terms of Section 125 of the LRA, the additional functions of the Governing Body include the delegation of certain functions to the Director, and the variation or setting aside of decisions taken by its delegates. The Governing Body is also responsible for the development and monitoring of the execution of the strategy and ensuring that an evaluation system is in place to monitor major capital projects. Furthermore, the Governing Body is to ensure the implementation of appropriate and effective measures to prevent unauthorised, irregular and/or fruitless and wasteful expenditure, or financial losses from criminal conduct.

The CCMA's Governing Body is committed to the principles of good Corporate Governance. The Governing Body and its Committees operate within a formally adopted Corporate Governance Framework, Charters and Codes of Conduct, which set out the CCMA's governance arrangements, processes and systems. An adequate governance model is a prerequisite for cultivating and establishing an ethical value system that supports excellence and ensures that principles of responsibility, accountability, transparency and fairness are exercised.

5. GOVERNING BODY COMMITTEES

Section 121 (1) of the LRA makes provision for the Governing Body to establish Committees to assist it in fulfilling its mandate. The Governing Body has established the following Committees with various mandates, as follows:

ARC: Assist the Governing Body by fulfilling oversight responsibilities for the integrity of the organisation's financial statements, the organisation's compliance with legal, regulatory requirements and code of conduct, the systems of internal control, risk management and governance, the performance of the organisation's Internal Audit Function and external auditors, performance information system, strategic plans and APP, ICT and any other issues referred to it by the Governing Body.

ASC: Advises the Governing Body on and exercise oversights on the accreditation and payment of subsidies to Bargaining Councils, Statutory Councils and Agencies as provided for in Sections 127 to 132 of the LRA.

GSEC: Assists the Governing Body in discharging its responsibility of governance, transformation, organisational sustainability and ethics, stakeholder relations and good corporate citizenship.

HRC: Advises and exercises oversight over the Human Resource Management (HRM) 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.

PC: Considers and approves procurement for goods and services above the R3 million threshold.

6. GOVERNING BODY AND COMMITTEE COMPOSITION AND MEETINGS FOR THE 2017/18 FINANCIAL YEAR

The following tabulates the composition of the Governing Body and its various Committees, dates of appointments and/or resignations of Members, Member qualifications and areas of expertise, Board Directorships, CCMA Committee Membership, as well as the number of meetings attended for the 2017/18 financial year.

6.1 GOVERNING BODY

During the 2017/18 financial year, Governing Body meetings were convened as follows:

TYPE OF MEETINGS	NUMBER OF MEETINGS
ORDINARY MEETINGS	Four (4)
SPECIAL MEETINGS	Three (3)
NEW GOVERNING BODY INDUCTION	One (1)
TOTAL	Eight (8)

The composition of the Governing Body and meeting attendance for the 2017/18 financial year is as follows:

TABLE 18: THE COMPOSITION OF THE GOVERNING BODY AND MEETING ATTENDANCE FOR THE 2017/18 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; and Post Graduate Diploma in Strategic Management	Labour Relations	Ndalama	GSEC	Seven (7)
THEMBINKOSI MKALIPI	Member	01 November 2014	31 October 2017	Advance Management Programme	Labour Market; Labour Relations; Policy formulation; Organisational Development; and Collective Bargaining	None	HRC	Three (3)
IAN MACUN	Member	01 November 2014	31 October 2017	Masters of Social Science	Labour Relations; Monitoring and Evaluation; Collective Bargaining; and Research	None	ASC	Three (3)
STEVE HARRIS	Member	01 April 2016	31 October 2017	Advanced Certificate in Labour Law	Labour Relations	None	PC and GSEC	Two (2)
ELIAS MONAGE	Member	01 November 2014	31 October 2017	Degree in Insolvency Law; and Executive Coaching	Labour Market; Policy and Strategy formulation; Business Management; and Negotiator	NEDLAC; Arabela Holding Pty (Ltd); Afrika Group Pty (Ltd); Steloy Casting Pty (Ltd); RX Health Pty (Ltd); Caspes Provident Fund; Tlemano Solutions Pty (Ltd); NEDLAC; Employment Service Board; and Black Business Council	HRC	Two (2)
SIFISO LUKHELE	Member	01 November 2017	N/A	Bachelor of Arts in Law; and Bachelor of Law	Employment Law; Human Resources; Employee Wellbeing; and Negotiations	None	HRC and PC	Eight (8)
KAIZER MOYANE	Member	01 November 2017	N/A	Bachelor of Arts; and Bachelor of Law	Labour Relations; and Employment Law	Sygnia Ltd; and NEDLAC	GSEC and ARC[3]	Five (5)

3 Appointed as ARC Member during the 2017/18 financial year, with a commencement date of 1 April 2018.

GOVERNING BODY

NAME	DESIGNATION	DATE APPOINTED	DATE RESIGNED/ END OF TERM	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	CCMA COMMITTEE MEMBERSHIP	NO. OF MEETINGS ATTENDED
LUCIO TRENTINI	Member	01 November 2017	N/A	Bachelor of Arts in Economic History and Industrial Psychology; and Post Graduate Diploma in Management	Labour Market; Collective Bargaining; and Industrial Relations	Steel and Engineering Industries Federation of Southern Africa (SEIFSA); and Metal Industries Benefit Funds Administrators (MIBFA)	ASC	Three (3)
NARIUS MOLOTO	Member	01 November 2017	N/A	Labour Relations	Labour Market; and Labour Relations	Building Industry Invest; The Amber Cascades Trading; and Big Sky Trading 249	HRC, ARC[4] and ASC	Five (5)
BHEKI NTSHALINTSHALI	Member	01 November 2017	N/A	Labour Relations	Labour Relations	Employment Services Board; Naledi; and NEDLAC	HRC and PC	Seven (7)
NTSOAKI MAMASHELA	Member	01 November 2017	N/A	Bachelor of Arts, Advanced Labour Law Programme, Masters in Labour Law and Executive Leadership Development Programme	Labour Relations, Employment Equity; Policy Development; Research and Legal Drafting	None	ASC and HRC	Seven (7)
GEOFFREY ESITANG	Member	01 November 2017	N/A	Bachelor of Arts and Master of Laws	Employee Relations; and Labour Relations	None	GSEC	One (1)
AGGY MOILOA	Member	01 November 2017	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 Pyschology	Employment Law; Labour Law; Inspections; and Enforcement	None	ARC[5]	Three (3)
VIRGIL SEAFIELD	Member	01 November 2017	N/A	Bachelor of Arts; Bachelor of Education; and Masters in Business Administration	Labour Policy Development; and Labour Relations	None	GSEC.	One (1)
CAMERON SELLO MORAJANE	*Ex officio* Member	1 April 2016	N/A	Master of Laws	Labour Relations	None	GSEC, ASC, ARC, GSEC and PC	Eight (8)

4 Appointed as ARC Member during the 2017/18 financial year, with a commencement date of 1 April 2018.

5 Appointed as ARC Member during the 2017/18 financial year, with a commencement date of 1 April 2018.

6.2. ARC

During the 2017/18 financial year, the ARC meetings were convened as follows:

TYPE OF MEETINGS	NUMBER OF MEETINGS
ORDINARY MEETINGS	Four (4)
SPECIAL MEETINGS	Five (5)
TOTAL	Nine (9)

The composition of the ARC and meetings attendance for the 2017/18 financial year are as follows:

TABLE 19: THE COMPOSITION OF THE ARC AND MEETING ATTENDANCE FOR THE 2017/18 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
WILLIAM GUMEDE	Chairperson.	01 April 2015	31 March 2018	Master of Arts; Investment Banking	Public Finance; and Public Management	ActionAid; Democracy Works Foundation; FXI & Law Clinic; Lead Independent; and SANBS	None	Eight (8)
JAMES WILSON	Member.	01 April 2015	31 March 2018	Diploma in Advanced Economics, and CA: SA	Auditing; and Financial Management	None	None	Eight (8)
RAMONA CLARK	Member.	01 April 2015	31 March 2018	Bachelor of Commerce -Honours in Accountancy, CA: SA, and Registered Auditor	Accounting; Auditing; and Taxation	None	None	Nine (9)
FREDDIE PETERSEN	Member.	01 April 2015	31 March 2018	Advanced Management Development Program; and Advanced Financial Management	Accounting; and Auditing	None	GSEC	Eight (8)
VELILE PANGWA	Member.	01 April 2015	31 March 2018	Bachelor of Commerce - Honours in Accounting, and CA: SA	Accounting; and Auditing	ANF INC; and CA (SA)	None	Eight (8)
FAITH BURN	Member.	01 April 2015	31 March 2018	Master of Business Leadership; and MSC in Mathematics	Internal Auditing; Project Risk Management; Business Continuity Management; Business Management; Risk Management; and Information Communications Technology	Kingdom Consultant Center; and Hlahlamelisa International Ministries	None	Six (6)
CAMERON SELLO MORAJANE	Ex-officio Member.	01 April 2016	31 March 2018	Master of Laws	Labour Relations	None	GSEC; ASC; ARC; GSEC; and PC	Seven (7)

6.3. ASC

During the 2017/18 financial year, the ASC meetings were convened as follows:

TYPE OF MEETINGS	NUMBER OF MEETINGS
ORDINARY MEETINGS	Four (4)
TOTAL	Four (4)

The composition of the ASC and meetings attendance for the 2017/18 financial year are as follows:

TABLE 20: THE COMPOSITION OF THE ASC AND MEETING ATTENDANCE FOR THE 2017/18 FINANCIAL YEAR

NAME	DESIGNATION	NO. OF MEETINGS ATTENDED
IAN MACUN	Chairperson[6]	Three (3)
LUCIO TRENTINI	Member	Three (3)
NARIUS MOLOTO	Member	Three (3)
NTSOAKI MAMASHELA	Chairperson[7]	One (1)
CAMERON SELLO MORAJANE	*Ex-officio* Member	Three (3)
BHEKI NTSHALINTSHALI	Alternate Member (Organised Labour)	One (1)
ELIAS MONAGE	Alternate Member (Organised Labour)	One (1)

6.4. GSEC

During the 2017/18 financial year, the GSEC meetings were convened as follows:

TYPE OF MEETINGS	NUMBER OF MEETINGS
ORDINARY MEETINGS	Four (4)
SPECIAL MEETINGS	Two (2)
TOTAL	Six (6)

The composition of the GSEC and meetings attendance for the 2017/18 financial year are as follows:

TABLE 21: THE COMPOSITION OF THE GSEC AND MEETING ATTENDANCE FOR THE 2017/18 FINANCIAL YEAR

NAME	DESIGNATION	NO. OF MEETINGS ATTENDED
MAKHULU LEDWABA	Chairperson	Four (4)
FREDDIE PETERSEN[8]	Member	Four (4)
KAIZER MOYANE	Member	Five (5)
NARIUS MOLOTO	Member	Two (2)
STEVE HARRIS	Alternate Member (Organised Labour)	One (1)
SIFISO LUKHELE	Alternate Member (Organised Business)	One (1)
GEOFFREY ESITANG	Member	Two (2)
VIRGIL SEAFIELD	Member	One (1)
CAMERON SELLO MORAJANE	*Ex-officio* Member	Six (6)

6 Chairpersonship ended with the end of term of the outgone Governing Body on 31 October 2017.

7 Appointed as the new Chairperson of the ASC during the reconstitution of the Governing Body Committees following the appointment of the new Governing Body

6.5. HRC

During the 2017/18 financial year, the HRC meetings were convened as follows:

TYPE OF MEETINGS	NUMBER OF MEETINGS
ORDINARY MEETINGS	Five (5)
TOTAL	Five (5)

The composition of the HRC and meeting attendance for the 2017/18 financial year is as follows:

TABLE 22: THE COMPOSITION OF THE HRC AND MEETING ATTENDANCE FOR THE 2017/18 FINANCIAL YEAR

NAME	DESIGNATION	NO. OF MEETINGS ATTENDED
SIFISO LUKHELE	Chairperson	Five (5)
ELIAS MONAGE[9]	Member	Two (2)
THEMBINKOSI MKALIPI[10]	Member	Three (3)
NARIUS MOLOTO	Member	Two (2)
KAIZER MOYANE	Alternate Member (Organised Business)	One (1)
NTSOAKI MAMASHELA	Member	Two (2)
BHEKI NTSHALINTSHALI	Member	Three (3)
CAMERON SELLO MORAJANE	*Ex-officio* Member	Four (4)

6.6. PC

During the 2017/18 financial year, the PC meetings were convened as follows:

TYPE OF MEETINGS	NUMBER OF MEETINGS
ORDINARY MEETINGS	Four (4)
TOTAL	Four (4)

The composition of the PC and meetings attendance are as follows for the 2017/18 financial year are as follows:

TABLE 23: THE COMPOSITION OF THE PC AND MEETING ATTENDANCE FOR THE 2017/18 FINANCIAL YEAR

NAME	DESIGNATION	NO. OF MEETINGS ATTENDED
SIFISO LUKHELE	Member	Four (4)
STEVE HARRIS[11]	Member	Two (2)
SCOTT MPHUTHI	Member	Four (4)
BHEKI NTSHALINTSHALI	Chairperson	Two (2)
VIRGIL SEAFIELD	Member	Nil (0)
CAMERON SELLO MORAJANE	Ex-officio Member	Four (4)

8 Membership ended with the end of term of the outgone Governing Body on 31 October 2017.

9 Membership ended with the end of term of the outgone Governing Body on 31 October 2017.

10 Membership ended with the end of term of the outgone Governing Body on 31 October 2017.

11 Membership ended with the end of term of the outgone Governing Body on 31 October 2017.

7. REMUNERATION OF THE GOVERNING BODY AND COMMITTEES 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 remuneration and none were paid to them.

TABLE 24: REMUNERATION OF THE GOVERNING BODY AND COMMITTEE MEMBERS

NAME	REMUNERATION[12]	OTHER ALLOWANCES	OTHER RE-IMBURSEMENTS[13]	TOTAL
SIFISO LUKHELE	268	None	5	273
BHEKI NTSHALINTSHALI	144	None	5	149
NARIUS MOLOTO	112	None	3	115
MAKHULU LEDWABA	230	None	2	232
KAIZER MOYANE	113	None	2	115
LUCIO TRENTINI	42	None	None	42
GEOFFREY ESITANG	49	None	3	52
STEVE HARRIS	63	None	1	64
ELIAS MONAGE	70	None	2	72
NTSOAKI MAMASHELA	N/A	N/A	N/A	N/A
AGGY MOILOA	N/A	N/A	N/A	N/A
VIRGIL SEAFIELD	N/A	N/A	N/A	N/A
WILLIAM GUMEDE	138	None	None	138
FAITH BURN	60	None	1	61
RAMONA CLARK	74	None	2	76
VELILE PANGWA	61	None	2	63
JAMES WILSON	64	None	3	67

12 Remuneration for meeting attendance

13 Other Reimbursements constitute travel and subsistence as well as toll fees

8. THE ESSENTIAL SERVICES COMMITTEE

During the 2017/18 financial year, the ESC meetings were convened as follows

TYPE OF MEETING	NUMBER OF MEETINGS
ORDINARY MEETINGS	Six (6)
TOTAL:	Six (6)

The composition of the ESC and meetings attendance for the 2017/18 financial year are as follows:

TABLE 25: COMPOSITION OF THE ESC AND MEETING ATTENDANCE FOR THE 2017/18 FINANCIAL YEAR

COMPOSITION OF THE COMMITTEE								
NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES	NO. OF MEETINGS ATTENDED
LUVUYO BONO	Chairperson	01 April 2015	N/A	B. Juris; LLB; and LLM	Labour Law and Corporate Governance	PSCBC and ELRC	N/A	Six (6)
JOYCE NKOPANE	Deputy Chairperson – Senior CCMA Commissioner	01 April 2015	N/A	B. Proc; LLB; and Higher Diploma in Corporate Law	Labour Law	Mbileni Tohlang – Nkopane Inc. Senior Commissioner of the CCMA	N/A	Six (6)
RIO NOLUTSHUNGU	Local Government	01 April 2015	N/A	BAdmin Degree; Post Graduate Diploma in Labour Law; and Master's degree in Public and Development Management	Public Governance and Administration; Labour Relations and Collective Bargaining; Capacity Building; and Corporate Governance	LGSETA Board Member	SALGBC Exco; LGSETA Exco; LGSETA Audit and Risk Committee; and National School of Government (NSG) Advisory Panel	Six (6)
SIFISO KHUMALO	Labour	01 April 2015	N/A	B.A B.A (Hons) (Industrial Sociology); Post-Graduate Diploma in Labour Law; Post-Graduate Diploma in Arts Programme; and Project Management Certificate	Labour Relations and Collective Bargaining	N/A	PSCBC	Six (6)
ANNELIE GILDENHUYS	Business	01 April 2015	N/A	PhD in Industrial Sociology; MA in Industrial Sociology (2008); and BA Hons Industrial Sociology BA	Accredited Commercial Mediator	N/A	Commissioner of the Employment Equity Commission	Six (6)
CALEB MOKOENA	Labour	01 April 2015	N/A	Certificate in Municipal Governance and Certificate Programme in Management Development	Corporate Governance; Negotiation; and Conflict Resolution	N/A	Union Provincial Executive Committee and Central Executive Committee	Six (6)
NOMAZOTSHO MEMANI	National and Provincial Government	01 April 2015	N/A	BA Law	Human Rights Law and Labour Law	N/A	N/A	Three (3)
ARUNA RANCHOD	Business	01 November 2017	N/A	BA Law	Law and Labour Relations	N/A	N/A	Three (3)

Members of the ESC were remunerated as follows:

TABLE 26: REMUNERATION OF THE ESC MEMBERS FOR THE 2017/18 FINANCIAL YEAR

NAME	REMUNERATION	OTHER ALLOWANCE	OTHER RE-IMBURSEMENTS	TOTAL
LUVUYO BONO	R 4 403.00 per day	R1 500.00 (cell phone allowance per month)	Travel re-imbursements for work related matters	Varies monthly depending on how many days worked
JOYCE NKOPANE	R 3 737.00 per day	R1 000.00 (cell phone allowance per month)	Travel re-imbursements for work related matters	Varies monthly depending on how many days worked
RIO NOLUTSHUNGU	R 3 478.00 per day	N/A	Travel re-imbursements for work related matters	Varies monthly depending on how many days worked
SIFISO KHUMALO	R 3 478.00 per day	N/A	Travel re-imbursements for work related matters	Varies monthly depending on how many days worked
ANNELIE GILDENHUYS	N/A	N/A	N/A	N/A
CALEB MOKOENA	R 3 478.00 per day	N/A	Travel re-imbursements for work related matters	Varies monthly depending on how many days worked
NOMAZOTSHO MEMANI	R 3 478.00 per day	N/A	Travel re-imbursements for work related matters	Varies monthly depending on how many days worked
ARUNA RANCHOD	R 3 478.00 per day	N/A	Travel re-imbursements for work related matters	Varies monthly depending on how many days worked

9. RISK MANAGEMENT

ERM is an essential part of effective Corporate Governance. The CCMA has the responsibility to ensure that it implements a risk-based approach in the execution of daily business activities. The ERM Function of the CCMA is aligned to the National Treasury's Public Sector Risk Management Framework, and all ERM activities executed during the reporting period were done in line with the approved 2017/18 Risk Management Plan.

The 2017/18 Strategic Risk Register was monitored, and as at the end of the 2017/18 financial year, the CCMA's risk profile registered a 64% achievement rate on mitigating 56 of the 87 actions plans identified. Furthermore, each Department and Region developed and maintained an Operational Risk Register, with identified operational risks and accompanying response strategies to address the risks.

The only deliverable on the 2017/18 Risk Implementation Plan that could not be achieved was the testing of the Business Continuity Management (BCM) Plan, as a result of delays in the appointment of a specialised service provider to assist in this regard. The matter has since been resolved, with the appointed service provider resuming its mandate from 6 April 2018. It is envisaged that this project will be completed during the 2018/19 financial year.

A culture of ERM principles is communicated through Risk Policies and methodologies, in order to mitigate the main inherent risks that the CCMA is exposed to. For the 2017/18 financial year, the CCMA registered a level 3.6 risk maturity level rating, as assessed by the National Treasury.

The ARC exercised stringent oversight over the CCMA's ERM Function during the 2017/18 financial year, to ensure its functionality and adequateness. The aim of the CCMA for the 2018/19 financial year is to fully manage its ERM capability, in order to reach an optimised ERM maturity level in the 2019/20 financial year.

10. INTERNAL AUDIT AND AUDIT AND RISK COMMITTEES

The Internal Audit Department provides independent, objective assurance and consulting services designed to add value and improve the systems of internal control and operations of the organisation. The Department assists the organisation to achieve its objectives by bringing a systematic disciplined approach to evaluate and improve adequacy and effectiveness of risk management, governance and control processes.

The Department executed its business during 2017/18 financial year against the plan approved by the ARC, which is aligned with the International Standards for the Professional Practice of Internal Auditing. The plan was informed by the organisational strategy, outcomes of risk assessments and consultations with Management.

Follow up audit process formed an integral part of the CCMA internal auditing processes. Rigorous tracking and reporting on previously agreed management action plans play an important role in ensuring continuous improvement in the control environment. The Department also performed Consulting and *Ad hoc* activities, which were aimed at adding value and improving the CCMA organisational operations.

The Department continued to facilitate the combined assurance model. Combined assurance is aimed at integrating and coordinating all the assurance activities, thus ensuring optimal provision of assurance to the organisation. The Combined Assurance Plan approved by the ARC formed the basis of reviewing the control environment in respect of high risk areas, with the effort of supporting the integrity of information for internal decision making as well as external reporting.

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 2017/18 annual internal audit coverage and output.

11. COMPLIANCE WITH LAWS AND REGULATIONS

The CCMA is committed to a philosophy of Integrated Compliance Risk Management, as a core managerial capability, which is aligned to the principles of the King IV Report, the standards set by the Compliance Institute of South Africa and the legislative requirements of the PFMA.

The CCMA's Compliance Management Function is now fully functional, with Compliance Frameworks, Manual, Policies and Implementation Plans having been developed, approved and implemented during the reporting period. Due to the enterprise – wide approach to Compliance Management, Compliance Champions were appointed across all Departments and Regions to cascade down and integrate compliance principles at business unit level.

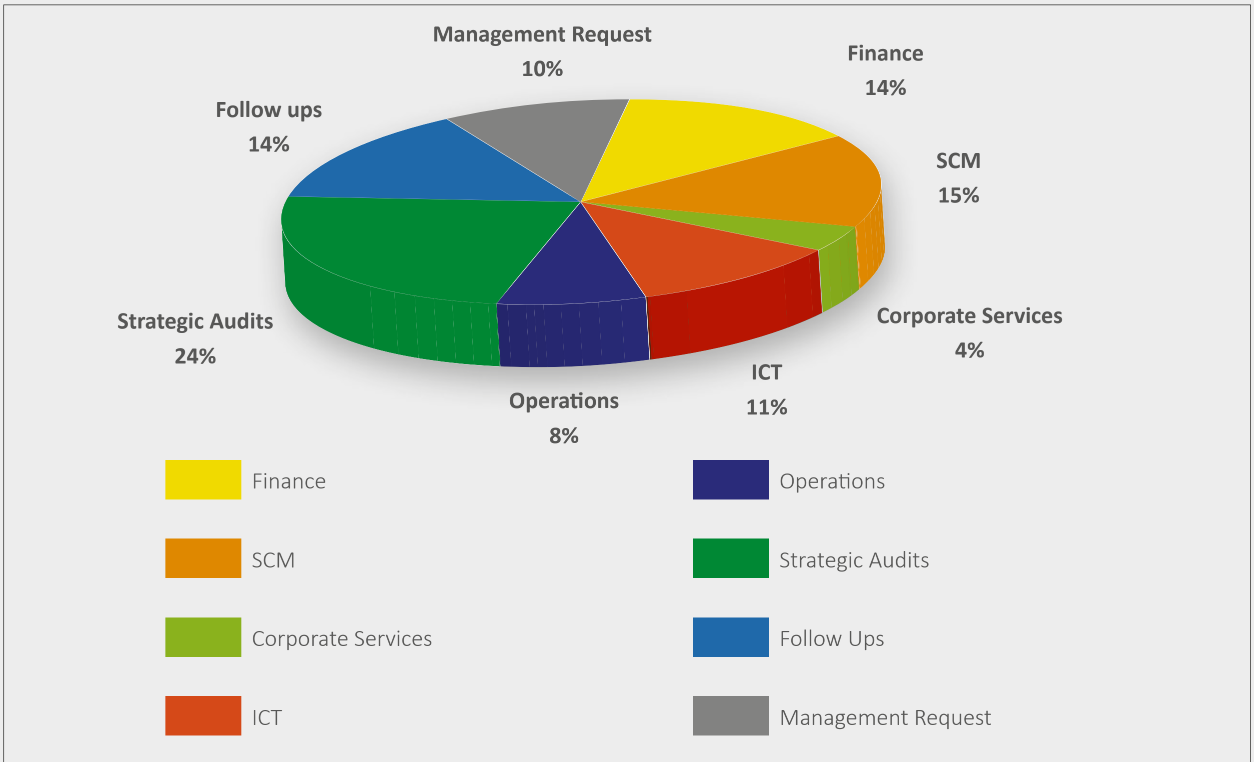


FIGURE 10: INTERNAL AUDIT COVERAGE AND OUTPUT

The CCMA developed and implemented a Compliance Maturity Model during the 2017/18 financial year, used to assess and monitor progress in implementing Enterprise-Wide Compliance Management. For the 2017/18 financial year, the CCMA attained a level 4 compliance maturity level rating (managed compliance maturity level), achieving a 76% compliance, against an annual target of 65%.

The CCMA's 2017/18 Compliance Regulatory Universe had a total of 63 identified legislations that the CCMA must comply with. The top 16 legislations were statistically identified through the application of the Risk Management Model. The following legislations were identified as high risk areas, and if not complied with, will lead to reputational damage, litigations, fines and penalties and loss of a clean audit: the LRA, the PFMA, the Treasury Regulations, the BCEA, the EE Act, and the OHS Act. The monitoring and evaluation of these legislations to confirm compliance was conducted on a more regular basis, with stringent testing conducted through Compliance Risk Management Plans (CRMPs).

Departmental and Regional Compliance Checklists and Compliance Risk Monitoring Plans were rolled out and continuously monitored during the reporting period.

Through a letter from the Broad-Based Black Economic Empowerment (BBBEE) Commission dated 28 February 2018, the CCMA was informed that it was not complying with the BBBEE Act (Act No. 53 of 2003), hereafter referred to as the BBBEE Act, which all government and public entities are required to comply with, by means of acquiring a BBBEE Certificate and scoring. It was also communicated that compliance to the BBBEE Act was informed through a regulation published in the 2015/16 financial year, calling for compliance, effective from the 2016/17 financial year. The CCMA was not previously aware of this. To ensure compliance, during the 2018/19 financial year, the CCMA will appoint a BBBEE verification agency to evaluate the CCMA's operations and issue a BBBEE certificate for the 2016/17 financial year.

The ARC exercised stringent oversight over the CCMA's Compliance Management Function during the 2017/18 financial year, to ensure its functionality and adequateness. The aim of the CCMA for the 2018/19 financial year is to fully manage its compliance capability, in order to reach an optimised compliance maturity level in the 2019/20 financial year.

12. FRAUD AND CORRUPTION

The 2017/18 Fraud Prevention and Anti-Corruption Strategy and Plan was implemented during the period under review, with fraud awareness sessions conducted nationally. In order to pro-actively mitigate the risk of fraud, fraud risk assessments, including risk response strategies, were also conducted during the financial year on high risk areas. Members of the Governance structures and staff are also required to complete a declaration of interest form on an annual basis to ensure that there is no conflict of interest with service providers on the National Treasury Central Supplier Database.

The CCMA strives to maintain high ethical standards in carrying out its daily business activities. Earning, establishing and retaining trust and confidence, both inside and outside the CCMA is vital, and therefore, the CCMA should, at all times, strive to conduct its affairs ethically and transparently, also ensuring that it is a responsive organisation. The Complaints and Ethics Management Function of the CCMA is aligned with the Public Sector Integrity Framework, the King IV Report and the PFMA.

The CCMA strives to create an environment where it is safe to report suspicious activities in line with the Protected Disclosure Act, No.26, 2000. The CCMA has a number of platforms available to all stakeholders to report any fraud and corruption, including the safe and anonymous Vuvuzela Hotline, available in all official languages and is available 24 hours a day. All reported tip-offs and complaints received are investigated and reported on a quarterly basis to the Governance Structures. Where it is proven that fraud, corruption, collusion or theft has been perpetrated, appropriate action is taken. For the reporting period, the outcome of the investigations found that none of the reported incidents related to unethical conduct.

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 9139

Postal address: P. O. Box 21091, Valhalha, 0137.

During the 2017/18 financial year, 407 complaints were received, representing a 12.85% decrease compared to the 2016/17 financial year, wherein 467 complaints were received. The lower number of complaints registered for the 2017/18 financial year is despite the extensive marketing of complaints platforms available to stakeholders. All complaints were investigated and responded to, and where warranted, appropriate action was taken.

13. DONATIONS AND SPONSORSHIP REGISTER

The CCMA has in place a Gifts, Donations and Sponsorship Policy, which directs the granting and receipt of gifts, donations and sponsorships by the CCMA, Staff Members and Members of the Governance Structures. Received and granted gifts, donations and sponsorships are reported on a quarterly basis to the Governance Structures.

14. MINIMISING CONFLICT OF INTEREST

All Staff Members and Members of the Governance Structures are required, on a yearly basis, to complete and submit the Declaration of Interest Forms. The CCMA also utilised the Standard Bidding Documents (SBD) where prospective suppliers are required to declare any relation with the employees of the CCMA. The objective is for organisations 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 Practitioners whereby all Bid Specification Committee (BSC), Bid Evaluation Committee (BEC), and Bid Adjudication Committee (BAC) Members, as well as SCM Practitioners, have an undertaking that they will maintain confidentiality of the meeting deliberations, that they will act ethically at all times, and will 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. All Bid Committee Members and SCM Practitioners involved in the procurement process sign conflicts of interest forms to avoid any potential conflict in every sitting of a Bid Committee.

15. CODE OF CONDUCT

The CCMA has a Policy on Disciplinary and Grievance Management, which lists typical acts of misconduct, applicable sanctions and processes to be followed in sanctioning employees who misconduct themselves.

The Governing Body and Committee Code of Conduct, as well as the Code of Conduct for Commissioners and Staff Members, provides guidelines on ethical conduct and behaviour in order to assist the Governing Body and Committee Members, Commissioners and CCMA Staff Members to avoid conduct contrary to the Disciplinary Code.

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

During the year under review, a service provider was appointed to review the above - mentioned Code of Conducts, to align it to the King IV Report and to place a further emphasis on ethics.

16. BOARD SECRETARY

The Board Secretary ensures the functionality of all CCMA Management and Governance Structure and also provides governance advice and support to these structures. Edmund Nyamakupe was the Acting Board Secretary of the CCMA for the 2017/18 financial year, pending conclusion of the recruitment process to fill this position permanently.

17. SOCIAL RESPONSIBILITY

The Nelson Mandela Legacy Programme is the formal Community Social Responsibility (CSR) Programme of the CCMA. The CCMA Nelson Mandela Legacy Programme, which was launched in 2014 at the CCMA Indaba of that year, was sustained in the 2017/18 financial year. Pledges made at the 2016 CCMA Indaba, totalling R24 350, were handed over to the identified beneficiary, namely, the Sechaba Community Care from Etwatwa, Daveyton, Gauteng. The 2017 CCMA Indaba beneficiary is "Aunty Sally's Kitchen Soup in Vryburg, North West Province, as nominated by the North West Region. Pledges from the 2017 CCMA Indaba will be handed over to the beneficiary during the 2018/19 financial year.

18. AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2018.

ARC RESPONSIBILITIES

The ARC is governed by a Charter, which regulates the affairs of the Committee and set out its roles and responsibilities. The Committee has complied with its responsibilities also arising from Section 55(1) (a) of the PFMA and Treasury Regulation 27.

The ARC oversees the entity's financial reporting on behalf of the Governing Body. The entity's 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.

In fulfilling its oversight responsibilities, the ARC reviewed, assessed and discussed the Audited Financial Statements (AFS) and the related schedules in the Annual Report. This included a discussion on the quality of the accounting principles, the clarity of disclosures and the fairness of significant judgements.

The ARC furthermore discharged its oversight responsibilities for compliance with legal and regulatory requirements, Enterprise Risk Management processes, Governance process and performance information.

Nine (9) ARC meetings were held during the financial year. The ARC is comprised of representatives of the three (3) social partners, Organised Business, Organised Labour and Government; and independent Members.

THE EFFECTIVENESS OF INTERNAL CONTROL

In line with the PFMA and the King IV Report on Corporate Governance requirements, the Internal Audit Department provides the ARC and Management with assurance that the internal controls are adequate and effective. This is achieved by means of risk management process, as well as the identification of corrective action and suggested enhancements to the controls and processes.

From the various reports of the Internal Audit Department, Management reports and external auditor's report (Auditor General South Africa), it was noted that there are areas of improvement required in the system of internal control.

Where weaknesses were identified in internal controls, corrective action was taken to reduce the risks to an acceptable level. The ARC is of the opinion, based on the information and explanations given by Management and the Internal Audit Department, as well as discussions with the external auditors, the CCMA's framework of Governance, risk management and internal control, provide reasonable assurance that the organisation's strategy will be achieved.

The ARC, over the financial year, has given special attention to internal controls in ICT, where weaknesses were identified. The Committee is satisfied with Management's remedial plans.

EVALUATION OF FINANCIAL STATEMENTS

The ARC reviewed and discussed, together with Management and the Auditor-General, the AFS for the year ended March 2018, prepared by the CCMA.

EXTERNAL AUDIT

The ARC concurs with and accepts the Auditor-General's conclusions on the performance information and AFS, and is of the opinion that the performance information and AFS be accepted and read together with the report of the Auditor-General.

Professor William Gumede
Chairperson of the ARC

PART D

HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

Indications are that at least for the foreseeable future, unemployment will remain a defining characteristic of the South African economy. As a result, the Corporate Services Department's focus was largely in enabling the organisation to discharge its legislative and social mandates to the South African public by providing the human capital needed to do so. Continued and unwavering commitment to the attraction, development and retention of talent remained the Department's area of focus. In doing so, it was imperative that the Department becomes aware of changes and innovations in the labour market, and how these external environmental changes affects the organisation's ability to attract and retain talent. In addition, innovation remains a possibility and whenever opportunities arise to introduce new ways of managing talent in the organisation, the Department is amenable to contributing to, and enhancing the body of expertise that already exists in the field of talent management.

2. PERFORMANCE, KEY ACHIEVEMENTS AND STRATEGIC INITIATIVES FOR THE 2017/18 FINANCIAL YEAR

The Department achieved significant improvement in service delivery, given a challenging operating environment characterised by an organisational structure that is in the process of being re-aligned due to stringent fiscal conditions. However, despite these challenges, the CCMA continued to invest in its talent, with the 2017/18 Training Plan fully executed. The Talent Management Plan was enhanced to incorporate all aspects of talent management during the 2017/18 financial year. The performance management process was also strengthened, with the introduction of a more formalised mid-year assessment process. A more interactive partnering with core business was initiated through the introduction of a formal feedback process by line management. Overall, the focus was on preparing the Department to be more service oriented during the 2018/19 financial year and beyond.

3. KEY 2018/19 STRATEGIC ACTIVITIES AND PROJECTS TO BE PURSUED

As alluded to above, the effective management of talent will remain a key focus area for the 2018/19 financial year. The organisation's enhanced Talent Management Plan will be implemented. The roll- out of Executive Coaching and Management Development Programme is one of the priority areas for the Department, the intention being to enhance the organisation's Management and Leadership capability. A process to reposition the attraction of specialised Commissioners will be implemented. Succession Planning has been prioritised through talent management. Performance Management and the alignment of individual performance to strategic objectives will underpin the organisation's talent management initiatives. The grading and re-grading of jobs, as well as job re-profiling, will continue into the new financial year. The purchase of a new management system allowing for the implementation of e-recruitment, as well as other innovative personnel management initiatives, have been initiated and will be concluded in the 2018/19 financial year. The Department is gearing itself for a structural re-alignment exercise during 2018/19 in order to allow for more effective strategic partnering during the 2018/19 financial year and beyond. The management of the Employee Wellness Programme has been rationalised and re-positioned, with a dedicated budget for the 2018/19 financial year, in order to ensure more effective rollout. A review of the Employment Equity Plan will ensue and stringent monitoring of compliance and effectiveness are areas of priority.

4. OCCUPATIONAL HEALTH AND SAFETY

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

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

The CCMA has in place Occupational Health and Safety (OHS) Programmes. The monitoring and managing of health and safety standards took place, including OHS risk assessments and mitigation measures. Emergency drills in which employees participated were undertaken. During the same period, the OHS Committee received training leveraged through partnership with the municipality.

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

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

5. HUMAN RESOURCE MANAGEMENT OVERSIGHT STATISTICS

Efficient capacitation of CCMA offices in the 12 Regions across the country was maintained during the period under review. Below are the human resources oversight statistics for the 2017/18 financial year.

The staff demographics of the CCMA as at the end of the reporting period is shown in Table 27.

The core personnel of the CCMA, as shown in Table 28, accounts for 65% of staff complement to ensure that the CCMA is capacitated to deliver on its mandate.

TABLE 27: CCMA STAFF DEMOGRAPHICS AS AT 31 MARCH 2018

OCCUPATIONAL LEVELS	JOB GRADE	MALE				FEMALE				TOTAL
		A	C	I	W	A	C	I	W	
TOP MANAGEMENT	P01 and P02	2	0	2	0	3	0	0	0	7
SENIOR MANAGEMENT	P03	5	2	0	1	3	0	0	1	12
PROFESSIONALLY QUALIFIED AND EXPERIENCED SPECIALISTS AND MID-MANAGEMENT	P04, P05 and P06	42	6	0	7	33	10	7	7	112
SKILLED TECHNICAL AND ACADEMICALLY QUALIFIED WORKERS, JUNIOR MANAGEMENT, SUPERVISORS, FOREMEN, AND SUPERINTENDENTS	P07, P08, P09, P10, P11 and P12	277	20	2	1	359	40	8	18	725
SEMI-SKILLED AND DISCRETIONARY DECISION MAKING	P13 and P14	15	2	0	0	25	4	0	0	46
UNSKILLED AND DEFINED DECISION MAKING	P15	5	0	0	0	15	0	0	0	20
TOTAL PERMANENT		**346**	**30**	**4**	**9**	**438**	**54**	**15**	**26**	**922**
TEMPORARY EMPLOYEES		**29**	**3**	**0**	**0**	**15**	**3**	**1**	**0**	**51**
GRAND TOTAL		**375**	**33**	**4**	**9**	**453**	**57**	**16**	**26**	**973**

TABLE 28: CORE PERSONNEL OF THE CCMA

DESIGNATION	FEMALES				SUBTOTAL	MALES				SUBTOTAL	GRAND TOTAL
	A	C	I	W		A	C	I	W		
CASE MANAGEMENT OFFICERS	116	13	2	7	138	33	4	0	0	37	175
COMMISSIONERS[14]	37	8	5	9	59	78	13	2	8	101	160
INTERPRETERS	112	4	0	0	116	145	3	0	0	148	264
GRAND TOTAL	**265**	**25**	**7**	**16**	**313**	**256**	**20**	**2**	**8**	**286**	**599**

14 Commissioner reflected above are full time Commissioners

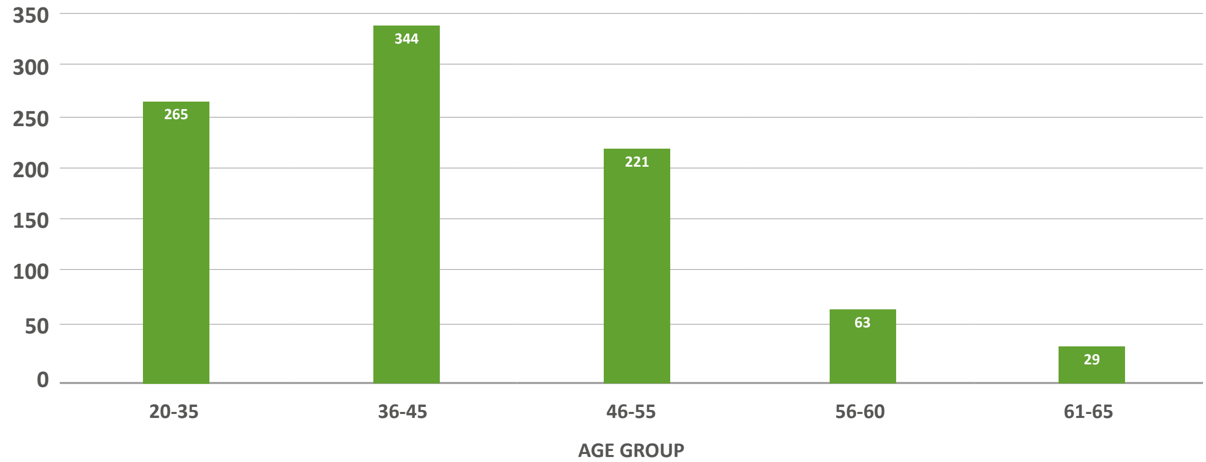


FIGURE 11: WORKFORCE AGE PROFILE

The CCMA has a healthy workforce profile. Its workforce profile is saturated in ages between 20 and 45 years. This presents a significant combined experience. Pipeline talent development is focused on the first age category in order to mitigate against the effects typically associated with an ageing workforce. Figure 11 depicts the CCMA's workforce age profile.

A gender and race for workforce profile is depicted in Table 29. Personnel cost by Department or Region is depicted in Table 30.

TABLE 29: A GENDER AND RACE FOR WORKFORCE PROFILE

AGE GROUP	FEMALES				SUBTOTAL	MALES				SUBTOTAL	GRAND TOTAL
	A	C	I	W		A	C	I	W		
20 - 35	139	13	1	7	160	95	8	1	1	105	265
36 - 45	183	22	6	6	217	118	6	1	2	127	344
46 - 55	81	13	7	8	109	93	13	2	4	112	221
56 - 60	26	2	0	2	30	31	1	0	1	33	63
61 - 65	7	2	1	4	14	12	2	0	1	15	29
TOTAL	**436**	**52**	**15**	**27**	**530**	**349**	**30**	**4**	**9**	**392**	**922**

TABLE 30: PERSONNEL COST BY DEPARTMENT/REGION

DEPARTMENT / REGIONS	TOTAL EXPENDITURE FOR THE ENTITY	PERSONNEL EXPENDITURE (R'000)	PERSONNEL EXPENDITURE AS A %	NUMBER OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
REGION	R 599 910	R 318 680	53.12%	737	R 432
OFFICE OF THE DIRECTOR	R 33 972	R 19 041	56.05%	20	R 952
LEGAL SERVICES	R 20 914	R 9 339	44.66%	11	R 849
COLLECTIVE BARGAINING & OUTREACH	R 22 518	R 12 788	56.79%	8	R 1 598
INFORMATION MANAGEMENT	R 69 530	R 31 123	44.76%	42	R 741
OPERATIONS	R 19 898	R 10 415	52.34%	29	R 359
CORPORATE SERVICES	R 38 605	R 21 261	55.07%	33	R 644
FINANCE	R 34 561	R 23 427	67.78%	32	R 732
INTERNAL AUDIT	R 12 533	R 9 123	72.80%	10	R 912
TOTAL	**R 852 440**	**R 455 197**	**53.39%**	**922**	**R 494**

PERFORMANCE REWARDS

The CCMA's Performance Management system has been enhanced and performance appraisals are conducted bi-annually. Recognition and reward of good performance has once again proven to be indispensable in ensuring that strategic goals and objectives of the organisation are met. The CCMA's Performance Management system ensures that there is a link between individual and organisational performance. Table 31 depicts the performance rewards of the 2017/18 financial year.

TRAINING COSTS

Training interventions were primarily targeted towards addressing specific performance gaps and were informed by a performance needs analysis exercise. In addition, employees were afforded an opportunity to develop themselves towards careers of their own choice through the awarding of bursaries. Table 32 depicts training costs of the CCMA for the 2017/18 financial year.

TABLE 31: PERFORMANCE REWARDS

OCCUPATIONAL CATEGORY	PERSONNEL EXPENDITURE R'000	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST
TOP MANAGEMENT	R1 902	0.42%
SENIOR MANAGEMENT	R2 008	0.44%
PROFESSIONAL QUALIFIED	R 5 195	1.14%
SKILLED	R 7 713	1.69%
SEMI-SKILLED	R193	0.04%
UNSKILLED	R36	0.01%

TABLE 32: TRAINING COSTS

DIRECTORATE/ BUSINESS UNIT	PERSONNEL EXPENDITURE R'000	TRAINING EXPENDITURE R'000	TRAINING EXPENDITURE AS A % OF PERSONNEL COST %	NO. OF EMPLOYEES TRAINED	AVG TRAINING COST PER EMPLOYEE R'000
CCMA	R455 197	R9 349	2.05%	1150	R8

EMPLOYMENT AND VACANCIES

While the vacancy rate is constantly monitored, with funded positions being advertised as soon they become vacant, an onerous and targeted recruitment process ensures that the right talent is hired. Internal employee movement always affects the vacancy rate. This is notwithstanding the encouragement of upward movements which is demonstration of the effectiveness of CCMA's talent management and succession. Positions that are filled by internal candidates leave other positions vacant and thereby increase the vacancy rate. This becomes a cycle.

Over and above monitoring the general vacancy rate, vacancies at top and senior Management receive special attention, with succession defined. As soon as a position at this level becomes vacant, a resource is placed in the position in an acting capacity. No position at this level has been vacant without an acting appointment for more than thirty (30) days. Constant review of the organisation's remuneration philosophy and benchmarking against the market are among measures implemented to ensure that highly talented and motivated individuals are attracted and retained.

Table 33 outlines employment and vacancies as at the 31 March 2018. Table 34 denotes the number of employees and vacancies per occupational category.

TABLE 33: EMPLOYMENT AND VACANCIES

DEPARTMENT / REGIONS	2016/2017 NO. OF EMPLOYEES	2016/2017 APPROVED POSTS	2017/2018 NO. OF EMPLOYEES	2017/2018 VACANCIES	% OF VACANCIES
REGION	731	814	741	86	10.40%
OFFICE OF THE DIRECTOR	15	15	27	7	20.59%
LEGAL SERVICES	13	15	11	2	15.38%
COLLECTIVE BARGAINING & OUTREACH	11	15	8	2	20.00%
INFORMATION MANAGEMENT	47	52	41	8	16.33%
OPERATIONS	33	37	18	4	18.18%
CORPORATE SERVICES	16	18	33	8	19.51%
FINANCE	35	38	33	5	13.16%
INTERNAL AUDIT	8	10	10	2	16.67%
TOTAL	**909**	**1 014**	**922**	**124**	**11.85%**

TABLE 34: EMPLOYEES AND VACANCIES PER OCCUPATIONAL CATEGORY

OCCUPATIONAL CATEGORY	2016/2017 NO. OF EMPLOYEES	2016/2017 APPROVED POSTS	2017/2018 NO. OF EMPLOYEES	2017/2018 VACANCIES	% OF VACANCIES
TOP MANAGEMENT	7	8	7	2	22.22%
SENIOR MANAGEMENT	12	14	12	3	20.00%
PROFESSIONAL QUALIFIED	115	136	112	40	26.32%
SKILLED	708	768	725	64	8.11%
SEMI-SKILLED	47	51	46	12	20.69%
UNSKILLED	20	37	20	3	13.04%
TOTAL	**909**	**1 014**	**922**	**124**	**11.85%**

TABLE 35: EMPLOYMENT CHANGES

OCCUPATIONAL CATEGORY	EMPLOYMENT AT THE BEGINNING OF THE PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT THE END OF THE PERIOD
TOP MANAGEMENT	7	1	1	7
SENIOR MANAGEMENT	12	1	1	12
PROFESSIONALLY QUALIFIED	115	11	14	112
SKILLED	708	62	45	725
SEMI-SKILLED	47	11	12	46
UNSKILLED	20	0	0	20
TOTAL	**909**	**86**	**73**	**922**

EMPLOYMENT CHANGES

The employment changes that occurred at the CCMA during the period under review are noted in Table 35.

REASONS FOR STAFF LEAVING

CCMA's overall staff turnover was seven point four eight percent (7.48%) for the period under review, with four point three four percent (4.34%) of the terminations as a result of resignations. The increase in resignation compared to the previous year is as a result of Commissioner Conversion from full time to part time. When a conversion is approved, the Commissioner resigns from his or her full time role. Where exit interviews are conducted, reasons given for resignations, other than conversions, were career growth. Termination reasons were provided to relevant Line Departments to analyse and reference for operational improvement. Table 36 depicts reason for staff leaving.

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Employee relations is a process that ensures 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. The CCMA has policies in place, a Code of Conduct, a Grievance Procedure as well as a Disciplinary Procedure. Table 37 depicts consequence management statistics.

TABLE 36: REASONS FOR STAFF LEAVING

REASON	NUMBER	% OF STAFF LEAVING
DEATH	8	10.96%
RESIGNATION	44	60.27%
DISMISSAL	11	15.07%
RETIREMENT	6	8.22%
EXPIRY OF CONTRACT	4	5.48%
TOTAL	**73**	**100.00%**

TABLE 37: NATURE OF DISCIPLINARY ACTION

NATURE OF DISCIPLINARY ACTION	NUMBER
VERBAL WARNING	3
WRITTEN WARNING	23
FINAL WRITTEN WARNING	17
DISMISSAL	13
TOTAL	**56**

EQUITY TARGETS AND EMPLOYMENT EQUITY STATUS

Equal employment opportunities are provided to all employees and job applicants, and the CCMA endorses key principles of employment equity as identified by the Employment Equity (Act 55 of 1998), 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 (the Forum) is in place and is operational as required by legislation.

The Forum developed an Employment Equity Plan, which is continuously monitored and displayed in all CCMA Offices. The annual Employment Equity Report was submitted to the Department of Labour as required by legislation. Table 38 depicts the equity targets and employment equity status of male employees by occupational category.

Table 39 depicts the equity targets and employment equity status of female employees by occupational category. Table 40 depicts information of persons with disabilities.

TABLE 38: EQUITY TARGETS AND EMPLOYMENT EQUITY STATUS OF MALE EMPLOYEES BY OCCUPATIONAL CATEGORY

	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
OCCUPATIONAL LEVELS	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
TOP MANAGEMENT	2	3	0	1	2	2	0	0
SENIOR MANAGEMENT	5	4	2	1	0	1	1	1
PROFESSIONAL QUALIFIED	42	47	6	7	0	2	7	8
SKILLED	277	261	20	25	2	4	1	8
SEMI-SKILLED	15	14	2	1	0	1	0	0
UNSKILLED	5	0	0	0	0	0	0	0
TOTAL	**346**	**329**	**30**	**35**	**4**	**10**	**9**	**17**

TABLE 39: EQUITY TARGETS AND EMPLOYMENT EQUITY STATUS OF FEMALE EMPLOYEES BY OCCUPATIONAL CATEGORY

	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
OCCUPATIONAL LEVELS	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
TOP MANAGEMENT	3	1	0	0	0	0	0	0
SENIOR MANAGEMENT	3	3	0	0	0	0	1	2
PROFESSIONAL QUALIFIED	33	33	10	10	7	7	7	7
SKILLED	359	331	40	39	8	10	18	24
SEMI-SKILLED	25	23	4	4	0	0	0	0
UNSKILLED	15	10	0	0	0	0	0	0
TOTAL	**438**	**401**	**54**	**53**	**15**	**17**	**26**	**33**

TABLE 40: PERSONS WITH DISABILITIES

	MALE		FEMALE	
OCCUPATIONAL CATEGORY	CURRENT	TARGET	CURRENT	TARGET
TOP MANAGEMENT	0	0	0	0
SENIOR MANAGEMENT	1	1	0	0
PROFESSIONAL QUALIFIED	1	1	0	0
SKILLED	9	8	7	7
SEMI-SKILLED	1	0	1	1
UNSKILLED	0	1	0	1
TOTAL	**12**	**11**	**8**	**8**

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 78 to 119, which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, statement of cash flows 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 Commission for Conciliation, Mediation and Arbitration as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA).

Context for the 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 the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) 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.

Responsibilities of the accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA 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.

7. In preparing the financial statements, the accounting authority is responsible for assessing the CCMA'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 accounting authority 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

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

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on the audit of the annual performance report

Introduction and scope

10. 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 strategic objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

11. 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/measures 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.

12. 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 strategic objectives presented in the annual performance report of the public entity for the year ended 31 March 2018:

Objectives	Pages in the annual performance report
Strategic objective 1 – enhancing the labour market to enhance stability and growth	29
Strategic objective 2 – advancing good practices at work and transforming workplace relations	31
Strategic objective 3 – building knowledge and skills	33
Strategic objective 4 – optimising the organisation	34

13. 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.

14. The material findings in respect of the usefulness and reliability of the selected objectives are as follows:

Strategic objective 4 – optimising the organisation

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

15. The reported achievement of 99,9% for a target of 100% of all registered cases' first event heard within 30 days (excludes agreed extension) is not reliable as the public entity did not have an adequate performance management system to maintain records for reliable reporting on the achievement of the target. As a result, I was unable to obtain sufficient appropriate audit evidence in some instances, while in other cases the

supporting evidence provided did not agree with the reported achievement. Based on the supporting evidence that was provided, the achievement was 74,25%, but I was unable to further confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported achievement.

16. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following 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 matters

17. I draw attention to the matter below.

Achievement of planned targets

18. Refer to the annual performance report on pages 29 to 35 for information on the achievement of planned targets for the year and explanations provided for the under/over achievement of a number of targets. This information should be considered in the context of the material findings on the reliability of the reported performance information in paragraph 15 of this report.

Report on the audit of compliance with legislation

Introduction and scope

19. 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.

20. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements

21. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA. Material misstatements of trade and other payables from exchange transactions, provisions, administration cost disclosure note, prior period error disclosure note, financial instrument disclosure note, operating lease commitments disclosure note and the statement of comparison of budget and actual amounts identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information

22. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the general information, service delivery performance information, governance information and the human resources information. The other information does not include the financial statements, the auditor's report and those selected strategic objectives presented in the annual performance report that have been specifically reported in this auditor's report.

23. 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.

24. 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 strategic objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

25. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, 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

26. 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 and the findings on compliance with legislation included in this report.

Leadership

27. Deficiencies were noted with regards to management's oversight of financial management and performance management. Key control activities designed and implemented to monitor the effect of transactions forming the basis of the financial statements and to ensure the reliable reporting of performance achievements were not always adequate. This resulted in inaccurate and incomplete financial statements being submitted for audit and the reported achievement of one performance indictor not being reliable when compared to underlying supporting documentation. Furthermore, this resulted in non-compliance with applicable legislation as a result of material misstatements identified.

28. Action plans implemented by management did not always adequately address the root causes of previously reported audit findings. As a result, repeat internal control deficiencies were identified.

Financial and performance management

29. Adequate daily and monthly financial processing and reconciliations did not always take place. Where reconciliations were prepared, reconciling items were not resolved in time and review measures were not adequate to detect this.

Auditor-General

Pretoria

31 July 2018

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 strategic 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 CCMA'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 a 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.

2. STATEMENT OF REPSPONSIBILITY OF THE ANNUAL FINANCIAL STATEMENTS

The CCMA Governing Body is responsible for the preparation of the AFS, and is accountable for their integrity and objectivity in their presentation.

The AFS have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. All information and amounts disclosed in the Annual Report are consistent with the audit conducted by the Auditor-General, who has duly expressed an opinion as reflected in their report presented in this Annual Report.

Mr. Makhulu Ledwaba
Governing Body Chairperson

Mr. Cameron Sello Morajane
CCMA Director

3. FINANCIAL STATEMENTS, ACCOUNTING POLICIES AND NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3.1 STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	NOTES	2018 R'000	2017 Restated* R'000
ASSETS			
Non Current Assets			
Property, plant and equipment	3	41 422	49 072
Intangible assets	4	8 289	6 877
		49 711	**55 949**
Current Assets			
Inventories	7	1 656	1 620
Receivables from exchange transactions	8	5 629	6 192
Prepayments	6	512	1 261
Cash and cash equivalents	9	141 161	89 218
		148 958	**98 291**
Total Assets		**198 669**	**154 240**
LIABILITIES			
Non Current Liabilities			
Finance lease obligation	10	3 390	7 186
Operating lease liability	5	16 561	15 934
		19 951	**23 120**
Current Liabilities			
Finance lease obligation	10	3 796	3 531
Operating lease liability	5	2 461	554
Payables from exchange transactions	12	62 464	51 578
Provisions	11	21 149	19 631
		89 870	**75 294**
Total Liabilities		109 821	98 414
Net Assets		88 848	55 826
Accumulated surplus		**88 848**	**55 826**

* See Note 29

3.2 STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2018

	NOTES	2018 R'000	2017 Restated* R'000
REVENUE			
Revenue from exchange transactions			
Rendering of services	14	6 350	4 613
Other income	15	176	1 206
Interest received- investment	16	11 763	17 664
Total revenue from exchange transactions		**18 289**	**23 483**
Revenue from non-exchange transactions			
Revenue from Non-exchange			
Government grants & other income	17	867 173	773 416
Total revenue	13	**885 462**	**796 899**
EXPENDITURE			
Employee related costs	18	(455 197)	(426 120)
Administration	19	(128 843)	(121 450)
Depreciation and amortisation	23	(15 384)	(22 030)
Finance costs	20	(1 098)	(438)
Subsidies	21	(7 156)	(5 981)
General Operating Expenses	22	(244 762)	(229 093)
Total expenditure		**(852 440)**	**(805 112)**
Surplus (deficit) for the year		**33 022**	**(8 213)**

* See Note 29

3.3 STATEMENT OF CHANGES IN NET ASSETS

AS AT 31 MARCH 2018

	Accumulated surplus R'000	Total net assets R'000
Restated Opening balance	62 754	62 754
Adjustments		
Correction of errors	1 285	1 285
Balance at 01 April 2016 as restated*	**64 039**	**64 039**
Changes in net assets		
Surplus/ (Deficit) for the year	(8 213)	(8 213)
Total changes	**(8 213)**	**(8 213)**
Balance at 01 April 2017 as restated	**55 826**	**55 826**
Changes in net assets		
Surplus/ (Deficit) for the year	33 022	33 022
Total changes	**33 022**	**33 022**
Balance at 31 March 2018	**88 848**	**88 848**
Note(s)		

* See Note 29

3.4 STATEMENT OF CASHFLOW

FOR THE YEAR ENDED 31 MARCH 2018

	NOTES	2018 R'000	2017 Restated* R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rendering of services		7 086	6 730
Grants		867 173	775 528
Interest income		12 514	19 098
Total Receipts		**886 773**	**801 356**
Payments			
Employee costs		(447 196)	(404 569)
Suppliers		(367 212)	(365 267)
Subsidies		(7 156)	(5 981)
Total Payments		**(821 564)**	**(775 817)**
Net cash flows from operating activities	24	**65 209**	**25 539**
CASH FLOWS FROM INVESTING ACTIVITIES			
Property Plant and Equipment	3	(4 405)	(21 313)
Purchase of Intangible assets	4	(4 439)	(562)
Net cash flows from investing activities		**(8 844)**	**(21 875)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease payments		(4 422)	(4 629)
Net increase/(decrease) in cash and cash equivalents		**51 943**	**(965)**
Cash and cash equivalents at the beginning of the year		89 218	90 183
Cash and cash equivalents at the end of the year	9	**141 161**	**89 218**

* See Note 29

3.5 STATEMENT OF BUDGET AND ACTUAL AMOUNTS

AS AT 31 MARCH 2018

	Approved budget R'000	Adjustments R'000	Final Budget R'000	Actual amounts on comparable basis R'000	Difference between final budget and actual R'000	NOTE
STATEMENT OF FINANCIAL PERFORMANCE						
Revenue						
Revenue from exchange transactions						
Revenue from Rendering of Services	6 877	-	6 877	6 526	(351)	35
Interest received- investment	10 205	-	10 205	11 763	1 558	35
Total revenue from exchange transactions	**17 082**	**-**	**17 082**	**18 289**	**1 207**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	864 090	-	864 090	866 938	2 848	35
Other Income	-	-	-	235	235	
Total revenue from non-exchange transactions	**864 090**	**-**	**864 090**	**867 173**	**3 083**	
Total revenue	**881 172**	**-**	**881 172**	**885 462**	**4 290**	
Expenditure						
Personnel	(309 764)	(154 862)	(464 626)	(455 197)	9 429	35
Administration	(126 993)	(25 022)	(152 015)	(128 843)	23 172	35
Depreciation and amortisation	(11 778)	11 778	-	(15 384)	(15 384)	35
Finance costs	(55)	(232)	(287)	(1 098)	(811)	35
Subsidies	(23 056)	15 640	(7 416)	(7 156)	260	35
General operating expenses	(404 743)	134 937	(269 806)	(244 762)	25 044	35
Total expenditure	**(876 389)**	**(17 761)**	**(894 150)**	**(852 440)**	**41 710**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**4 783**	**(17 761)**	**(12 978)**	**33 022**	**46 000**	

* See Note 29

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

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

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

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

These accounting policies are consistent with the previous period.

1.1 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the entity. The balances are presented in R' 000 unless specifically stated.

1.2 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. This basis presumes that funds (Government grant) 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.

1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Trade receivables / staff loans and other receivables

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

The impairment for trade receivables and loans and receivables is calculated on a portfolio basis, based on historical loss/data and other indicators present at the reporting date that correlate with defaults on the portfolio. Debtors over 120 days are provided for.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items.

Commitments

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

Provisions

Provisions were raised and management determined an estimate based on the information available. The entity recognised provision when:

(a) An entity has a present obligation (legal or constructive) as a result of a past event;

(b) It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and

(c) A reliable estimate can be made of the amount of the obligation. Additional disclosure of these estimates of provisions are included in note.

Useful lives of property, plant and equipment

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

Effective interest rate

The entity used the prime interest rate to discount future cash flows where information is not provided.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. Debtors over 120 days are provided for.

Litigation Costs

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

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.

1.4 PREPAYMENTS

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

1.5 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 of the item can be measured reliably. Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

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 fixtures	Straight line	3- 30 years
Motor vehicles	Straight line	3- 10 years
Office equipment	Straight line	2- 30 years
IT equipment	Straight line	3- 25 years
Leased Assets	Straight line	Lease period
Security equipment	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 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.

The depreciation charge for each period is recognised in surplus or deficit.

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.

1.6 INTANGIBLE ASSETS

An asset is identifiable if it either:

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

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

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Computer software, internally generated	Straight line	3 - 25 years
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.

1.7 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.

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

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

- It is settled at a future date.

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, the entity 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, 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.

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.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

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

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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
Trade and other receivables from exchange transactions	Financial asset measured at amortised cost
Other receivables from non- exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	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
Trade payables (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.

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

Subsequent measurement 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 fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

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

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.

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 120 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is unrecoverable, it is written off against the bad debts expense or, when specifically provided for, it is against the provision for doubtful debts. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and are generally payable on demand or have set maturity dates and earn interest at particular dates. This means that they have a fixed and determinable payment period and can be classified as financial instruments at amortised cost. These are initially and subsequently recorded at amortised cost.

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 :
  - derecognise the asset; and
  - recognise 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.

1.8 TAX

Current tax assets and liabilities

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

1.9 LEASES

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

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred. Rental payable under operating leases are charged to surplus or deficit on a straight-line basis over the term of the relevant lease.

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

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.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

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

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

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

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. The aggregate benefit of incentives is recognised as a reduction of rental expense 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 are recognised as an operating lease asset or liability.

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

Accounting Policies

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed 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.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use. Useful life is either:

(a) the period of time over which an asset is expected to be used by the entity; or

(b) the number of production or similar units expected to be obtained from the asset by the entity.

Criteria developed by the entity to distinguish cash-generating assets from non-cash-generating assets are as follow:

1.12 SHARE CAPITAL / CONTRIBUTED CAPITAL

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.13 EXPENDITURE

Expenditure is recognised on the accrual basis.

1.14 EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

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 twelve 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 twelve 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;
- bonus, incentive and performance related payments payable within twelve 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, cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise 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 recognise 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 measure 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 recognise 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

The Commission for Conciliation, Mediation and Arbitration (CCMA) operates a defined contribution plan, the assets of which are held in separate trustee-administered funds. Payments to defined contribution retirement plans are charged to the statement of financial performance in the year to which they relate..

1.15 PROVISIONS AND CONTINGENCIES

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

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

PROVISION AND ACCRUALS

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

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

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

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

The exemption from applying the measurement requirements of the Standard of GRAP on Provisions, contingent liabilities and contingent assets implies that any associated presentation and disclosure requirements need not be complied with for provisions, contingent liabilities and contingent assets not measured in accordance with the requirements of the Standard of GRAP on Provisions, contingent liabilities and contingent assets.

1.16 COMMITMENTS

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.17 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 municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

Measurement

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

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.

Investment income

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

1.18 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 arise 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, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

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

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

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

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

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

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

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.

1.19 BORROWING COSTS

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

1.20 FRUITLESS AND WASTEFUL EXPENDITURE

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

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

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 must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

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

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

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

1.22 BUDGET INFORMATION

Entity 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 entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

The approved budget covers the fiscal period from 01/04/2017 to 31/03/2018.

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

1.23 RELATED PARTIES

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

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.

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

Related parties include:

Entities that directly, or indirectly through one or more Intermediaries, control or are controlled by the reporting entity; Individuals owning, directly or indirectly, an interest in the reporting Entity that gives them significant influence over the entity, and close Member of the family of such an individual;

Key management personnel, and close members of the family of Key management personnel; and

Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in (c) or (d), or over which such a person is able to exercise significant influence. The cost of an investment in a subsidiary is the aggregate of.

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

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

1.25 ACCUMULATED SURPLUS/LOSS

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

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

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS EARLY ADOPTED

The entity has chosen to early adopt the following standards and interpretations:

STANDARD/ INTERPRETATION:	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER	EXPECTED IMPACT:
GRAP 20: Related parties	01 April 2019	Likely that there will be a material change

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 2018 or later periods:

STANDARD/ INTERPRETATION:	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER	EXPECTED IMPACT:
GRAP 34: Separate Financial Statements	Not yet determined	Unlikely there will be a material impact
GRAP 35: Consolidated Financial Statements	Not yet determined	Unlikely there will be a material impact
GRAP 36: Investments in Associates and Joint Ventures	Not yet determined	Unlikely there will be a material impact
GRAP 37: Joint Arrangements	Not yet determined	Unlikely there will be a material impact
GRAP 38: Disclosure of Interests in Other Entities	Not yet determined	Unlikely there will be a material impact
Guideline: Accounting for Arrangements Undertaken i.t.o the National Housing Programme	Not yet determined	Unlikely there will be a material impact
GRAP 110: Living and Non-living Resources	01 April 2020	Unlikely there will be a material impact
GRAP 110 (as amended 2016): Living and Non-living Resources	01 April 2020	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
GRAP 109: Accounting by Principals and Agents	01 April 2019	Unlikely there will be a material impact
IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2019	Unlikely there will be a material impact
IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land	01 April 2019	Unlikely there will be a material impact
IGRAP 19: Liabilities to Pay Levies	01 April 2019	Unlikely there will be a material impact
GRAP 12 (as amended 2016): Inventories	01 April 2018	Unlikely there will be a material impact
GRAP 17 (as amended 2016): Property, Plant and Equipment	01 April 2018	Unlikely there will be a material impact
GRAP 21 (as amended 2016): Impairment of non-cash-generating assets	01 April 2018	Unlikely there will be a material impact
GRAP 26 (as amended 2016): Impairment of cash-generating assets	01 April 2018	Unlikely there will be a material impact
GRAP 31 (as amended 2016): Intangible Assets	01 April 2018	Unlikely there will be a material impact
GRAP 103 (as amended 2016): Heritage Assets	01 April 2018	Unlikely there will be a material impact
Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities	01 April 2018	Unlikely there will be a material impact

3. PROPERTY, PLANT AND EQUIPMENT

	2018			2017		
	Cost / Valuation R'000	Accumulated depreciation R'000	Carrying value R'000	Cost / Valuation R'000	Accumulated depreciation R'000	Total net assets R'000
Furniture and fixtures	11 457	(5 354)	6 103	11 255	(4 767)	6 488
Motor vehicles	708	(215)	493	501	(87)	414
Office equipment	4 567	(3 299)	1 268	5 152	(3 737)	1 415
IT equipment	44 355	(24 749)	19 606	42 660	(21 249)	21 411
Leased Improvement	3 588	(1 565)	2 023	7 858	(5 567)	2 291
Leased Motor vehicles	916	(691)	225	1 634	(1 085)	549
Leased Office Equipment	10 570	(4 111)	6 459	10 570	(587)	9 983
Security Equipment	-	-	-	13	-	13
Low valued Assets	15 715	(10 470)	5 245	15 849	(9 341)	6 508
Total	**91 876**	**(50 454)**	**41 422**	**95 492**	**(46 420)**	**49 072**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2018

	Carriying Amount R'000	Additions R'000	Disposals R'000	Depreciation R'000	Depreciation on Disposal R'000	Total R'000
Furniture and fixtures	6 488	344	(142)	(687)	100	6 103
Motor vehicles	414	210	-	(131)	-	493
Office equipment	1 415	439	(1 028)	(574)	1 016	1 268
IT equipment	21 411	2 890	(1 195)	(4 640)	1 140	19 606
Leasehold improvements	2 291	709	(4 978)	(1 256)	5 257	2 023
Leased Motor Vehicles	549	-	(718)	(347)	741	225
Leased Office Equipment	9 983	-	-	(3 524)	-	6 459
Security Equipment	13	-	(13)	-	-	-
Low valued Assets	6 508	355	(512)	(1 531)	425	5 245
	49 072	**4 947**	**(8 586)**	**(12 690)**	**8 679**	**41 422**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2017

	Carriying Amount R'000	Additions R'000	Disposals R'000	Depreciation R'000	Depreciation on Disposal R'000	Total R'000
Furniture and fixtures	5 274	1 819	(85)	(551)	31	6 488
Motor vehicles	18	450	-	(54)	-	414
Office equipment	1 241	737	(24)	(561)	22	1 415
IT equipment	37 059	1 151	(16 468)	(3 738)	3 407	21 411
Leasehold improvements	3 874	583	-	(2 166)	-	2 291
Leased Motor Vehicle	605	309	(219)	(365)	219	549
Leased Office Equipment	4 468	10 570	(16 082)	(5 055)	16 082	9 983
Security Equipment	-	13	-	-	-	13
Low Valued Assets	386	14 431	-	(8 309)	-	6 508
	52 925	**30 063**	**(32 878)**	**(20 799)**	**19 761**	**49 072**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

OTHER INFORMATION

In the current year asset adjustments were processed and some assets were acquired at fair value. Property Plant and Equipment for prior year have been restated refer to prior error note 29 for details.

Annually at the reporting date, the organization recalculates a change in useful life estimate and the necessary adjustments are processed prospectively. A register containing the information required by the Public Finance Management Act is available for inspection at the registered office of the CCMA.

Additions of assets consists of assets that were acquired bought for cash, accrued for and those that are on leases.

CHANGE IN ESTIMATES

Depreciable assets original remaining useful life years has been changed to an average of 4 years in the beginning of the current period to reflect the actual pattern of service potential derived from the assets. The effect on the current and future periods will be an increase in the depreciation charge of R116 in the current period and an equal decrease in the depreciation charge of R116 over the next periods.

4. INTANGIBLE ASSETS

	2018			2017		
	Cost / Valuation R'000	Accumulated amortisation and accumulated impairment R'000	Carrying value R'000	Cost / Valuation R'000	Accumulated amortisation and accumulated impairment R'000	Total net assets R'000
Computer software	21 331	(13 042)	8 289	20 178	(13 301)	6 877

RECONCILIATION OF INTANGIBLE ASSETS - 2018

	Carriying Amount R'000	Additions R'000	Disposals R'000	Amortisation R'000	Amortisation on Disposal R'000	Total R'000
Computer software	6 877	4 439	(3 285)	(2 694)	2 952	8 289

RECONCILIATION OF INTANGIBLE ASSETS - 2017

	Carrying Amount R'000	Additions R'000	Amortisation R'000	Total R'000
Computer software	7 547	562	(1 232)	6 877

5. OPERATING LEASE LIABILITY

	2018 R'000	2017 R'000
Non-current liabilities	16 561	15 934
Current liabilities	2 461	554
	19 022	**16 488**

6. PREPAYMENTS

Prepaid expenditure	512	1 261

Includes prepaid licenses and subscriptions

7. INVENTORIES

Consumable stores	1 695	1 620
Inventory write down	(39)	-
	1 656	**1 620**

Inventory write down in 2018 relates to obsolete inventory

8. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade debtors	1 602	693
Other receivables	4 640	5 952
Provision for Doubtful debts	(613)	(453)
	5 629	**6 192**

TRADE AND OTHER RECEIVABLES PAST DUE BUT NOT IMPAIRED

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

AGEING RECEIVABLES MARCH 2018

Current R'000	30 Days R'000	60 Days R'000	90 Days R'000	> 120 Days R'000	Total R'000
1 059	115	45	68	4 342	5 629

AGEING RECEIVABLES MARCH 2017

Current R'000	30 Days R'000	60 Days R'000	90 Days R'000	> 120 Days R'000	Total R'000
520	1 187	769	102	3 614	6 192

9. CASH AND CASH EQUIVALENTS

	2018 R'000	2017 R'000
Cash and cash equivalents consist of:		
Cash on hand	19	30
Bank balances	140 275	84 332
Pledged funds	867	4 856
	141 161	**89 218**

The total amount of undrawn facilities available for future operating activities and commitments	867	4 856

The total direct or contingent liabilities of the entity in respect of guarantees that may be entered into is R 2 035 with Standard Bank.

10. FINANCE LEASE OBLIGATION

MINIMUM LEASE PAYMENTS DUE		
- within one year	4 421	4 629
- in second to fifth year inclusive	3 561	7 982
	7 982	**12 611**
less: future finance charges	(796)	(1 894)
Present value of minimum lease payments	**7 186**	**10 717**
PRESENT VALUE OF MINIMUM LEASE PAYMENTS DUE		
- within one year	3 796	3 531
- in second to fifth year inclusive	3 390	7 186
	7 186	**10 717**
Non-current liabilities	3 390	7 186
Current liabilities	3 796	3 531
	7 186	**10 717**

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

The average lease term is 3 years and the average effective borrowing rate was 10% (2017: 10%).

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

11. PROVISIONS

RECONCILIATION OF PROVISIONS - 2018	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Audit Fees	2 585	3 153	(3 244)	(606)	1 888
Performance Incentives	17 046	19 261	(17 046)	-	19 261
	19 631	**22 414**	**(20 290)**	**(606)**	**21 149**

RECONCILIATION OF PROVISIONS - 2017	Opening Balance	Additions	Utilised during the year	Total
Audit Fees	1 707	3 089	(2 211)	2 585
Performance Incentives	15 278	17 046	(15 278)	17 046
	16 985	**20 135**	**(17 489)**	**19 631**

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

12. PAYABLES FROM EXCHANGE TRANSACTIONS

	2018 R'000	2017 R'000
Trade and other payables	53 647	48 550
Payroll creditors	6 368	831
Workmen compensation	2 449	2 197
	62 464	**51 578**

13. REVENUE

Rendering of services	6 350	4 613
Seminars and other sundry income	176	1 206
Interest received- investment	11 763	17 664
Government grants & subsidies	866 938	773 416
Other Income from Non-exchange	235	-
	885 462	**796 899**

The amount included in revenue arising from exchanges of goods or services are as follows:

Rendering of service	6 350	4 613
Other income	176	1 206
Interest received- investment	11 763	17 664
	18 289	23 483

The amount included in revenue arising from non-exchange transactions is as follows:

Transfer revenue		
Government grants & subsidies	866 938	773 416

14. REVENUE FROM EXCHANGE TRANSACTIONS	2018 R'000	2017 R'000
Gain on sale of assets	4	-
Rendering of services	6 346	4 613
	6 350	**4 613**

15. OTHER REVENUE

Other sundry income	176	1 206

16. INVESTMENT REVENUE

Interest revenue		
Bank	11 763	17 664

Total interest income, is calculated using the effective interest rate, on financial instruments and not at fair value through surplus or deficit; amounted to R11 763 (2017: R17 664).-.

17. GOVERNMENT GRANT

Operating grants		
Grant income from non-exchange transactions	867 173	773 416

18. EMPLOYEE RELATED COSTS

Basic Salary	339 544	318 513
Medical aid- company contributions	34 044	34 390
UIF	1 654	978
Workmen’s Compensation	1 387	1 035
Leave pay provision	4 027	4 896
Provident fund	55 124	49 036
Performance Incentives	19 261	17 046
Other staff cost	156	226
	455 197	**426 120**

PAYE

The PAYE paid to SARS this reporting period R136 000 (2018), R 123 000 (2017).

19. ADMINISTRATIVE EXPENDITURE

General Administration	70 088	67 722
Rental Office buildings leases	58 755	53 728
	128 843	**121 450**

20. FINANCE COSTS

	2018 R'000	2017 R'000
Finance leases	1 098	438

Capitalisation rates used during the period were average 10% for leases capital assets, 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 amounted to R 1 098(2017: R 438).

21. SUBSIDIES

CCMA Accredited Bargaining Councils-Subsidy payments	7 156	5 981

22. GENERAL OPERATING EXPENSES

Advertising	248	1 094
Cleaning	3 461	3 065
Computer expenses	9 230	9 267
Consulting and professional fees	2 445	3 131
Other operating expenses	10 513	8 603
Fines and penalties	-	48
Case disbursements costs	203 701	188 447
Research and development costs	-	173
Software expenses	1 424	1 044
Travel	13 740	14 221
	244 762	**229 093**

Refer to the Prior period error note, for details on restatement of account balances.

23. DEPRECIATION AND AMORTISATION

PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements	1 256	2 139
Motor Vehicle	132	57
Furniture and fixtures	687	551
Office equipment	4 097	5 612
IT equipment	4 640	3 738
Leased Office Equipment	1 531	8 336
Leased Vehicles	347	365
INTANGIBLE ASSETS		
Computer software	2 694	1 232
	15 384	**22 030**

24. CASH GENERATED FROM OPERATIONS

	2018 R'000	2017 R'000
Surplus (deficit)	33 022	(8 213)
Adjustments for:		
Depreciation and amortisation	15 384	22 030
Finance costs- Finance leases	1 098	438
Movements in operating lease assets and accruals	2 537	(46)
Movements in provisions	1 518	17 738
Changes in working capital:		
Inventories	(36)	(400)
Receivables from exchange transactions	563	(1 955)
Other receivables from non-exchange transactions	-	2 112
Prepayments	749	4 302
Payables from exchange transactions	10 374	(10 467)
	65 209	**25 539**

25. FINANCIAL INSTRUMENTS DISCLOSURE

CATEGORIES OF FINANCIAL INSTRUMENTS

2018: Financial assets	At amortised cost R'000	Total R'000
Trade and other receivables from exchange transactions	5 629	5 629
Cash and cash equivalents	141 161	141 161
	146 790	**146 790**

2018: Financial liabilities		
Trade and other payables from exchange transactions	62 464	62 464

2017: Financial assets		
Trade and other receivables from exchange transactions	6 192	6 192
Cash and cash equivalents	89 218	89 218
	95 410	**95 410**

2017: Financial liabilities		
Trade and other payables from exchange transactions	51 578	51 578

25. FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

FINANCIAL INSTRUMENTS INFORMATION

The following information relates to derivative financial instruments included in other financial assets and other financial liabilities:

Liquidity risk

Liquidity risk is considered to be minimal. Regular cash flow forecasts are prepared to ensure that sufficient cash is available. Cash flow forecasts are prepared and adequate government grant (funds) facilities are monitored.

Credit risk

The entity's cash and cash equivalents are placed with high quality financial institutions. The entity does not have significant exposure to any individual customer.

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

Fair values

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

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

Accounts payable is subject to normal trade credit terpams and relatively short-term payment cycle. Due to the short-term nature of the organisation's trade and other payables, amortised cost approximates fair value.

Accounts receivable- subject to normal trade credit terms, and provisions are made for long outstanding debts. Due to the short term nature of the organisation's trade and other receivables, amortised cost approximates fair value.

26. COMMITMENTS

	2018 R'000	2017 R'000
AUTHORISED CAPITAL EXPENDITURE		
Authorised capital expenditure Approved and contracted for		
Property, plant and equipment	9 650	4 682
Total capital commitments		
Office furniture Sheltered Employment Factories (SEF)	2 791	3 964
Motor Vehicles (RT57) Transversal Contract	-	718
• Computer Equipment	3 521	-
• Intangible Assets	3 338	-
	9 650	**4 682**

26. COMMITMENTS (CONTINUED)

AUTHORISED OPERATIONAL AUTHORISED OPERATIONAL EXPENDITURE

	2018 R'000	2017 R'000
Approved and contracted for		
Operational Commitments within one year	14 785	12 494
Operational Commitments in second to fifth year	13 631	7 534
	28 416	**20 028**
Approved and not yet contracted for		
Operational Commitments within one year	4 601	1 990
Operational Commitments in second to fifth year	7 641	2 043
	12 242	**4 033**
Total operational commitments		
Approved and contracted for	28 416	20 028
Not yet contracted for and authorised by members	12 242	4 033
	40 658	**24 061**

TOTAL COMMITMENTS

	2018 R'000	2017 R'000
Total commitments		
Authorised capital expenditure	9 650	4 682
Authorised operational expenditure	40 658	24 061
	50 308	**28 743**

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. The effect of vat increase of 1% has been taken into consideration effective 1 April 2018.

OPERATING LEASES - BUILDINGS

	2018 R'000	2017 R'000
Minimum lease payments due		
• within one year	62 215	53 377
• in second to fifth year inclusive	187 614	181 169
• later than five years	38 952	54 299
	288 781	**288 845**

Operating lease payments represent rentals payable by the CCMA for office properties and rentals are smoothed over the term of the lease. Finance Lease payments represents the CCMA pool cars and photocopier machines. No contingent rent is payable.

FINANCE LEASES - OBLIGATION

	2018 R'000	2017 R'000
Minimum lease payments due		
• within one year	4 421	4 629
• in second to fifth year inclusive	3 561	7 982
• less future finance charges	(796)	(1 894)
	7 186	**10 717**

27. RELATED PARTIES

RELATIONSHIPS

Controlling 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)

RELATED PARTY BALANCES

Payable by CCMA	**2018 R'000**	**2017 R'000**
Workmen's Compensation Fund	2 692	2 197
Sheltered Employment Enterprises (SEE)	-	1 177
BC South African Local Government	12	410
BC Metal and Engineering Industry	105	14
BC for Public Health	26	-
NBC for Road Freight Industry	165	8
BC for The Clothing Industry	-	4
BC for Building Industry	41	-
BC for Food Retail, Rest & Catering Nat.	9	-
BCI for Hairdressing Cosmetology	-	3
BC for Civil Engineering	10	-
NBC for Electrical Industry	30	-
BC for Motor Industry	86	-

RELATED PARTY TRANSACTIONS

Government grant		
Department of Labour	866 937	773 416

27. RELATED PARTIES (CONTINUED)

Purchases from related parties	2018 R'000	2017 R'000
South African Broadcasting Corporation	8	8
South Africa Post Office Ltd	27	61
SEE	2 238	4 751
UIF	1 654	1 652
WCA	2 446	1 035
BC for Civil Engineering Industry	260	199
BC for Electrical Industry	58	78
BC for Contract Cleaning Ind	-	49
BC for Meat Trade	23	58
BC for Restaurant, Catering	318	271
BC for Food Retail Restaurant, Catering & Allied Trades	41	143
BC for the Furniture Industry	-	5
BC for The Hairdressing & Cosmetology	79	61
BC for Public Health and Social Development	228	255
BC for Building Industry S&E	51	225
BC for Clothing Industry	68	100
BC for Furniture Manufacturing Industry	14	12
BC for Furniture Bedding & Upholstery Industry	36	61
BC for Metal & Engineering Industry	2 719	826
BC for Motor Industry	1 138	898
NBC for the Road Freight Industry	647	892
NBC for the Leather Industry of SA	21	300
BC for Public Service Coordinating	151	163
BC for Safety and Security Sectoral	119	107
BC for South African Road Passenger	226	212
BC for Statutory Council of the Printing Newspaper & Packaging Industry	47	61
BC of Cape of Good Hope	303	-
BC of Education Labour Relations Council	44	-
BC for South African Local Government	-	583
BC of Laundry Cleaning & Dyeing	10	-
BC for The Chemical Industry	127	-
BC for Road Freight Industry	259	-
BC of Transnet	86	-

KEY MANAGEMENT AND RELATED PARTY COMMITMENTS INFORMATION

Refer to note for key management and their remuneration details Non-executive board members

28. MEMBERS' EMOLUMENTS

2018	Emoluments R'000	Provident fund R'000	Performance Incentives R'000	Allowances R'000	Total R'000
Director: C Morajane	2 742	427	357	67	3 593
CFO: P Magagula	1 997	312	-	33	2 342
GM: Information Management: N Govender	2 177	340	274	55	2 846
GM Legal Services : RN Moeketsi	2 053	320	262	31	2 666
CAE : Hlophe ZP	2 065	322	262	31	2 680
GM HR : Ncanana MB	2 057	320	268	32	2 677
Acting CFO : B Mbolekwa	295	40	-	5	340
Acting NSC Operations M Kotze	1 831	234	212	53	2 330
Acting NSC Operations : C Johnson	138	19	-	8	165
NSC mediation : H Docrat	2 057	320	268	39	2 684
	17 412	**2 654**	**1 903**	**354**	**22 323**

2017	Emoluments R'000	Provident fund R'000	Performance Incentives R'000	Allowances R'000	Total R'000
Director: C Morajane	2 512	391	260	96	3 259
CFO: N Boikhutso	1 535	207	253	18	2 013
NSC: Operations: R Bernickow	956	142	236	13	1 347
GM: Information Management: N Govender	2 004	312	254	60	2 630
NSC: Mediation: A Soobedaar	855	118	-	17	990
GM Legal Services: RN Moeketsi	1 472	214	127	29	1 842
CAE: ZP Hlophe	1 506	215	125	30	1 876
GM HR: MB Ncanana	941	147	-	15	1 103
Acting CFO: (Nov 16- March 17): B Mbolekwa	712	92	-	13	817
Acting GM HR (May 16- Sep 16): X Mathebula	521	62	-	11	594
Acting NSC Operations (Jul 16- Dec 16) Mkotze	876	121	-	15	1 012
NSC Mediation: H Docrat	888	154	-	16	1 058
Acting NSC Operations (Feb 17- Mar 17): Calton Johnson	322	39	-	5	366
Acting NSC Mediation (Jul 16- Sep 16): H Docrat	308	62	-	9	379
	15 408	**2 276**	**1 255**	**347**	**19 286**

28. MEMBERS' EMOLUMENTS (CONTINUED)

2018	Governing Body member's fees R'000	ESC member's fees R'000	Audit & Risk Committee member's fees R'000	Member's allowances R'000	Total R'000
M Ledwaba (Chairperson)	229	-	-	3	232
E Monage: Organised business representative	70	-	-	2	72
Mr S Lukhele- Business Representative	268	-	-	5	273
B Ntshalintshali- Organised labour representative	144	-	-	5	149
N Moloto- Organised Labour Representative	112	-	-	3	115
IK Moyane- Business Representative	113	-	-	2	115
AS Harris - Organised labour representative	63	-	-	1	64
G Esitang- Representative	49	-	-	3	52
L Bono- ESC Chairperson	-	1 382	-	105	1 487
J Nkopane ESC Member	-	704	-	20	724
S Khumalo- ESC Member	-	490	-	2	492
J Koen- ESC member	-	43	-	6	49
A Ranchod- ESC member	-	129	-	5	134
R Nolutshungu- ESC member	-	414	-	2	416
N Memani ESC member	-	168	-	2	170
C Mokoena ESC member	-	239	-	-	239
N Smythe ESC member	-	67	-	-	67
W Gumede- Audit Committee (Chairperson)	-	-	138	-	138
V Pangwa- Audit Committee Member	-	-	61	2	63
F Burn Audit Committee Member	-	-	60	1	61
J Wilson- Audit Committee Member	-	-	64	3	67
R Clark- Audit Committee Member	-	-	74	2	76
L Trentini (Accreditation and Subsidy Committee Member)	42	-	-	-	42
	1 090	**3 636**	**397**	**174**	**5 297**

28. MEMBERS' EMOLUMENTS (CONTINUED)

2017	Governing Body member's fees R'000	ESC member's fees R'000	Audit & Risk Committee member's fees R'000	Member's allowances R'000	Total R'000
Mr S Lukhele: Acting Chairperson (Appointed 1 November 2016)	303	-	-	9	312
E Monage- Organised business representative	210	-	-	7	217
B Ntshalintshali- Organised labour representative	76	-	-	2	78
N Moloto- Organised Labour Representative	215	-	-	6	221
IK Moyane- Business Representative	120	-	-	3	123
AS Harris- Organised Labour Representative	113	-	-	2	115
Mr D Dube: Chairperson (Contract term ended 31 October 2016	129	-	-	50	179
L Bono- ESC	-	1 025	-	171	1 196
J Nkopane ESC	-	511	-	25	536
S Khumalo- ESC	-	274	-	5	279
J Koen ESC	-	162	-	-	162
C Slabbert- ESC	-	65	-	-	65
R Nolutshungu- ESC member	-	249	-	7	256
N Memani ESC member	-	168	-	-	168
C Mokoena- ESC	-	66	-	-	66
N Smythe- ESC	-	15	-	-	15
W Gumede- ARC	-	-	212	-	212
V Pangwa- ARC	-	-	90	3	93
F Burn- ARC	-	-	74	3	77
J Wilson- ARC	-	-	115	-	115
R Clark- ARC	-	-	109	5	114
L Trentini- ASC	20	-	-	-	20
	1 186	**2 535**	**600**	**298**	**4 619**

29. PRIOR PERIOD ERRORS

During 2017/18, financial year period management restated prior year figures in the annual financial statements because of: transactions detailed below in the prior period errors disclosure. The prior period errors were adjusted retrospectively and the effect of the error on the individual line items in the financial statements is as follows.

The correction of the error(s) results in adjustments as follows:

STATEMENT OF FINANCIAL POSITION	31 March 2017 R'000	31 March 2016 R'000
Increase / (Decrease) in Property Plant and Equipment (PPE)	(290)	(1 484)
Increase / (Decrease) in Intangible Assets	197	-
Increase/ (Decrease) in Receivables from Exchange	(1 285)	557
(Increase) /Decrease in Operating Lease Obligation long term	(1 289)	-
(Increase) /Decrease in Finance Lease Obligation long term	57	-
(Increase) /Decrease in Operating Lease Obligation short term	2 068	293
(Increase) /Decrease in Finance Lease Obligation short term	134	-
(Increase) / Decrease in Payables from Exchange	14 671	5 594
(Increase) / Decrease in Provisions	(19 631)	(17 171)
Accumulated surplus	**(5 368)**	**(12 211)**
STATEMENT OF FINANCIAL PERFOMANCE		
(Increase) / Decrease in Government Grant	(2 915)	-
(Increase) /Decrease in Other Income from investments	54	-
(Increase) /Decrease in Revenue from Rendering of services	-	45
Increase/ (Decrease) in Employee Costs	143 709	99 510
Increase / (Decrease) in Operating Expenses	(126 979)	(98 219)
Increase / (Decrease) in Adminstration Expenses	(12 655)	(356)
Increase / (Decrease) in Depreciation Expenses	6 276	305
Increase / (Decrease) in Finance Costs	11	-
(Deficit) / Surplus for the year	**7 501**	**1 285**

THE FOLLOWING TRANSACTIONS RESULTED IN THE PRIOR PERIOD ERRORS

Sheriffs grant understatement of revenue and related expenditure, received grant accounted for in a suspense account as liability instead of Revenue.

Bursaries- Receivables, Recoveries and Expenses incorrectly accounted, the expense incurred by the entity classified as receivables from CCMA employees. Recoveries –incorrectly classified as other income, the total recoveries to reduce the Bursary Debts of employees. Recognition of worked back period- recognised as expenses in each related financial period.

Skills Development Levy- incorrect disclosure of expenses and liability.

Reclassification of Full Time Commissioners from Goods & Services (Case Disbursements) to Employees Related Costs Correction error in calculation of Operating Lease Liability (Parking Contract for Johannesburg Office incorrectly smoothed).

System error correction - a batch expenditure transactions did not post to the relevant accounts when processed, as such expenditure and liabilities of prior year were understated.

29. PRIOR PERIOD ERRORS

Useful life assessment has been conducted for fully Depreciated Assets still in use. Capitalisation of Software licences that cut across financial years, adjustment from Prepayments.

Take-on of assets that were on the floor and not on the register.

Capitalization and adjustments to the present value of leased asset to align with GRAP. Provision for incentives not previously recognised.

Provision for incentives not previously recognised.

30. RISK MANAGEMENT

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.

CREDIT RISK

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. 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.

31. GOING CONCERN

We draw attention to the fact that at 31 March 2018, the entity had an accumulated surplus of R 88 844 and that the entity's total liabilities exceed its assets by R88 844.

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

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the government continue to fund the mandate of the CCMA.

32. FRUITLESS AND WASTEFUL EXPENDITURE	2018 R'000	2017 R'000
Opening balance	27	-
Add: Relating to Prior Year	7	-
Add Fruitless and wasteful expenditure - current year	63	27
Less: Condoned or written off by relevant authority	-	-
Less: Transfer to receivables for recovery	(70)	-
Fruitless and wasteful expenditure awaiting condonement	**27**	**27**

33. IRREGULAR EXPENDITURE

	2018 R'000	2017 R'000
Opening Balance	54 072	35 092
Add/ (Less): Prior year adjustments to opening balance	(477)	-
Add: Movement from prior years	54 474	16 191
Add: Occurred in Current Year	4 027	2 789
Less: Irregular expenditure written-off	(8 063)	-
Less: Total amounts condoned	(35 737)	-
	68 296	**54 072**

ANALYSIS OF EXPENDITURE AWAITING CONDONATION PER AGE CLASSIFICATION

Current year	4 027	2 789
Prior years	64 269	51 283
	68 296	**54 072**

34. CONTINGENT LIABILITY

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 R 23 400 as at 31 March 2018.

35. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

REVENUE AND EXPENDITURE

Revenue and Income

The Grant Revenue is as per the drawdown agreement with the Department of Labour, the favourable variance of 0.3% (R2 800) is reported at year end relating to the monies transferred in compliance with Section 25(4)(b) in respect of conscientious objectors for the period ending 2017/18 financial year.

Income from rendering services is 5.5% (R 381) below the budget due to variables in service requests.

Income from investments was 15.3% (R 1 500) above the budget mainly due to variable interest rates and investment timing differences.

Expenditure

The overall expenditure spent against the budget is reported at 95.4% with the overall favourable variance of 4.6%.

Employee related costs budget reported a saving of 1.5% which is mainly due to staff vacancies that were not filled during the financial year.

Administration and Operating Expenditure reported an average variance of 12%, due to variable costs with implementation of cost containment measures.

Subsidies paid during the year were under by 3.5% due to lower inflow of claims on settled and awarded cases from Bargaining Councils.

The Finance cost exceed the budget by 283% mainly due to the underestimation of vehicle and printers finance costs.

Capital Expenditure

A variance of 25% reported on Capital Expenditure against the budget due to differed procurement of some ICT projects. Depreciation for the year was not budgeted for as it is a non cash activity and only considered Capital Expenditure.

Surplus

In the 2017/18 financial year, R25 000 of the prior year accumulated surplus were earmarked and budgeted for implementation of the Labour Law Amendments, case disbursements, Office furniture and Computer equipment. During midterm of the the financial year, the annual budget was adjusted with the surplus as approved for rollover by National Treasury.

NOTES

THE CCMA WILL:

- 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
- ADMINISTER THE ESSENTIAL SERVICES COMMITTEE

THE CCMA MAY:

- SUPERVISE BALLOTS FOR UNIONS AND EMPLOYER ORGANISATIONS
- PROVIDE TRAINING ON ANY ASPECT OF EMPLOYMENT LAW; INCLUDING:
  - THE ESTABLISHMENT OF COLLECTIVE BARGAINING STRUCTURES
  - WORKPLACE RESTRUCTURING
  - CONSULTATION PROCESSES
  - TERMINATION OF EMPLOYMENT
  - EMPLOYMENT EQUITY PROGRAMMES
  - DISPUTE PREVENTION
- 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

labour
Department:
Labour
REPUBLIC OF SOUTH AFRICA

CCMA NATIONAL OFFICE
28 Harrison Street, Johannesburg, 2001
Private Bag X94, Marshalltown, 2107

Tel: 011-377-6650/01/00
Fax: 011-834-7351
Email:ho@ccma.org.za

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