CCMA

COMMISSION FOR CONCILIATION, MEDIATION & ARBITRATION

ANNUAL REPORT 2009 / 2010

'Revolutionising Workplace Relations'

labour

Department:
Labour
REPUBLIC OF SOUTH AFRICA

RP84/2010
ISBN: 978-0-621-39392-7

CCMA

COMMISSION FOR CONCILIATION, MEDIATION & ARBITRATION

Call Centre: 0861 16 16 16

Website: www.ccma.org.za

Contents

Vision, Mission and Functions

Vision

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

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

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

Mission

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

Functions of the CCMA

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

The CCMA's compulsory statutory functions are to –

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

The CCMA's discretionary statutory functions are to –

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

Message from the Governing Body Chairperson

Ms Tanya Cohen
Governing Body Chairperson

It is my pleasure to provide insight on the CCMA's performance over the 2009/2010 financial year. The year was one of significant challenge which was capably responded to by the CCMA. The global economic crisis, improved access to CCMA services and a limited budget had a direct impact on the caseload and operations which placed the CCMA under considerable strain. I am pleased to report, however, that despite these challenges there was significant progress made in delivering on the organisation's mandate. This included improved efficiencies in delivery of the strategy, improvements in the monitoring of delivery, development of new areas of focus to deliver on the organisation's mandate, and enhanced processes in relation to governance, monitoring of delivery against strategy, financial and human resource management. These have translated into greater confidence by social partners in the CCMA itself and its role in the labour market.

The year under review marked the last year of the three - year Tsoso Strategy which was developed by the Governing Body, CCMA Management and staff with the intention to further improve performance of the CCMA following the achievement of its 10 year anniversary. Impressive strides were attained in the past year in improving efficiency in delivery and compliance with statutory time frames, with substantial improvement in the settlement rate of cases, improvement of the organisation's national image and adherence to statutory time frames for finalising processes. This was aided by a new strategy spearheaded by the Governing Body and implemented by management to focus on underperforming provinces to improve service delivery to social partners.

Delivery on the strategy was evaluated against specific measures of success and monitored closely and regularly by the Governing Body. Overall, the Tsoso strategy was effective in ensuring the CCMA delivered in line with its mandate and strategy despite the challenges posed by the labour market environment. The challenges experienced during the year emphasised the importance of the CCMA as facilitator of social dialogue particularly in relation to mediation and facilitation processes. This came about as the CCMA played a pivotal role in the government's drive to save jobs and resolved disputes that had serious repercussions on the economy and society. This was emphasised by the Minister of Labour Membathisi Mdladlana and Minister of Economic Development Ebrahim Patel at the 2009 Commissioners' Professional Development Annual Indaba. Both ministers highlighted importance of the role and responsibility of CCMA commissioners in the economy, society and labour market.

There has been continuous improvement in the CCMA human resources, financial management and governance capabilities. In the previous financial year 2008/2009, the CCMA received an unqualified audit, with certain matters of emphasis identified by the Auditor-General. These matters of emphasis have since been addressed by management and have been closely monitored during the course of the last year by the Governing Body, the Audit, Finance and Risk Sub-Committees, with assistance of Internal Audit, the Auditor-General's office and the external auditors.

It is a matter of public record that during the year under review, the CCMA also underwent an additional follow up audit on certain matters of emphasis. The findings of the Auditor-General on the follow up audit have confirmed the initial Audit findings, and have also identified other areas of irregular expenditure relating to previous years before 2008. It should be noted that these are technical irregularities that were not previously identified by the Auditor-General in the annual audits. In an effort to ensure the organisation complies with Auditor-General Recommendations, the Governing Body has been instrumental in ensuring revision of organisational policies and practices. In addition, an ad hoc Governance and Nominations Committee chaired by the Governing Body Chairperson was also introduced to improve governance processes and frameworks. The role of this committee is to give guidance on all matters relating to governance in order to strengthen governance, compliance and ethical conduct standards within the organisation.

Overall, the Auditor-General's findings, and a further unqualified audit in the 2009/2010 year have confirmed the Governing Body's confidence in the sound management of the CCMA.

During the year under review, the Governing Body, CCMA Management and staff, after evaluating the Tsoso strategy, engaged at length to develop a new strategy for the period 2010-2015. The strategic planning process was successful and the new Phambili Strategy is based on strategic objectives aimed at moving the CCMA forward to become 'the premier dispute management and resolution organisation'.

Message from the Governing Body Chairperson

In conclusion, I believe the success the CCMA attained during the year under review in dealing with the labour market challenges proved the value of shared commitment and strong relations amongst social partners. The CCMA's strategic intervention to resolve the 2010 Stadium Strikes during the course of 2009 contributed to the stadiums being ready on time for the 2010 FIFA World Cup. The CCMA also played a pivotal role in resolving the Eskom dispute behind the scenes during the course of the 2010 FIFA World Cup, contributing to its successful hosting.

On behalf of the Governing Body I thank all our social partners for their commitment to striving for a stable and productive labour market. I wish to give special thanks to the Minister of Labour, who as Executive Authority has been accessible and provided the Governing Body with invaluable guidance in order that the CCMA understand and deliver its mandate.

I would like to express my sincere gratitude to my fellow members of the Governing Body and its sub-committees for their commitment and for all their hard work during the past year. In particular I want to recognise the Chairpersons of the Governing Sub-Committees: Mary Malete, Elias Monage; Ian Macun and Mary Vilakazi for their leadership of these committees. Governing Body members have demonstrated exceptional commitment and support to the CCMA in the past year. I am confident of their dedication and support as we take greater strides in giving strategic direction to the CCMA in the coming years of the delivery of the Phambili Strategy.

Finally and most importantly, on behalf of the Governing Body, I wish to acknowledge and express our thanks to the CCMA Director, Nerine Kahn, who has delivered superior performance and demonstrated extraordinary commitment to the CCMA over the past year. Together with her Management team, they are to be individually and collectively congratulated for their dedicated service and instilling commitment to excellence within the CCMA. Thank you to the commissioners and staff for their efforts during this period in delivering the mandate of the CCMA. Your collective contribution to the CCMA and its role in our economy and society is most valued.

Tanya Cohen (Ms.)
Chairperson of Governing Body
31 July 2010

CCMA Governance

Governance

As a public entity, the CCMA ensures that its processes and practices are reviewed regularly to promote compliance with its legal obligations, use of funds in an effective manner, and to ensure adherence to good corporate governance practices are continually benchmarked. CCMA processes and practices are underpinned by the principles of openness, integrity and accountability and an inclusive approach that recognises the importance of all stakeholders.

The CCMA complies with the King Report on Corporate Governance for South Africa, the Protocol on Corporate Governance in the Public Sector 2002, the Public Finance Management Act of 1999 (the PFMA) and the Labour Relations Act, 66 of 1995 (the LRA).

The CCMA is committed to the delivery of service in an ethical and fair manner and the promotion of a non-sectarian and apolitical corporate culture which is socially responsible.

Governing Body

The tripartite Governing Body is the supreme policy making and strategic executive of the CCMA. The Governing Body consists of a chairperson and nine other members, each nominated by the National Economic Development and Labour Council (NEDLAC) and appointed by the Minister of Labour. The CCMA Director is an ex-officio member of the Governing Body. The members comprise three representatives from each of the following: state, organised labour and organised business.

The Governing Body is, in terms of the PFMA, the Accounting Authority of the CCMA.
In terms of the PFMA, the responsibilities of the Governing Body are, amongst others, to take appropriate action in order to ensure that:

- economic, efficient, effective and transparent systems of financial and risk management, and internal controls are in place;
- a system is maintained for properly evaluating all major capital projects prior to a final decision on each project; and
- the implementation of appropriate and effective measures to prevent unauthorised, irregular and or fruitless and wasteful expenditure, expenditure not complying with legislation, or losses from criminal conduct.

There is an ongoing process of awareness, education, instruction and advice on the PFMA to the organisation. Processes have been put in place to report on material losses caused by criminal conduct and by irregular, fruitless and wasteful expenditure.

In terms of the LRA the Governing Body has specific non-delegable functions.

- Appoint commissioners.

During the year under review Ms Tanya Cohen served as the Interim Chairperson of the Governing Body. The Minister of Labour officially appointed her as the Chairperson from the beginning of the 2010/2011 financial period. Government was represented by Ms Ntsoaki Mamashela, Mr Ian Macun and Mr Thembinkosi Mkalipi. Organised labour was represented by Mr Bheki Ntshalintshali, Mr Narius Moloto and Ms Mary Malete. Organised business was represented by Ms Tanya Cohen, Mr Elias Monage and Mr David Carson.

The Governing Body meets on a quarterly basis for its scheduled meetings. These meetings are supplemented on an adhoc basis where required.

CCMA Governance

During the year under review the Governing Body met as follows:

Names	21 May 2009	27 August 2009	3 November 2009	12 November 2009	4 March 2010
Governing Body members					
MsTanya Cohen	√	√	√	√	√
Mr Elias Monage	√	√	√	√	√
Mr David Carson	√	≠	√	√	√
Mr Narius Moloto	√	√	≠	√	√
Ms Mary Malete	√	√	√	√	√
Mr Bheki Ntshalintshali	N/A	N/A	√	≠	√
Mr Thembinkosi Mkalipi	√	√	√	√	√
Ms Ntsoaki Mamashela	√	√	√	√	√
Mr Ian Macun	√	≠	√	√	√
Management					
Ms Nerine Kahn	√	√	√	√	√
Mr Nersan Govender	√	√	√	√	√
Mr Obed Sekgololo	√	√	√	√	√
Mr Itumeleng Masege	√	√	√	√	√
Mr Ronald Bernickow	√	≠	√	√	√

√ Indicates attendance ≠ Indicates absence with apology **N/A** Indicates not a Governing Body member at the time or not required to attend.

Three sub-committees comprising at least one duly nominated member from each of the three stakeholder groups namely: the Human Resource Sub-Committee, the Finance Sub-Committee and the Accreditation and Subsidy Sub-Committee, assisted the work of the Governing Body during the year under review. The Nominating and Governance Committee chaired by the Chairperson of the Governing Body and comprising members of each of the three stakeholder groups and management was established during the year, to further entrench good corporate governance.

Human Resources Sub-Committee

The Human Resources Sub-Committee oversees compliance with human resources and training and development policies and procedures, which includes recruitment of commissioners and management of remuneration. It also takes an interest in employee development, well-being and conduct. During the year under review, Ms Tanya Cohen chaired the Human Resources Sub-Committee succeeded by Mr Elias Monage from 12 February 2009. Mr Thembinkosi Mkalipi and Mr Ian Macun represented government, Mr Sifiso Lukhele and Mr Elias Monage represented organised business, and Mr Narius Moloto and Ms Mary Malete represented organised labour. The sub-committee met on 11 May 2009, 11 August 2009, 20 October 2009 and 12 February 2010.

Finance and Risk Sub-Committee

The role of the Finance and Risk Sub-Committee is to review and ensure that the annual budget of the CCMA is appropriately accounted for in terms of National Treasury Regulations. It also has oversight of proper implementation of finance policies and the Enterprise Risk Management Policy. During the year under review, Ms Mary Malete chaired the sub-committee. Mr Thembinkosi Mkalipi and Mr David Lakay representing the state and business respectively, comprised the other members of the sub-committee. The sub-committee met on 18 May 2009, 13 August 2009, 20 October 2009 and 22 February 2010.

CCMA Governance

Accreditation and Subsidy Sub-Committee

The Accreditation and Subsidy Sub-Committee is responsible for the accreditation of bargaining councils and their panellists as well as ratifying the payment of subsidies to councils. Mr Lucio Trentini chaired the sub-committee. Mr Narius Moloto and Ms Mary Malete, both labour representatives, and Mr Ian Macun representing government, comprised the other members of the sub-committee. The sub-committee met on 15 May 2009, 17 August 2009, 13 October 2009 and 9 December 2009.

Nominating and Governance Committee

During the year under review a Governance and Nominations Committee was established. The main role of the Governance and Nominations Committee is to advise the Governing Body on all matters relating to governance and compliance. The functions of the committee are, inter alia, to:

- Develop the approach of the CCMA to matters of corporate governance and make recommendations to the Governing Body;
- Evaluate the effectiveness of the Governing Body, its committees and management and report thereon to the Governing Body; and
- Assist in developing and finalising the CCMA 5 year strategy.

The committee held its first meeting on 29 March 2010, and will meet bi-annually going forward.

Audit Committee

An independent Audit Committee comprising representatives of government, organised labour and organised business is appointed by the Governing Body to assist in its oversight role. During the year under review Mr Sello Hlalele chaired the Audit Committee succeeded by Ms Mary Vilakazi in March 2010. Mr Freddie Petersen, representing government, Ms Mary Malete and Mr Moose Burger representing organised labour and Ms Mary Vilakazi representing organised business comprised the other members. The Audit Committee's primary role is to review the effectiveness of the internal audit function, the reports of internal and external auditors and the quarterly and annual financial statements. During the year under review the committee met six times, as follows:

Names	8 April 2009	20 May 2009	24 August 2009	8 December 2009	27 January 2010	23 February 2010
Committee members						
Mr Sello Hlalele	√	√	√	√	√	√
Mr Freddy Petersen	√	√	√	√	√	√
Ms Mary Malete	≠	≠	√	√	N/A	N/A
Mr Moose Burger	N/A	N/A	N/A	√	√	√
Ms Mary Vilakazi	√	≠	√	√	≠	√
Management						
Ms Nerine Kahn	√	√	√	√	√	√
Mr Nersan Govender	√	√	≠	≠	√	√
Mr Obed Sekgololo	√	√	√	√	√	√
Mr Itumeleng Masege	√	≠	√	√	≠	√

√ Indicates attendance ≠ Indicates absence with apology **N/A** Indicates not a committee member at the time or not required to attend.

Internal Audit

The Internal Audit department ensures overall good corporate governance through examining and evaluating the organisation's activities with the objective of giving assurance to the Governing Body and management on the adequacy, effectiveness and efficiency of controls within the organisation.

Internal Audit is responsible for developing a flexible risk based annual audit plan, implementing the audit plan (including, as appropriate, any special tasks or projects requested by management and the audit committee), and issuing periodic reports to the Audit Committee and management summarising audit activity results. Internal Audit provides a list of significant measurement goals and results to the Audit Committee. Part of the internal audit unit's scope involves evaluating and assessing significant merging/consolidation functions and new or changing services, processes, operations, and control processes coinciding with their development, implementation, and/or expansion. It also assists in the investigation of significant suspected fraudulent activities.

Annual Financial Statements

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

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

CCMA Governance

Governing Body Members

CHAIRPERSON

Ms Tanya Cohen

ORGANISED LABOUR REPRESENTATIVES

Mr Bheki Ntshalintshali

Ms Mary Malete

Mr Narius Moloto

ORGANISED BUSINESS REPRESENTATIVES

Mr Elias Monage

Mr David Carson

GOVERNMENT REPRESENTATIVES

Mr Thembinkosi Mkalipi

Ms Ntsoaki Mamamshela

Mr Ian Macun

Director's Report
for the year ended 31 March 2010

Ms Nerine Kahn
CCMA Director

The writing of this report sees the end of a tumultuous and perhaps the most challenging year yet, of the CCMA's thirteen and a half year history. The winds of economic turmoil globally, were sorely felt in the organisation in all areas of its work and operations. This, of course, stretched the organisation to the limits of its capacity to deliver on its mandate and extended mandate. As an organisation, however, we continued to make a significant impact on the South African labour market arena.

Even under these "hard times" the CCMA stood its ground and had a year of great achievement, strengthening and team building.

This report sees the final year of the delivery of the ambitious Tsoso Strategy (meaning in Sesotho to revive, reawaken), which was developed in the initial tenure of my role as Director. This report will reflect on both the achievements of the final year of the Tsoso Strategy, as set out in the targets set in the score card, as well as looking at whether the strategy as a whole achieved its targets and aims.

The strategy was ambitious with stretch targets but as its name suggests, intended to re-awaken and revive the CCMA which was being severely criticised as part of the whole scale criticism of the apparent rigidity of the South African labour market. The work that the CCMA has been involved in, in the last three years, has ensured that the external perception of the organisation and its work is better known, better trusted and well respected.

The achievement of the strategy was assessed annually against the CCMA score card. Measures for success were determined for each of the goals and targets set for delivery by 2010.

The score card comprised three strategic goals which were as follows:

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

The delivery of the goals was managed through specific focus areas that informed the operating plans for each year. This mechanism allowed a clear outline of required work to be delivered and measures to be delivered for the duration of the strategy. Furthermore, it permitted easy evaluation each year of where we were in the delivery of the strategy, and ability to assess whether the goals were achievable on a regular basis. The intention was to build incrementally each year upon the achievements of the previous year.

Overall, the national case load increased by 9% in the year under review. This is attributable to two main areas of work. First, the economic climate saw an increase in the referrals of operational requirements dismissals and an expansion of offices to improve service to the public. This put significant pressure on the budget and the organisation's resources. However, it is with pride that we report that we were able to maintain many of the organisational gains in this climate as well as improve on many of our areas of work.

The winning of the Public Sector gold award for best reputation in the legal sector was a significant indicator of recognition of the work and role the CCMA plays in South Africa. What was significant was that the award was an entirely independent survey. This is a demonstration of the trust that the constituency that we serve places in the CCMA. The CCMA intended to conduct its own user satisfaction survey. The process was begun but was postponed due to financial constraints.

Over the three - year period the CCMA has been central in leading the process to establish the two registered dispute resolution qualifications for commissioners and bargaining council panellists under the auspices of the Services Sector Education and Training Authority. For this purpose the CCMA has fielded a team of specialists to lead and guide the stakeholders in the process. The two qualifications have now been developed and registered.

Director's Report
for the year ended 31 March 2010

The target of resolving 70% of disputes at the process of first instance was in hindsight overly ambitious, and hence the target was not achieved. In the first year of the strategy the results were well below target, with a marginal increase in the second year of the strategy. The improvement could not be sustained in the last year. This may in part be attributable to the unprecedented rise in caseload which had an adverse consequence on the volume and time a commissioner could dedicate to each case. However, what is significant to note is that the focus on the area did improve across the period from the 2006/2007 financial year, which was 40%.

The CCMA was able to reduce volume of reviews of arbitration awards taken to the Labour Court. This is attributable to the concerted effort in quality improvement of training, vigorous award perusal and an intense mentorship programme being introduced. The work with the Labour Court in relation to compliance with arbitration awards, while declining initially, saw a recent upward trend. This is most likely attributable to the economic crisis, which as is known impacted heavily on small to medium size businesses and hence their capacity to comply with awards. They seem to be the main non-compliers with CCMA awards.

There has been a vast improvement in organisational data integrity, but the goal of zero defects was not achieved. Significantly the focus on reworking of processes and cases has reduced. However, it is not part of the targets set going forward as a defined goal, as aspects of this were often outside of the organisation's control.

The strategy had, as an absolute requirement, to ensure that all statutory requirements were met. Some of these goals were met and maintained and will require maintenance going forward. While the target of zero late awards was not achieved, a very significant improvement was achieved off a poor base in 2006/2007. The number of late awards has reduced by a staggering 73% in the strategy review period. Holding this as a focus area, with stringent and consistent policy and penalty processes being applied, has shown good value add in this area of work.

The CCMA's focus on interventions in disputes of national significance garnered dividends. Initially at the start of strategy there was reluctance in the acceptance of offers to intervene in such disputes, however, this has improved steadily. The situation changed markedly over time due to the implementation of a focused and structured approach. The excellent improvement of acceptance of our offers further demonstrates increasing confidence in the CCMA from its social partners. There was a marginal increase noted in the settlement of such disputes, while the final result did not achieve the target set. There are numerous reasons for this; not least being the upcoming FIFA world cup, as well as the economic environment that bargaining was taking place in over the last year or so. However, significant and notable successes were recorded in this arena of work, in particular the resolution of the construction sector strike.

In the year under review the CCMA was acknowledged for its work and role in the broader South African community. The President Honourable JG Zuma, in his inaugural state of the nation address, commended our work in saving jobs in the tough recessionary environment. Building on this the National Economic Development and Labour Council social partners, in conjunction with the President and Ministers for Economic Development and Labour tasked the CCMA to play an instrumental role in implementing the Training Layoff scheme. The uptake of the scheme, while initially slow, has begun to show returns.

"We will support the work of the Commission for Conciliation, Mediation and Arbitration to assist employers and workers to find alternatives to retrenchments through the relevant legal processes.

To date, CCMA Commissioners have saved over four thousand (4,000) jobs through facilitation processes, and provided ongoing advice and support to retrenched workers".

President Jacob G. Zuma
State of the Nation Address,
3rd June 2009.

In delivering on its work the organisation strove to sustain its staffing levels. The positive outcome in this area facilitates a better more effective organisation. This may also be attributable to an improved organisational structure, remuneration process, as well as training and development opportunities, such as exposing support staff to Commissioner Development opportunities and the introduction of a more extensive employee assistance programme.

Management and the Governing Body also adopted proactive measures to retain key skills within the organisation. This included professional development opportunities, international exposure, as well as training to improve management skills in PFMA, supply chain management processes and performance management. However, the financial constraints of the organisation, limited a detailed remuneration review, which is also critical.

The economic environment brought a different challenge to the CCMA in that the climb in caseload meant a large resource stretch. The funding model of the CCMA in the last financial year was sharply brought into focus when cash injections were required from the Department of Labour and National Treasury. The confirmed funding translated to a funding of 78% of projected services. Engagements by the Governing Body and Management resulted in an additional funding cushion to assist with the ever climbing caseload. The CCMA received additional funding of R66 million from the Department of Labour and National Treasury, which translates into funding for 96% of services rendered by the CCMA. This does not change the baseline allocations for the CCMA. A going concern strategy has been approved to revisit cost structure, and assist with a funding model going forward.

At the commencement of the year the budgeted unit cost was R672 per event, however this was revised to R784 at midterm. The average cost for the year was R799 per case, 19% higher than the original budget. This is due to the economic environment that we were operating in as well as inflation, service increases and salary increases. Despite the contest to stay on course, efficiencies were maintained and in some areas improved on.

It would be remiss not to record that we have also undergone a special investigation process with the Auditor-General of South Africa office which has been taxing to us all. The outcome is not disconcerting and certain recommendations will assist us in building a stronger organisation. Notable is the finding that there is no fraud or corruption in the organisation.

Overall, the final score card for the period of the Tsoso Strategy demonstrates monumental leaps in service delivery and organisational efficiency, with 56% of targets met, and 44% not achieved. However, it is relevant to note that within the 44% targets there were many within striking distance of being met. Others demonstrated that they were too ambitious or had too many variables to demonstrate a fair organisational target. All in all from the perspective that the score card, was a first endeavour to measure service and achievement, much has been learned and it has shown that focused and goal driven initiatives can revive and re-awaken an organisation’s spirit. I feel comfortable in saying that we are alive.

I would very much like to thank, the now Chairperson of the Governing Body, Tanya Cohen, for her selfless support of both the organisation and myself. It has been a hard year in many areas and she has unstintingly assisted in supporting us through this. The Governing Body has also had a gainsaying year, but as always its members have served and assisted the CCMA. For their time, support and commitment, I specifically thank them.

To the senior management who stand by me, and share with me my drive and intoxication with the South African labour arena, I could not achieve what we have done, without us being a fantastic team. Your support is beyond reproach, and I thank you.

Finally, to the staff it has been a journey but I thank you all for contributing to making or beginning to make the CCMA a wonderful employer and ensuring, above all else, we serve the people and deliver social justice.

Nerine Kahn (Ms.)
Director

Performance Report

The score card below outlines the CCMA's overall performance during the 2009/2010 financial year.

GOAL 1: Promote social justice through the professional delivery of services, while ensuring compliance with legislation at all times.						
#	**Measure**	**Target 2010**	**Achieved 2007/2008**	**Achieved 2008/2009**	**Achieved 2009/2010**	**Final Score**
1.1	In 2010, the external perception of the services delivered by the CCMA will have improved by 20% from the 2007/2008 baseline of 68%.	81.6%	Developed a process of measuring the baseline, baseline determined to be 68%	88%	Appointed service provider, project commenced, appointed a reference group. The target is being taken as met as the CCMA won a gold award in an independent survey that was conducted by TNS.	●
The process of appointing a service provider took longer than anticipated and was also influenced by the availability of funds. After the service provider was appointed the CCMA experienced financial challenges that required management to priotise important matters to be addressed first. As a result this project was delayed. The project is now underway and it is anticipated that the project will be finalized by the second quarter of 2010. The CCMA was awarded a gold award in the Best Reputation in the Legal Sector section of the Public Service Excellence awards that was held late last year. This was a clear indication that the CCMA is held in high regard by its users.						
1.2	By 2010, the CCMA will be recognised as a market leader in the field of Continuous Professional Development in the field of Labour Law. This will include defining standards for training, certifying providers of training and conducting training.	A central & clearly defined role played by the CCMA in the development of certified Labour Relations Practice qualifications & QCTO-associated structures.	The CCMA drove the process to establish a SSETA Labour Relations Practice (LRP) Steering Committee, with priorities identified & plans developed.	The SSETA LRP Steering Committee & its role further established, with the CCMA playing a key role.	The CCMA played a key leadership role over the past 3 years in the development of LRP qualifications & associated structures, including the new QCTO structures.	●
		The NQF level 5 & 6 dispute resolution qualifications for commissioners & panelists certified & progress made in curriculum development.	The NQF Level 5 dispute resolution (DR) qualification successfully registered. Development teams set up & started work to settle NQF level 6 DR unit standards & develop a curriculum for level 5 qualification.	Progress made with the development of the curriculum for the level 5 DR qualification. Level 6 DR qualification registered. Engaged with the new QCTO process.	NQF level 5 & 6 dispute resolution qualifications for commissioners & panelists successfully developed & registered. The curriculum for the level 5 qualification developed.	●
Over the three-year period the CCMA has been central in leading the process to establish the two registered dispute resolution qualifications for commissioners & bargaining council panelists under the auspices of the SSETA Business Chamber. For this purpose the CCMA has fielded a team of content specialists & an overall project manager. The key objective, the establishment of the level 5 dispute resolution occupational qualification, now termed Labour Relations Conflict Resolution Practitioner, was achieved. The advent of the QCTO with the associated requirements may mean further compliance adjustments having to be made. Delivery of the qualification by service providers, along with the development of materials, is now the next step in the process. The advanced level 6 dispute resolution qualification was also completed & registered. The CCMA is also playing a key role in the establishment of the new QCTO structures within the Labour Relations Practice Field.						

Goal 2: Ensure user-friendly, quality services that are delivered with speed						
#	**Measure**	**Target 2010**	**Achieved 2007/2008**	**Achieved 2008/2009**	**Achieved 2009/2010**	**Final Score**
2.1	By 2010, 70% of all disputes will be settled at conciliation phase	70%	61%	62%	59%	●
The target of resolving 70% of disputes at the process of first instance was not achieved. First year results were well below expectation; and while a marginal improvement was noted in the second year, this gain could not be sustained in the third year This may be attributable, in part, to the unprecedented rise in case load that was experienced for the same period. It is submitted that this resulted in an increase in the number of cases per Commissioner and concomitantly on the amount of time that could reasonably be allocated to processes in the circumstance which in turn had an adverse consequence on process effectiveness.						
2.2.1	By 2010, there will be a 21% reduction in CCMA cases referred to the Labour Court from the 2007/08 baseline of 9.4%.	7.4%	Baseline established at 7.4%	7.7%	5.8%	●
The reduction of reviews is as a result of an improvement in the quality of awards that can be attributable to the system of perusing awards that has been formalised and maintained over the period. The positive result in this measure is a clear indication that the CCMA has established itself as a dispute resolution body with credibility.						
2.2.2	By 2010, there will be a 5% reduction in the non-compliance of arbitration awards from the 2007/2008 baseline of 21%.	20%	Baseline established at 21%	22%	28%	●
The upward trend in non-compliance with arbitration awards may be attributable to the effects of the global economic crisis especially on small to medium sized businesses that may have experienced difficulty in complying with awards, especially in respect of meeting obligations to pay compensation.						
2.3	By 2010, all administrative rework relating to data integrity errors will be 0%.	0%	7%	6%	7%	●
This related to the data integrity project and while the 'quest for zero defects' has not been achieved, it is still better than expected given the number of transactions that took place.						
2.4	By 2010, all process rework will be reduced by 27% from the 2007/2008 baseline of 11%	8%	Baseline established at 11%	10%	9%	●
This was not achieved but has steadily improved in the last three years. This has not been set as a measurable efficiency for the new five year strategy.						

Performance Report

Goal 2: Ensure user-friendly, quality services that are delivered with speed

#	Measure	Target 2010	Achieved 2007/2008	Achieved 2008/2009	Achieved 2009/2010	Final Score
2.5.1	By 2008, all conciliations will be conducted within the statutory time frame of 30 days	100%	100%	100%	100%	

Statutory requirement met in 2008 and sustained over the period. This will continue to be one of the key measurements to comply with the statute.

#	Measure	Target 2010	Achieved 2007/2008	Achieved 2008/2009	Achieved 2009/2010	Final Score
2.5.2	By 2010, the average time to process an arbitration (from date of request to date closed) will be 60 days	60 days	42	41	39	

Turnaround time improved over the period. It has improved by 3 days from the start of the strategic plan. The focus over the next plan will be on the quality of the awards rendered.

#	Measure	Target 2010	Achieved 2007/2008	Achieved 2008/2009	Achieved 2009/2010	Final Score
2.6	By 2010, there will be no late awards (0%)	0%	3% (737)	1% (209)	1% (198)	

While the target of no late awards was not achieved, cognisance must be taken of the fact that a very significant reduction was achieved over the period, with the number of late awards reducing by a staggering 73%. This is attributable to the consistent application of policy on late awards which includes the imposition of penalties and disciplinary measures.

#	Measure	Target 2010	Achieved 2007/2008	Achieved 2008/2009	Achieved 2009/2010	Final Score
2.7.1	In 2010, 70% of all disputes of national interest where offers of assistance are made will be settled	70%	53%	54%	55%	
2.7.2	In 2010, 75% of all offers of assistance in disputes of national interest will be accepted by parties	75%	50%	68%	84%	

Offers of assistance to parties in disputes of national interest increased generally over the three year period. While there was reluctance in the labour market to accept these offers initially, the situation changed markedly over time due primarily to the implementation of a focussed and structured approach. The excellent result achieved in the acceptance of offers of assistance is a resounding vote of confidence in the organisation and the process by the social partners. While there was a marginal increase noted in the settlement rate over the period, the final result fell well below target. This may be attributable to various dynamics in the collective bargaining arena, but mainly due to the bargaining power presented by the World Cup. Notwithstanding this, significant successes were recorded during the course of the period.

GOAL 3: Maintain operational effectiveness while ensuring services are cost effective

#	Measure	Target 2010	Achieved 2007/2008	Achieved 2008/2009	Achieved 2009/2010	Final Score
3.1	By 2010, staff turnover will be halved from the 2006/07 baseline of 8%	4%	5%	5%	2.9%	

The positive result achieved in this measure may be attributed to the improvement and restructuring of support staff remuneration packages, provision of improved training opportunities, exposing support staff to Commissioner training and the introduction of an elaborate Employee Assistance Programme (EAP inter alia).

#	Measure	Target 2010	Achieved 2007/2008	Achieved 2008/2009	Achieved 2009/2010	Final Score
3.2	By 2010, key skills loss will not exceed 7%	7%	Management: 11% Commissioners: 6%	13%	Management: 3.4% Commissioners: 6.25%	

Management adopted measures to retain key skills and these included providing training and professional development opportunities where key skills were exposed to developments in their relative fields. Other initiatives include the case law monitor, attending the labour law conferences, providing training opportunities for senior commissioners in other countries Switzerland, Australia and Italy, as well as the labour economics workshop that is held for commissioners. Furthermore the organisation has invested in improving the skills of senior managers by providing customised training in PFMA, supply chain management as well as performance management.

#	Measure	Target 2010	Achieved 2007/2008	Achieved 2008/2009	Achieved 2009/2010	Final Score
3.3	By 2010, we will be able to meet case management demands with 'normal' resource levels. This means that the case management administration will be completed with a variance of no more than 5% of planned workload	5%	3%	11%	10%	

The variance is attributable to an increase in the caseload resulting from the economic downturn and exacerbated by inflationary pressure. A 9% increase was projected over the previous financial year, but the actual increase was 11%.

#	Measure	Target 2010	Achieved 2007/2008	Achieved 2008/2009	Achieved 2009/2010	Final Score
3.4	By 2010, a budget model will be in place that will enable funding from government based on unit cost per projected number of services. Funding to be 100% of projected services to be rendered	100%	97%	88%	96%	

The Department of Labour confirmed funding for the current financial year to the value of R292 million which translated to a 78% funding to the projected services. However the CCMA Governing Body and Management approached the Department of Labour and National Treasury for additional funding to cushion the organisation against the economic downturn which had a resultant effect of high case load. The CCMA received additional funding to the value of R66 million by the 31 March 2010 and the revised funding for the year is R356 million which translates to 96% for the projected services to be rendered by the CCMA.

It should be noted that the additional cash injection does not change the baseline allocation of the CCMA to this end the GB has approved a going concern strategy to relook at the cost structure of the CCMA which will inform what budget model and funding model needs to be adopted by the organisation.

#	Measure	Target 2010	Achieved 2007/2008	Achieved 2008/2009	Achieved 2009/2010	Final Score
3.5	By 2010, the 'unit cost' for delivery of compulsory services will have stabilised to ensure that there is not more than a 5% variance from budget allocation	5%	-14%	14%	2%	

The beginning of the year the budgeted unit cost was R672 per event, however at midterm the unit cost was revised to R784 per event. The average unit cost per event for the year is R799 which is 19% higher against the original budget and only 2% against the revised midterm budget.

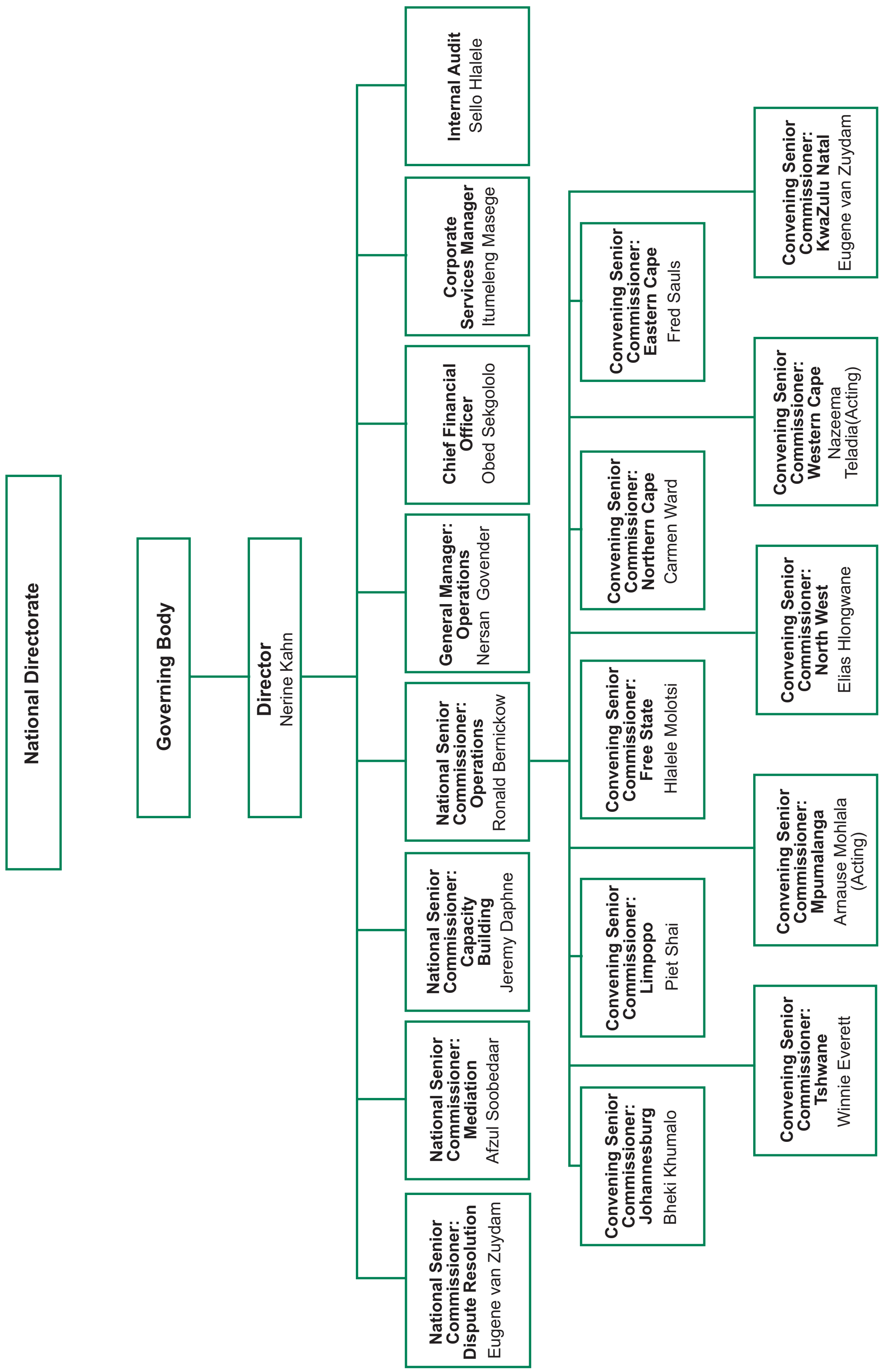
Summary of Regional Operational Performance

Percentage of efficiencies met	CCMA office
>90%	Northern Cape
80% to 90%	East London Tshwane George
70% to 79%	Free State Limpopo Klerksdorp Cape Town
60% to 69%	Durban
50% to 59%	Port Elizabeth Richards Bay Mpumalanga
40% to 49%	Pietermaritzburg
>39%	Johannesburg

Back row from left: Winnie Everett - CSC: Tshwane; Sello Hlalele - Manager Internal Audit; Shawn Christiansen - Senior Commissioner: Johannesburg; Ronald Bernickow - National Senior Commissioner: Operations; Arnause Mohlala - Acting CSC: Mpumalanga; Raj Shanker - Senior Commissioner: KwaZulu Natal; Marius Kotze - Senior Commissioner: Eastern Cape; Eugene van Zuydam - National Senior Commissioner: Dispute Resolution and Legal; Nazeema Teladia - Acting CSC: Western Cape; Nerine Kahn - CCMA Director; Itumeleng Masege - GM Corporate Services; Obed Sekgololo - Chief Financial Officer; Nersan Govender - GM Operations; Hlalele Molotsi - CSC: Free State; Piet Shai - CSC: Limpopo; Afzul Soobedaar - National Senior Commissioner: Mediation.
Front: Elias Hlongwane - CSC: North West; Jeremy Daphne - National Senior Commissioner: Capacity Building and Outreach.
(Absent, Fred Sauls - CSC: Eastern Cape)

CSC: Convening Senior Commissioner
GM: General Manager

Organisational Structure



Performance Report

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

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

All departments' delivery was measured against the following four Strategic Focus Areas, set in line with the CCMA's strategic goals.

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

Summary of National Operational Performance

Operational Focus	Target/Objective	2007/2008	2008/2009	2009/2010
Pre-conciliations heard	Hear 10% or more of all jurisdictional cases using the pre-conciliation process	13%	13%	14%
Pre-conciliations settled	Settle 7% or more of all jurisdictional cases using the pre-conciliation process	7%	6%	6%
Con/arbs heard	Hear 50% or more of all jurisdictional cases using the con/arb process	46%	43%	40%
Con/arbs finalised	Finalise 40% or more of jurisdictional cases using the con/arb process		36%	32%
Conciliations heard and closed	Close 90% or more of conciliations heard (includes all "con" type processes)	93%	93%	91%
Conciliations heard outside 30 days	Statutory requirement to attempt to hear all conciliations within 30 days	0%	0%	0%
Settlement rate	Settle 70% or more cases across all processes	67%	67%	65%
Arbitrations finalised	Finalise 90% or more of arbitrations heard	91%	92%	91%
Late awards	Statutory requirement to issue arbitration awards within 14 days	3%	1%	1%
Postponements / adjournments	Allow for a maximum of 6% postponements/ adjournments of all processes heard	7%	7%	7%
Average turnaround time – conciliation	Conciliation process to take place from 'activation' to 'closed' within a maximum of 30 days	28	28	27
Average turnaround time – arbitration	Arbitration process to take place from arbitration referral date to 'closed' within a maximum of 60 days	42	41	39

Some key facts to note:

Caseload (referrals) increased by 9%

Jurisdictional cases increased by 11%

14% more cases were actually settled

99% of awards were submitted on time

Performance Report – Operations

Mr Nersan Govender
General Manager: Operations

The Operations Department provides technical and regional support to all CCMA offices. Some of the key responsibilities of the department include ensuring that regions are well resourced and have appropriate systems in place to provide speedy, cost effective and efficient dispute resolution services to users. The department also monitors regional operational efficiencies and maintains the CCMA's electronic Case Management System, Call Centre and electronic mail query services.

During the 2009/2010 financial year, a total of 153 657 disputes (cases) were referred to the CCMA, an average of 617 new referrals every working day. The number of cases referred during the financial year under review represented a 9% increase over the 2008/2009 financial year. Some 22% of the cases referred were deemed to be non-jurisdictional and screened out. The number of cases deemed to be jurisdictional increased by 11% over the previous year.

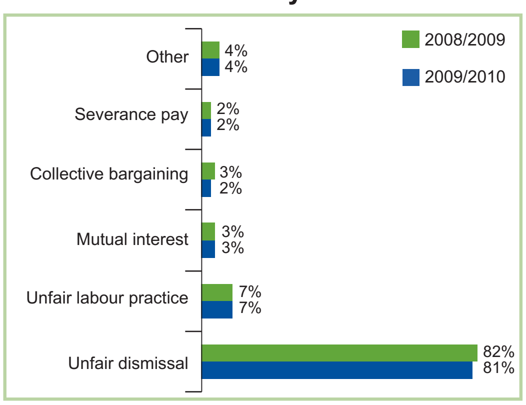
Some 14% of the total jurisdictional cases were dealt with at point of entry by pre-conciliation. This process aims to improve front desk services and the quick, cost effective resolution of uncomplicated disputes. Of these, 45% were settled at the time of referral, which constituted 6% of the total jurisdictional cases received.

Referrals by Region

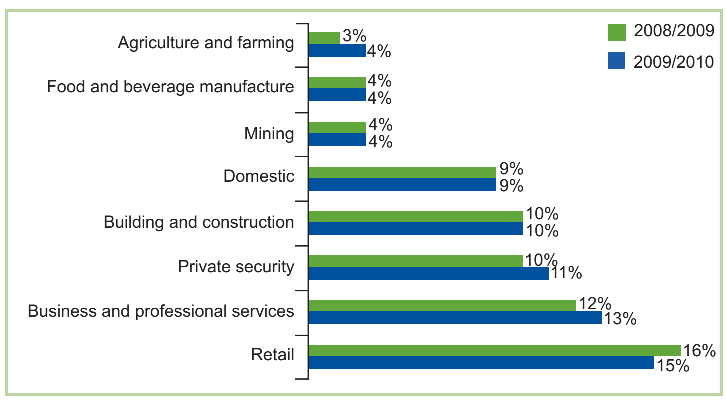
The demand for CCMA services by region has remained consistent since the inception of the CCMA. This consistency has allowed for the accurate allocation of resources to each region to meet the demands each year. The Johannesburg region had the largest caseload at 28%, followed by KwaZulu Natal at 15%, Western Cape at 14% and Tshwane at 11%. The remaining regional offices each accounted for less than 10% of the national caseload.

Unfair dismissal disputes continued to account for the largest percentage of issues in dispute. During the financial year under review, these disputes accounted for 81% of the total cases received, a decrease of 1% from the previous year.

Referrals by Issue



Referrals by Sector



The breakdown of referrals by sector has remained relatively consistent throughout the period. The retail sector has consistently accounted for the highest number of referrals since the inception of the CCMA and accounted for 15% during the financial year under review.

Conciliation

Conciliation accounted for 61% of the total events heard during the financial year under review. A total of 116 022 conciliations (including pre-conciliations, con/arbs and conciliations) were heard, an average of 466 every working day. This represented an increase of 14% over the previous year. Some 99.8% of the total conciliations were heard within the statutory 30-day period and the average number of days from referral to finalisation was 27 days.

Performance Report – Operations

Mr Ronald Bernickow
National Senior Commissioner: Operations

Of the total conciliations heard, 61% were originally scheduled for the con/arb process but due to the number of objections received, only 41% were actually heard using the con/arb process. This process attempts to expedite the dispute resolution process by the conciliation and arbitration taking place as a continuous process on the same day. Of the total con/arbs heard, 79% were finalised in one day – 62% were settled and 23% resulted in awards being rendered.

Non-attendance at conciliation accounted for 14% of the total conciliations heard. Non-attendance by the respondent accounted for 54% of the total non-attendance, while non-attendance by the applicant and both parties accounted for 26% and 20% respectively.

Arbitration

A total of 48 138 arbitrations were heard, 25% of the total events heard during the financial year under review. This represented a 20% increase over the previous year. Some 38% of the arbitrations were settled, while 33% resulted in awards being rendered.

Non-attendance at arbitration accounted for 20% of the total arbitrations heard. Non-attendance by the respondent accounted for 42% of the total non-attendance, while non-attendance by the applicant and both parties accounted for 38% and 20% respectively.

Some 99% of awards were rendered within the statutory 14 days and the average number of days from arbitration referral to finalisation was 39 days. Of the total awards rendered, 59% were in favour of the employee party and 40% were in favour of the employer party, fairly consistent with previous years.

Mr Eugene van Zuydam
National Senior Commissioner: Dispute Resolution

Other Processes

Processes	2009/2010	2008/2009	% Difference
Ballot	4	12	-67%
Facilitation	381	347	+10%
In limine	16623	14392	+16%
Pre-dismissal arbitration	105	50	+110%
Rescission	6594	7213	-9%
S189A facilitation	861	393	+119%
Taxation	40	51	-22%
Training	170	1	+16900%

In addition to the conciliations and arbitrations heard, a further 24 778 'other' processes were heard during the financial year under review. This represented an increase of 10% over the previous year. In limines and rescissions accounted for 67% and 27% respectively of the total other processes heard. Some 71% of the total in limines heard dealt with condonation, 73% of which were granted. Of the total rescissions heard, 66% were granted. The increase in the training process was due to the dispute management interventions.

The CCMA also dealt with a total of 10 506 section 143 applications to certify awards during the financial year under review, 7% more than the previous year. Of the total applications dealt with, 6989 were from within the CCMA and 3517 from the various bargaining councils, an increase of 7% and 2% respectively over the previous year.

Public Awareness and Information

Call Centre

The CCMA national call centre was launched in June 2002 and has had a huge impact on the CCMA. The call centre dealt with a total of 172 481 calls during the year under review (an average of 584 calls every working day). This represented an increase of 1% over the previous year.

The call centre provided information on case related queries and labour legislation which accounted for 48% and 42% respectively of all calls.

Calls by Province

Province	2009/2010	2008/2009	% Difference
Gauteng	62%	59%	+3%
Western Cape	16%	17%	-1%
KwaZulu Natal	14%	15%	-1%
Other	8%	9%	-1%

The percentage breakdown of calls received by province was fairly consistent with the percentage breakdown of referrals by province. Gauteng accounted for 62%, Western Cape accounted for 16% and KwaZulu Natal accounted for 14%. The other provinces together accounted for 8%.

Calls by Language

Language	2009/2010	2008/2009	% Difference
English	73%	75%	-2%
Afrikaans	14%	14%	0%
IsiZulu	6%	6%	0%
Sesotho	3%	3%	0%
Other	3%	3%	0%

The call centre provides a service in all the official languages. English has consistently been the language of choice by members of the public.

Calls by Sector

Sector	2009/2010	2008/2009	% Difference
Business and professional services	20%	16%	+4%
Retail	13%	14%	-1%
Domestic	10%	10%	0%
Building and construction	5%	6%	-1%
Banking and finance	4%	5%	-1%
Metal	3%	3%	0%
Motor	3%	4%	-1%
Private transport	3%	3%	0%

The percentage breakdown of calls by sector was also fairly consistent with the percentage breakdown of referrals by sector with the business and professional services, retail and domestic sectors accounting for the highest number of calls.

In addition to the calls received by the call centre, a total of 11 989 email queries were dealt with. Emails from the Gauteng province accounted for 76% of all emails received and 35% of the emails were case related queries.

Performance Report – Mediation

Mr Afzul Soobedaar
National Senior Commissioner: Mediation

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

The Mediation Department's targets for the 2009/2010 financial year were as follows:

- To settle 70% of all disputes (rights and interest) at conciliation and 33% of all disputes at arbitration.
- To ensure that a minimum of 90% of all settlement agreements emanating from processes complied with quality requirements.
- To attain a 75% acceptance rate on offers of assistance in matters of national interest and to settle 70% of such matters.

Operational Results

The target of resolving 70% of disputes at the process of first instance was not achieved. The 59% result obtained for the year under review was lower than that of the previous year. The non-achievement of this target may be primarily attributable to two factors. Firstly, the rise in caseload during the year under review resulted in an increase in the number of cases per Commissioner and concomitantly on the amount of time that could reasonably be allocated to processes in the circumstances. This had an adverse consequence on process effectiveness. Secondly, awareness of the requirements for dismissal (that accounts for some 80% of rights disputes) has been progressively increasing over the years and this has contributed to a reluctance to settle. The three year result for this target has hovered around the 60% mark and could be indicative of a plateauing of this measure.

The target of settling 70% of all mutual interest disputes at conciliation was not achieved in the year under review, with about 54% achieved. To a large extent, this was influenced by the effect of the 2010 FIFA World Cup on collective bargaining with organised labour being presented with a bargaining tool that effectively skewed the balance of power in the labour market. This was exacerbated by the effects of the global economic crisis which were still being felt in the market, despite the economy moving out of recession during the year under review. Labour market factors such as high unemployment, deteriorating income inequality, low trade union density and increasing trends towards non-standard types of employment also contributed to heightened conflict in collective bargaining.

The arbitration settlement rate target of 33% was exceeded, with 38% of all disputes being settled at the arbitration stage. While a positive result, it must be seen in the context that settlement came at greater cost to the CCMA.

The ongoing focus on settlement quality, through the maintenance of the system of perusing settlement agreements that was implemented previously, yielded positive results with 97% of agreements complying with quality requirements.

Matters of National Interest

Excellent results were achieved in the acceptance rate of offers of assistance in matters of national interest, indicating a change in the reluctance in the labour market to accept offers of assistance from the CCMA that was experienced in previous years. Of the 223 offers of assistance made nationally, 84% were accepted by parties. It is submitted that the focussed and structured approach that was previously implemented and maintained during the year under review contributed largely to this. The excellent result achieved must be seen as a resounding vote of confidence by the social partners in the CCMA and the process of mediation.

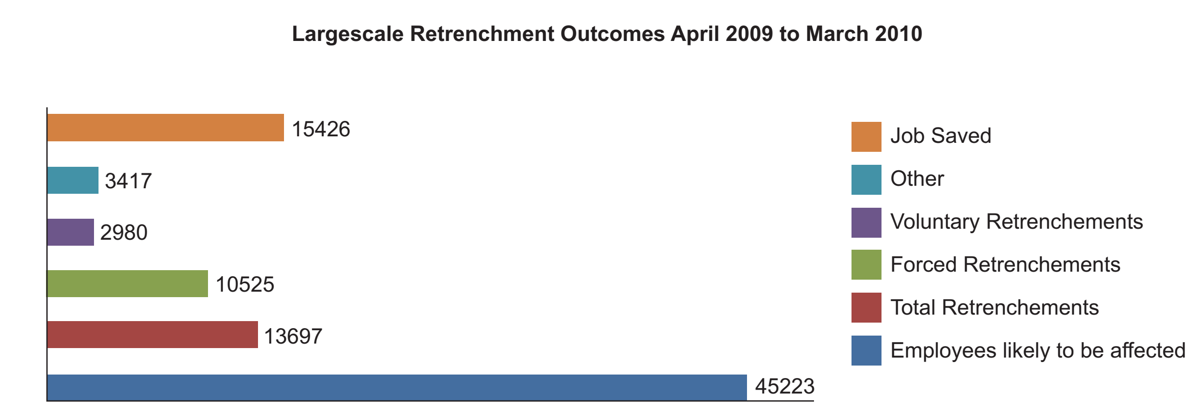
While there was a marginal increase noted in the settlement rate of national matters, the final result of 55% fell below the 70% target. The sentiments expressed in respect of mutual interest disputes above are equally applicable here. Notwithstanding this, significant success was achieved during the course of the year in the Civil Engineering sector, Eskom, South African Post Office, Telkom, South African Revenue Service, Clothing sector, Metrobus and Metrorail. The CCMA's intervention in these matters led to amicable resolution of disputes that could have resulted in industrial action that may have had far reaching implications. The strike in the Civil Engineering sector, for example, effectively halted construction of stadiums and infrastructure, and threatened the successful hosting of the 2010 FIFA World Cup.

The CCMA's intervention did not stop with the successful resolution of disputes; instead the organisation continued to play an aftercare role by facilitating processes for parties to deal with various issues. Facilitated processes were conducted with parties in the Private Security sector, Civil Engineering sector and Eskom, amongst others.

CCMA Director, Nerine Kahn (centre); National Senior Commissioner Mediation: Afzul Soobedaar (standing) with Metrorail, Prasa, Satawu, and Utatu representatives.

Response to Effects of Economic Downturn

The year under review saw an unprecedented increase in retrenchment matters being referred to the CCMA as a result of the global economic crisis. The caseload of operational requirement dismissal disputes from small employers (employers employing less than 50 employees) increased by 37% compared to 2008 and the requests for facilitations received from large employers (employers employing more than 50 employees) increased by 48% compared to 2008. These requests represented a total of 45,223 employees who were likely to be retrenched. Through CCMA facilitation processes a total of 15,426 jobs were saved.



Performance Report – Finance

Mr Obed Sekgololo
Chief Financial Officer

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

Financial Management

The section's main functions are financial administration, financial accounting, treasury management and reporting. For the year under review the section focused on optimisation of the internal controls improved in the previous year. The section was restructured to address compliance issues raised in the management letter issued by the Auditor-General for the financial year ending 31 March 2010.

Risk Management

The primary objective of this section is to assist the Accounting Officer in discharging her responsibilities for risk management by reviewing the effectiveness of the organisation's risk management systems, practices and procedures, and providing recommendations for improvement.

The risk management process was formally implemented during the year under review. This was achieved through the appointment of a Risk Manager and rolling out an implementation plan. The unit achieved some of the set targets for implementation although there is a lot that still needs to be done in the coming years. Since the process was formalised the organisation now has a risk management policy, risk management framework, risk register as well as a tracking tool for monitoring the findings raised by regulatory audit of the Auditor-General.

Supply Chain Management

The section focuses on the management of the interdependent activities of demand, acquisition, logistics and disposal to streamline the processes.

All procurement processes of the CCMA are now handled centrally through an electronic system in order to enhance compliance in the organisation. During the year under review, weaknesses were identified in the new supply chain policy and amendments to the policy made for submission to the Governing Body.

Operations Review and Results

It is pleasing to report, that the Financial Statements of the CCMA, which were subjected to an external audit by the Auditor-General of the Republic of South Africa, for the year ended 31 March 2010, received an unqualified audit opinion. The operating results for the year under review were disappointing as a deficit was reported for the year ending 31 March 2010, net deficit of the entity is R 15,240 thousand (2009: deficit was R 36,950 thousand). The operations review results should be read in conjunction with the accounting policies adopted by the Governing Body, together with the relevant notes to the annual financial statements containing explanations and analyses of certain key areas.

Grant Income

The Government Grant allocated to the CCMA for the financial year under review has increased from the base of 2008/2009 financial year by 11.18% to R291,961 thousand. The CCMA made representations to the Department of Labour for an increase of R65,000 thousand as a result of the adverse economic conditions and the resultant increase in caseload. The transfers were made to the value in two instalments to the value of R65,481 thousand resulting in an increase of 36.20% year on year. The other income is for services rendered in furthering the mandate of the CCMA of promoting social justice and stabilising workplace relations.

Case Disbursements

Case disbursements expenses increased by 14.32% which translates to R19 million in monetary terms.

Performance Report – Finance

Employee Costs

Employee costs have increased by 25.27% year on year; this is attributable to the following reasons:

- The implementation of a collective agreement signed with the Commission Staff Association with an across the board increase of 11.4% which was effective from 1 April 2009 and a performance based increase with an average of additional 2% to each employee effective from 1 April 2009, implemented in June 2009.
- The Governing Body approved an increase of 9.4% effective from 1 April 2009 and a performance based increase which averaged 2% to management only implemented after the CCMA secured additional funding from the Department of Labour.
- The temporary staff costs increased by 39.8% year on year, this was as a result of hiring temporary staff to help with the increase in caseload.
- The leave pay charge increased by 28.76% as a result of the increase in the leave pay provision to R8,511 thousand.

Other Operating Expenses

Administrative expense increased by 13.12% which translates to R8,443 thousand. The increase is attributable to increase in audit fees, increase in lease costs to the buildings, fixtures and equipment and also other general administration expenses as disclosed in the annual financial statements.

Supplementary Information

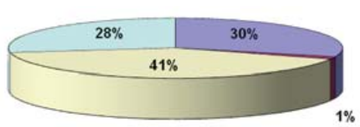
Below is the four-year review of finance statistical information and the value added statement on how the grant income received from the Department of Labour was employed for the year under review.

Four-Year Review

Financial Performance	2007 Actual R'000	2008 Actual R'000	2009 Actual R'000	2010 Actual R'000
Grant Income	234,582	259,939	283,407	361,892
Operating Expenditure	239,482	268,198	327,659	380,419
Surplus or (deficit) for the year	409	1,738	(36,950)	(15,240)
Interest Received	4,592	9,097	7,252	3,685
Investments and Cash	58,318	64,689	6,186	11,531
Subsidies to the Bargaining Councils	3,773	2,710	4,660	4,483
Average cost per case referred	1,938	2,020	2,334	2,476
Average cost per case settled	5,557	5,469	5,738	5,842
Staff costs and benefits as % of grant income	41%	44%	34%	34%
Case disbursements costs as % of grant income	32%	30%	48%	43%
Total costs as % of grant income	102%	103%	116%	106%
Current ratio	0.98	1.41	0.16	0.18

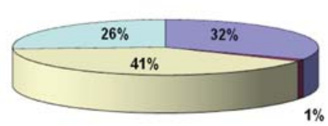
Value Added Statement	2009	2010
Salaries and benefits	97,752	123,250
Subsidy pay out	4,660	4,483
Case disbursements	134,833	154,252
Reinvestment to develop operations	90,414	98,434

Value Distribution 2009



Salaries and benefits
Case disbursements
Subsidy pay out
Reinvestment to develop operations

Value Distribution 2010



Salaries and benefits
Case disbursements
Subsidy pay out
Reinvestment to develop operations

Performance Report – Corporate Services

Mr Itumeleng Masege
General Manager: Corporate Services

Human Resources

The goal for the year was to change the Human Resources (HR) Department from a purely administrative role to focus and contribute more on the strategic objectives of the CCMA, and to play the role of a business partner within the organisation. As a result, a new HR structure at the National Office was endorsed by the Human Resources Sub Committee. Some of the vacancies that emanated from this review were filled during the year under review.

During the year under review, following on from the Organisational Redesign Project that was started during the 2008/2009 financial year, it was decided that the service provider who carried out the redesign project should second a person to the CCMA to assist with implementation of the design and repositioning of the HR department that had been identified by the Governing Body, the Executive Committee and staff.

Human Resources Administration

A number of areas underwent internal audits including leave administration, employee files and benefits. In those instances where gaps were identified systems, structures and processes were put in place in order to address this. The HR administration processes were re-examined, forms were improved and tighter controls were put into place which ultimately improved the effectiveness of the department. A Policy Review Committee which included management and the Commission Staff Association was established to address outdated policies, compile new policies and identify the need for new policies to be compiled.

Performance Management

Significant progress was made in the area of Performance Management during the period under review. A new system based on a more holistic approach was adopted . Through this system strategic objectives are cascaded to departmental goals and eventually linked to individual Key Performance Areas (KPAs). One of the significant changes is the fact that regional and departmental performance is calculated and contributes towards each individual's performance rating.

A Performance Management Committee was established to, amongst other things, monitor the function of the performance management system and the process of implementation.

Recruitment and Selection of Commissioners

Due to financial constraints commissioner recruitment was delayed until next financial year.

Recruitment and Selection

Vacancies were filled in administrative positions in the normal course of business, to ensure and maintain service standards.

Human Resources Information System

Significant progress was made, and various aspects of the HR function were computerised to ensure more accurate reporting, part of this process will be finalised in the next financial year. One of the greatest achievements was the successful implementation of an Employee Self Service (ESS) system. This allows employees to apply for leave electronically.

CCMA Staff Turnover During the 2009/2010 Financial Year

	Senior Management	Commissioners	Support staff	Total
Number of staff at the beginning of the financial year:	37	108	317	462
Number of staff at the end of the financial year:	30	130	311	471
Variance	-7	+22	-6	+9

Terminations

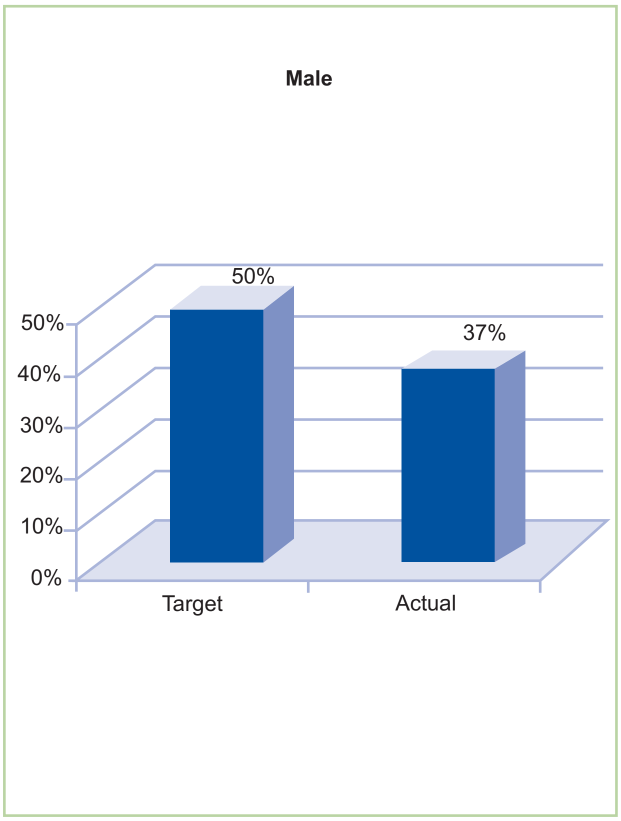
	Senior Management	Commissioners	Support staff	Total
Resignations	5	9	9	23
Dismissals	1	4	6	11
Death / Disability	0	0	1	1

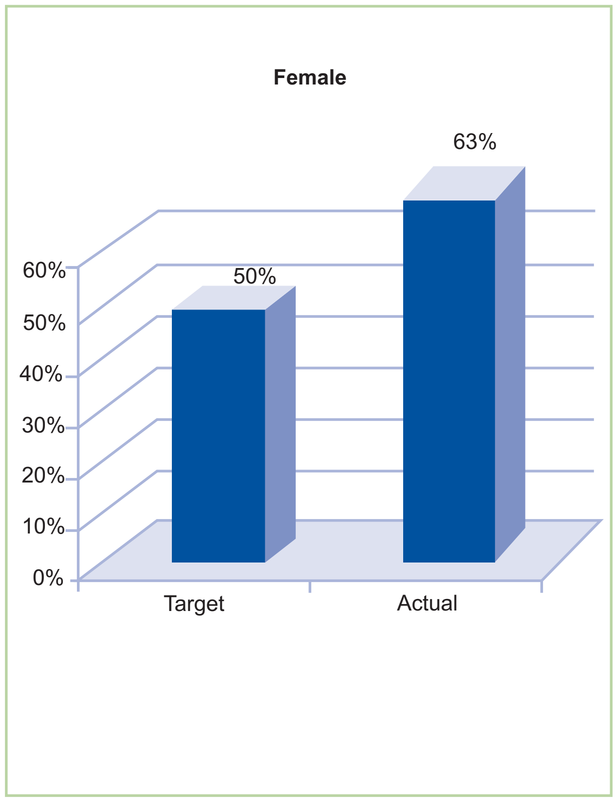
Employment Equity

During the 2007/2008 financial year, the CCMA submitted a new employment equity plan for the period 2006 until 2010. The plan incorporates the new amendments to employment equity regulations issued by the Department of Labour in May 2006. This plan was developed in the National Employment Equity Committee.

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

Employees by Gender





Employees by Race

African		White		Coloured		Indian	
Target	**Actual**	**Target**	**Actual**	**Actual**	**Target**	**Actual**	**Target**
71%	74%	14%	6%	9%	8%	11%	10%

Human Resources Profile

Gender	Target	Management Actual	Support Staff Actual	Full-time Commissioners Actual	Part-time Commissioners Actual
Female	50%	33%	77%	30%	29%
Male	50%	67%	23%	70%	71%
Race					
African	71%	40%	78%	65%	45%
White	14%	30%	7%	17%	34%
Coloured	8%	10%	10%	12%	7%
Indian	7%	20%	5%	6%	14%
Disabled	10%	0%	5%	3%	5%

Facilities Management

During the year under review the Administration Department was split into an Office Administration function responsible for managing the Head Office as a region and a National Facilities section responsible for the management and co-ordination of all national facilities requirements, projects and contracts. The National Facilities section also monitors compliance of regions to Facility Organisational Policies and Procedures in order to minimise costs and risks to the organisation.

During the year under review, the Governing Body approved the renewal of operating leases for the CCMA Eastern Cape (East London) and Pretoria offices. Building alteration projects to streamline and improve the offices and service delivery to the public were initiated. A new lease was secured for the Free State in Bloemfontein and occupation of these offices commenced on 1 August 2009. Satellite offices in Port Shepstone and Newcastle, KwaZulu Natal, were opened with effect from 1 July and 1 August 2009, respectively. A new office was also opened in Ekurhuleni (Benoni), Gauteng. Two additional hearing rooms were approved for the Nelspruit office in Mpumalanga to accommodate the additional case load.

In order to meet its statutory mandate the CCMA sends commissioners to the outlying areas where it does not have offices. In these instances agreements have been reached with the Department of Labour, where possible, to hear cases from their premises. Similar agreements have been entered into with communities for using community halls and schools.

The CCMA has a total fleet of 13 vehicles in all the CCMA regional offices. These vehicles are leased and managed through their respective leases. Facilities is responsible for the national management and control of these vehicles.

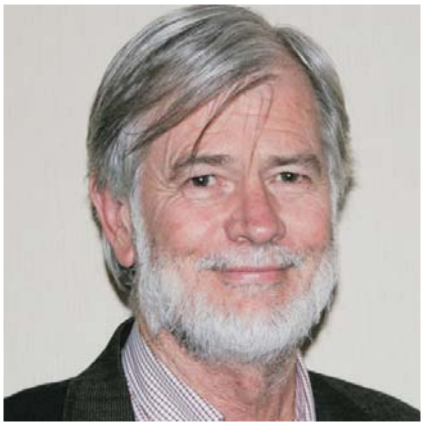
A cost cutting exercise was implemented for all domestic travel to secure the cheapest available options and plans were established going forward to reduce costs on accommodation and travel generally. This is in support of the going concern strategy.

Information Technology

The CCMA undertook a project to reduce telephony costs through the implementation of a Voice Over Internet Protocol (VOIP) system. The first phase of this system was implemented during the year under review and the outstanding phases will be finalised in the next financial year.

Old Information Technology (IT) equipment was replaced and an agreement was entered into with a service provider where the IT equipment would be leased with the necessary care-packs included. Significant work was carried out in order to address a number of challenges that were identified by the auditors in their management letter of 2008/2009. This included converting the CCMA Internet Protocol from public to private for improving security control. Furthermore, the IT strategy was reviewed and recommendations made were implemented during the year under review.

Performance Report – Capacity Building and Outreach



Mr Jeremy Daphne
National Senior Commissioner: Capacity Building and Outreach

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

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

Dispute Management and Prevention Department

The main goal of DM&P Department is to contribute towards the transformation of workplace relations and the building of the associated capacity through skills development, awareness raising, partnership building and problem solving.

The DM&P Department's performance during the 2009/2010 financial year was measured against the following strategic objectives:

- Network and build partnerships with social partners and users;
- Contribute to the transformation of workplace relations;
- Increase public awareness and understanding of CCMA processes;
- Conduct high impact dispute management and prevention interventions;
- Internalise DM&P perspectives and approaches within the CCMA;
- Conduct education and outreach to improve voluntary compliance with dispute resolution processes;
- Conduct DM&P capacity building on how best to use the CCMA and the law;
- Conduct DM&P national and regional campaigns; and
- Conduct quality research to guide and support CCMA work.

Performance Report – Capacity Building and Outreach

All CCMA regions either met or exceeded their strategic objectives through the delivery of the projects and activities as outlined in the table below:

Projects	Number of activities
Participation in regional labour market structures and activities	139
User Forum meetings	33
Joint initiatives with government departments	22
Managing conflict in the workplace	6
Building workplace relations	18
Media articles	71
Izimbizo meetings / road shows	72
Community radio talk shows	251
Bi-lateral meetings with targeted users	50
Internalisation of DM&P perspectives within the CCMA	24
Promotion of compliance with dispute resolution processes	25
Best practice workshops	72
Short session presentations	88
Breakfast, cocktail and labour law seminars	18
User requests	43
Rural outreach campaign	26
Total number of activities held in all regions	**989**

Partnership Building and Networking

Various social partners and users were engaged with through active participation in regional labour market structures activities, user forum meetings and joint initiatives with the Department of Labour (DoL) and other Government Departments. With total involvement in 194 activities nationwide.

A good example was the Memorandum of Understanding on 2010 Labour Market Stability signed by all major labour market role players in Mpumalanga.

Problem Solving and Transforming Workplace Relations

Managing Conflict in the Workplace and Building Workplace Relations initiatives are both growing to be the key strategic interventions in transforming workplace relations with 24 interventions conducted. One of the outstanding examples where BWR was successfully implemented was by the CCMA Tshwane Region with the Tshwane University of Technology (TUT).

TUT experienced a tense workplace relations climate between the executive management and organised labour since the merger of the three Technikons that gave rise to the establishment of TUT. This tension resulted in protected and unprotected industrial action as well as numerous other disputes being referred to the CCMA and the Labour Court between 2007 and 2010. It was only through the BWR intervention that the parties realised that the workplace relations was a barrier towards the achievement of TUT vision and mission and this led to the signing of a Memorandum of Understanding aimed at improving their workplace relations. The memorandum entailed a number of interventions, including the finalisation of a Recognition Agreement, an expedited dispute resolution process and a joint workshop to review the vision and mission of TUT.

Capacity Building Workshops and Seminars

A total of 178 activities were conducted. Skills development activities were delivered through Best Practice workshops, short session presentations, breakfast seminars and labour law seminars. This involved 3,300 CCMA users and social partners.

In May 2009 CCMA KwaZulu Natal held a Labour Law Seminar with the theme "Social Justice in the Context of Labour Law". The aim was to highlight the mandate of the LRA to advance social justice and the practical meaning of this for the CCMA. Approximate 270 participants attended, with speakers from the International Labour Organisation, Human Resources Council, business, labour, DoL, Productivity South Africa, bargaining councils TOKISO, the CCMA and the Labour Court representatives.

Support for the CCMA Dispute Resolution Processes

The support for the CCMA dispute resolution processes initiative entailed promotion of CCMA users' adherence to dispute resolution processes requirements. It also aimed at contributing to the streamlining of CCMA dispute resolution processes through research interventions engaging users to identify factors that give rise to non-compliance with DR processes. The CCMA Tshwane office carried out an initiative to address high non-attendance at dispute resolution processes with dramatically improved outcomes.

Public Awareness Raising

Izimbizo meetings, road shows and community radio sessions are the primary mechanism through which the CCMA reaches and empowers vulnerable and unorganised workers. During the year under review, CCMA regional offices held a total of 251 radio sessions and 72 izimbizo meetings. A CCMA exhibition was held in Johannesburg at the COSATU 10th National Congress in September 2009, where 645 delegates visited the CCMA stall and most of them indicated their need for training and workshops.

Impact assessment of selected DM&P projects will be conducted during the next financial year.

The Story of the 2010 Memorandum of Understanding for Labour Stability in Mpumalanga

Mpumalanga has a five to six year history of formally established social partner dialogue structures in its labour market. The recession had a disastrous effect on the region with 84,000 jobs lost making the region the second highest in terms of levels of unemployment.

In November 2009 the CCMA initiated a process of social partner dialogue through the Mpumalanga Labour Market Forum (that it co-chairs with the DOL), to take advantage of the unique opportunity presented by South Africa hosting the 2010 Soccer World Cup (SWC) to encourage tourism in the region and to create jobs. Both in the short term during the SWC but also longer term through investment and economic growth.

This initiative was based on the premise that with labour stability in the province, tourists may be encouraged to spend time, or more time in the province, and hopefully see the province's potential for investment in economic activities.

Over a four month period and numerous meetings of stakeholders, the concept and contents of the Memorandum of Understanding (MOU) were crafted. The "Top 100" players in the Mpulanga provincial economy and labour market were targeted to participate in this process. This included organised business, big business, organised labour, the custodians of labour legislation, and government departments at national, provincial and local levels.

The basis of the MOU was a balanced approach to labour market stability through a four pillar approach, viz.:

- No large scale retrenchments.
- No industrial action.
- Improved and expedited dispute resolution services.
- Protection of vulnerable sectors of the labour market.

A formal "signing ceremony" was held in March 2010, with the MOU being effective until the end of August 2010 – a month after the SWC. However, the partnership approach to addressing labour market issues will continue after this period, with the MOU acting as a further building block in this process.

It should be noted that since the signing of the MOU, not a single strike originated in the province from a local labour dispute. This is remarkable given the extremely high levels of industrial action taking place across the country.

Performance Report – Capacity Building and Outreach

Education, Training and Development Department

The CCMA maintained its strong commitment to employee and management training and development. Following a training needs analysis conducted through skills audit, performance appraisal and focus groups, 24 types of learning programmes were delivered. These were incorporated into the Workplace Skills Plan adopted by the Skills Development Committee and submitted to the Sector Education and Training Authority (SETA). Amongst the programmes were job specific induction training for newly appointed commissioners, continuing professional development initiatives, seminars, conferences, workshops and skills programmes aimed at enhancing specialised knowledge or empowering staff to acquire the required level of competence. About 217 staff members, including independent contractors, were trained.

Commissioner Training, Delivery Methodology, Material Development and Revision

During the period under review there were significant improvements to the Commissioner Training Programme. The Commissioner Training Programme assessment process was restructured to include assignments, class work and final examination to determine competence. All training manuals were reviewed, the case law updated and facilitator guides were developed for each manual. Guidelines and evaluations for learners and facilitators were developed.

The process of appointing and managing facilitators was streamlined, experienced facilitators twinned with less experienced facilitators for mentoring purposes. A key challenge for the department was capacity limitations regarding competent mentors, and a shortage of material developers which negatively impacted the process of updating and reviewing training materials.

2009 Commissioner Training Programme

About 96 learners were registered for the 2009 Commissioner Training Programme which started in June during the period under review. The training took place in Gauteng, Western Cape, KwaZulu Natal, Eastern Cape, Mpumalanga and Free State. The learners were trained in Substantive Law, Writing Skills, Conciliation, Jurisdictional Rulings, Managing Dismissals, Arbitration and Advanced Legal Drafting skills modules. Overall, a 99% success rate was achieved.

Commissioner Mentorship Programme

The CCMA Mentorship Programme was held from 23 November to 1 December 2009. Mentors observed mentees conduct processes and assessed their competence. A total of 82 mentees participated in the program. About 78% were found to be competent to conduct all processes on their own.

Quality Council for Trades and Occupations (QCTO) and Sector Education Training Authority (SETA) Engagement

Over the last financial year the CCMA played a central role in leading the process to establish the two registered dispute resolution qualifications for commissioners and bargaining council panellists under the auspices of the Services Sector Education and Training Authority (SSETA) Business Chamber. The key objective, namely the establishment of the level 5 dispute resolution occupational qualification, now termed Labour Relations Conflict Resolution Practitioner, was achieved. For this purpose the CCMA fielded a team of content specialists and an overall project manager. The advent of the Quality Council for Trades and Occupations, with the associated requirements, may mean further compliance adjustments having to be made. Delivery of the qualification by service providers, along with the development of materials, is now the next step in the process. The advanced level 6 dispute resolution qualification was also completed and registered. The CCMA also played a key role in the establishment of the new QCTO structures within the Labour Relations Practice Field.

Staff Development

The following training was conducted during the year under review:

Training	Attended by
Annual Labour Law Conference	Commissioners
Juta Annual Labour Law	Commissioners
20th Annual Current Labour Law Seminar	Commissioners
Managing Conflict in the Workplace	Commissioners
Corporate Governance & King III Report Seminar	National Leadership Team
Leading at the Speed of Trust Workshop	Senior Management

Support Staff Capacity Building and Continuing Professional Development

The following individualised/specialised training was attended:

Training	Attended by
Design and Develop learning material – Portfolio building workshop	Education Training and Development Department/Part-time Commissioners
Managing employment costs seminar	Human Resources Department
VIP Skills module	Education Training and Development Department
Public Finance Management Act Training	Bid adjudication committee and budget controllers
New Occupational Learning System, Quality Council for Trades and Occupation and NQF Amendments training.	Education Training and Development Department
Substantive Law training	Registry staff
The role of labour market policy in poverty alleviation - training programme	Dispute Management and Prevention Manager
King III and compliance standards seminar	Risk Department

During the year under review, 45 bursaries were awarded to employees for post and undergraduate qualifications in the domain of Human Resources Management, Labour Law, Alternative Dispute Resolution, Employment Law, Business Management and Industrial Psychology.

Other

Twenty girl child learners from Musi and Lofentse High schools in Soweto were hosted at the CCMA National Office under the auspices of the Director, as part of the Cell C Take a Girl Child to Work Day. The girl learners also had an opportunity to observe hearings at the CCMA Johannesburg Regional Office to gain insight into the work of a CCMA commissioner as a profession.

2009 CCMA Excellence Awards

The 2009 CCMA Commissioners' Indaba was held at Kopanong Hotel and Conference Centre in Benoni, Gauteng on 10 – 12 December 2009. The theme was "Lending a hand in troubled times"

About 300 people attended the Indaba including full-time and part-time commissioners, Governing Body members. Both Minister of Economic Development Ebrahim Patel and Minister of Labour Membathisi Mdladlana were keynote speakers.

Excellence awards were awarded under the following categories- Best Learner Commissioner; Best Performing Full-time Commissioner; Best Performing Part-time Commissioner; Best Performing Dispute Management and Prevention Region; Most Improved Region and Best Performing Region.

Best Learner Commissioner 2009
Nominees were – Anntjie Fourie (Free State); Angelo Raynard (Free State); Elsabe Skinner (Free State) and the winner was Elsabe Skinner (not present CSC accepted).

Best Performing Full-Time Commissioner 2009
Nominees were Ilze Olivier (KwaZulu Natal); Bheki Msiza (Tshwane); Bongumusa Khumalo (Tshwane) and the winner was Bheki Msiza.

Best Performing Part-time Commissioner 2009
Nominees were Joseph Ngobeni (Mpumalanga); Abraham Kriel (Johannesburg); Thutuzela Ndzombane (Western Cape) and the winner was Abraham Kriel.

Best Performing Dispute Management and Prevention Region 2009
Nominees were KwaZulu Natal; Northern Cape; Free State and the winner was Free State.

Best Performing Mediation Region 2009
Nominees were Northern Cape;Tshwane; Western Cape and the winner was Western Cape.

Most Improved Region 2009
Nominees were Eastern Cape; Western Cape; North West and the winner was North West.

Best Performing Region 2009
Nominees were Northern Cape; Tshwane; Free State and the winner was Tshwane.

Institution Building Department

The Institution Building (IB) Department is responsible for the processing and approval of bargaining and statutory councils applications for accreditation. It processes subsidy payment and suppports councils in implementing good dispute resolution practices.

During the period under review the CCMA Governing Body accredited 24 bargaining councils for dispute resolution functions. Bringing the total number of accredited bargaining and statutory councils to 39.

The 24 bargaining councils which were accredited during the course of the year under review were accredited to perform the following dispute resolution functions:

- Five were accredited for three years for both conciliation and arbitration;
- Three were accredited for three years for conciliation only;
- Six were accredited for two years for both conciliation and arbitration;
- Eight were accredited for one year for conciliation and arbitration; and
- Two were accredited for one year for conciliation only.

The period of accreditation depends on the overall performance of the council and in some instances conditions were attached to the period of accreditation to ensure an improvement in performance.

Arbitration awards issued by the councils were generally of a high quality. The enforcement of awards through section 143 of the Labour Relations Act increased dramatically compared to the previous financial year and 4 369 awards were certified.

Bargaining Councils and Statutory Councils Accredited (1 February 2009 – 31 May 2013)

Name of Council	Accredited Functions	Accreditation Period
Motor Industry Bargaining Council (MIBCO DRC)	Conciliations and Arbitrations	1 February 2010 to 31 January 2013
Metal and Engineering Industries Bargaining Council	Conciliations and Arbitrations	1 February 2009 to 31 January 2013
Building Industry Bargaining Council (Cape of Good Hope)	Conciliations and Arbitrations	1 February 2009 to 31 January 2013
Bargaining Council for the Furniture Manufacturing Industry (Western Cape)	Conciliations and Arbitrations	1 February 2009 to 31 January 2012
National Bargaining Council for the Clothing Manufacturing Industry	Conciliations and Arbitrations	1 February 2009 to 31 January 2012
National Bargaining Council for the Sugar Manufacturing and Refinery Industry	Conciliations and Arbitrations	1 June 2009 to 31 May 2011
Building Bargaining Council (North and West Boland)	Conciliations and Arbitrations	1 June 2009 to 31 May 2011
Bargaining Council for the Hairdressing and Cosmetology Trade (Pretoria)	Conciliations and Arbitrations	1 June 2009 to 31 May 2011
National Bargaining Council for the Chemical Industry	Conciliations and Arbitrations	1 June 2009 to 31 May 2011
Hairdressing and Cosmetology Services Bargaining Council (Semi-National)	Conciliations and Arbitrations	1 June 2009 to 31 May 2011
Hairdressing and Cosmetology Bargaining Council (KwaZulu - Natal)	Conciliations and Arbitrations	1 June 2009 to 31 May 2011
Furniture Bargaining Council	Conciliations and Arbitrations	1 June 2009 to 31 January 2012
*Bargaining Council for the Restaurant, Catering and Allied Trades	Conciliations and Arbitrations	1 June 2009 to 31 January 2012
Bargaining Council for the New Tyre Manufacturing Industry	Conciliations and Arbitrations	1 June 2009 to 31 January 2012
Bargaining Council for the Food Retail, Restaurant, Catering and Allied Trades	Conciliations and Arbitrations	1 June 2009 to 31 January 2012
Statutory Council for the Printing, Newspaper and Packaging Industry of South Africa	Conciliations and Arbitrations	1 June 2009 to 31 January 2012
Transnet Bargaining Council	Conciliations and Arbitrations	1 June 2010 to 31 May 2013
National Bargaining Council for the Road Freight Industry	Conciliations and Arbitrations	1 June 2010 to 31 May 2013
Bargaining Council for the Goods Canvas Industry	Conciliations and Arbitration.	1 June 2010 to 31 May 2013
Bargaining Council for the Grain Industry	Conciliations and Arbitrations	1 June 2010 to 31 May 2013
*Public Service Co-ordinating Bargaining Council	Conciliations and Arbitrations	1 June 2010 to 31 May 2013
*General Public Service Sectoral Bargaining Council	Conciliations and Arbitrations	1 June 2010 to 31 May 2013
*Safety and Security Sectoral Bargaining Council	Conciliations and Arbitrations	1 June 2010 to 31 May 2013
*Public Health and Social Development Sectoral Bargaining Council	Conciliations and Arbitrations	1 June 2010 to 31 May 2013
*South African Local Government Bargaining Council	Conciliations and Arbitrations	1 June 2010 to 31 May 2013
*Bargaining Council for the Laundry, Cleaning and Dyeing Industry (Western Cape)	Conciliations and Arbitrations	1 June 2010 to 31 May 2012
*Statutory Council for the Squid and Related Fisheries of South Africa	Conciliations and Arbitrations	1 June 2010 to 31 May 2012
*Bargaining Council for the Hairdressing Trade Cape Peninsula	Conciliations and Arbitrations	1 June 2010 to 31 May 2012
*Education Labour Relations Council	Conciliation and Arbitrations	1 June 2010 to 31 May 2011
*Bargaining Council for the Laundry, Cleaning and Dyeing Industry (KwaZulu –Natal)	Conciliations and Arbitrations	1 June 2010 to 31 May 2011
National Bargaining Council for the Electrical Industry of South Africa	Conciliation only	1 February 2009 to 31 January 2012
*National Bargaining Council for the Leather Industry of South Africa	Conciliation only	1 June 2010 to 31 May 2011
Bargaining Council for the Building Industry (Bloemfontein)	Conciliations only	1 June 2009 to 31 May 2012
Bargaining Council for the Furniture Manufacturing Industry of the Eastern Cape	Conciliations only	1 June 2009 to 31 May 2012
Bargaining Council for the Furniture Manufacturing Industry (Natal)	Conciliations only	1 June 2010 to 31 May 2012
Bargaining Council for the Diamond Cutting Industry (South Africa	Conciliations only	1 June 2009 to 31 May 2012
Bargaining Council for the Furniture Manufacturing Industry (KwaZulu - Natal)	Conciliations only	1 June 2010 to 31 May 2012
Bargaining Council for the Meat Trade Gauteng	Conciliations only	1 June 2010 to 31 May 2012

*Accredited with conditions

Special Projects
Implementation of the Training Layoff Scheme

The Training Layoff Scheme (TLS) stems from the National Economic Development and Labour Council (NEDLAC) Framework Document of February 2009, with the stated aim of being an additional measure to avoid retrenchment. A Training Layoff is a temporary suspension of work used for training purposes and to avert job loss in the situation where a business is in distress due to the economic crisis and will benefit from the short-term relief.

It is important to position the TLS within the context of a holistic, multi-faceted strategy informed by the NEDLAC Framework Document to deal with job loss and business distress.

Preparatory phase

While the TLS was formally initiated on 21 September 2009 by the CCMA, preparations began several months beforehand. Being a new initiative, the preparatory phase was a major project in itself for the CCMA, with all processes, systems, forms, guides and structures having to be conceptualised, designed and set up from the beginning.

A capacity building process also had to be put in place and the necessary engagement with delivery partners carried out.

After a challenging setting up phase, the necessary CCMA regional and national implementation structures and systems were put into place. This includes a Retrenchment Support and Training Layoff Project Office based at the CCMA National Office, a Training Layoff Advisory Committee and a Training Layoff Co-ordinator in each Region.

Implementation phase

The first two training layoffs were practically initiated in the week of 28 September 2009 in Cape Town between Atlantis Foundries and National Union of Metal Workers of South Africa (NUMSA) / UASA and in Tshwane between Giflo Engineering and NUMSA.

In the case of Atlantis Foundries a Training Layoff (TL) Agreement was successfully settled and training implemented through the MERSETA. This is one of the success stories of the TLS. However, in the case of Giflo Engineering, the difficulties and challenges of implementing the TLS started to emerge. While management and NUMSA were in agreement, the company board subsequently decided against proceeding with the TL.

It turned out that the company was in a more severe financial predicament than originally envisaged during the initial facilitation process. The board did however also indicate a lack of confidence in the delivery of the scheme over the three month period involved.

This is the backdrop to the events that have unfolded over the past six months, where uptake of the scheme has been seen to be considerably slower than envisaged.

Progress

Since the week of 21 September 2009 the possibility of a TL was actively explored in a range of s189A interventions (large-scale retrenchment facilitations). The outcomes ranged from the TL not proceeding beyond an initial suggestion to full implementation.

A TL initiative may originate from three sources:

- A workplace based request outside of any CCMA process. In this case a Request to Participate in a TL form is completed.
- The TL is raised as part of a large-scale s189A facilitation exercise. In this case a TL Process Agreement is facilitated and completed.

- The TL is raised as part of a small-scale conciliation process where re-instatement or re-employment first needs to be agreed. A TL Process Agreement is also completed in this case.

Training layoff initiatives have emerged in the case of workplace based requests and in the case of large-scale CCMA facilitation processes. No training layoff arrangements have resulted from small-scale retrenchment conciliation processes.

Progress made by 31 March 2010:

Stage of Training Layoff process	Number of cases	Number of affected workers
TL approved by the DoL Committee and **implementation of training in process by SETA involved.**	4	2,100
TL at the stage of being **processed by the SETA involved and the NSF**	6	330
TL recommended by the CCMA Advisory Committee and **in the process of a TL Agreement being facilitated**	5	733
TL **being considered by the CCMA Advisory Committee**	4	182
TL **at the CCMA Project Office for settling of documents and information**	7	182
TL Scheme possibilities currently under exploration	1	130
TL **not recommended / not going further or withdrawn**	7	N/A
Total	**26 (+ 2 possibilities)**	**5,673 (+ 130 possibilities)**

As can be seen from the table above, four cases had reached the training stage, involving 2,100 workers. Six cases were being processed by the SETAs involved and the National Skills Fund. A further 16 cases were at different stages of the CCMA process (items 3 – 5 in the table above), involving 3, 243 workers.

In certain cases training layoff was initially discussed but alternative solutions were found, resulting in all jobs being saved. Examples were Beckers Building Contractors / National Union of Mineworkers (50 workers) and York Timbers / Chemical Energy, Paper, Printing, Wood and Allied Workers Union (300 jobs).

Publicity and information sharing activities held
All ten CCMA regional offices and its National Office have been actively involved in promoting and explaining the Scheme and its provisions.

This included presentations to specific constituencies, presentations at CCMA User Forum meetings, slots on the TLS at CCMA seminars and input to community radio programmes. Over 100 such activities were held. A detailed and high level slide presentation, along with a 'Dealing with Job Insecurity' brochure were produced for this purpose.

NEDLAC Steering Committee review outcomes

A NEDLAC TL Steering Committee meeting held on 20 January 2010 reviewed progress in implementing the TL Scheme and discussed approaches to address identified blockages. This included discussion on increasing the earnings threshold for eligibility, making the time frames for a training layoff more flexible, clarifying the meaning of 'business distress' and confirming financial information requirements addressed at the 25 November 2009 meeting of the TL Steering Committee.

Special Projects
Implementation of the Training Layoff Scheme

Recommendations arising out of the 20 January 2010 meeting included that the TLS should continue, implementation be further streamlined, a new publicity drive initiated, other instruments be explored to support workers in situations where not eligible for the TLS (such as in the construction sector) and to provide greater support for retrenched workers.

It was agreed that the implementing partners (CCMA, SETA's and DoL) would meet on a regular basis to discuss operational issues and monitor progress of cases, with a view to minimizing unnecessary bureaucracy and further streamlining the processing of cases. The first meeting was subsequently held on 2 February 2010.

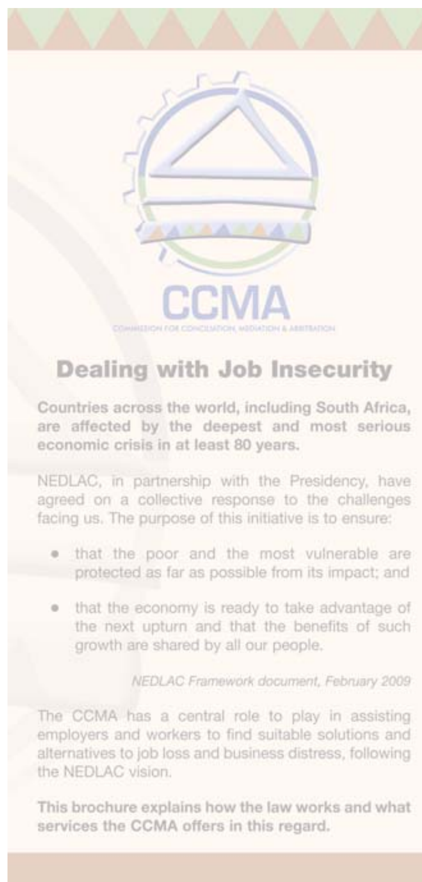
Uptake trends

Twenty six companies and the associated unions were at different stages of the training layoff process as at 31 March 2010 involving 5,673 workers. Uptake has been considerably slower than initially envisaged, with the 'teething phase' experiencing a number of challenges.

As discussed by the NEDLAC Training Layoff Steering Committee, implementation of the Training Layoff Scheme required a 'bedding down' phase to gain traction. The learnings from this phase were drawn and identified factors negatively impacting upon uptake are now in the process of being addressed by the implementation partners.

Overall, since the first Training Layoff request was received in late September 2009, uptake has been slow but consistent.

Minister of Economic Development Ebrahim Patel
addressing CCMA Commissioners at the 2009 Commissioners' Indaba.
The Department of Economic Development is a key player in the
Training Layoff Scheme for saving jobs.



CCMA

Dealing with Job Insecurity

Countries across the world, including South Africa, are affected by the deepest and most serious economic crisis in at least 80 years.

NEDLAC, in partnership with the Presidency, have agreed on a collective response to the challenges facing us. The purpose of this initiative is to ensure:

- that the poor and the most vulnerable are protected as far as possible from its impact; and
- that the economy is ready to take advantage of the next upturn and that the benefits of such growth are shared by all our people.

NEDLAC Framework document, February 2009

The CCMA has a central role to play in assisting employers and workers to find suitable solutions and alternatives to job loss and business distress, following the NEDLAC vision.

This brochure explains how the law works and what services the CCMA offers in this regard.

Essential Services Committee Report

Advocate Afzal Mosam
Essential Services Committee Chairperson

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

The Functions of the Committee are –

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

During the year under review Advocate Afzal Mosam chaired the Essential Services Committee. Mr John Mawbey, Mr Johan Koen, Mr Sifiso Khumalo, Mr Themba Zulu all labour representatives and Mr Grahame Matthewson, Ms Coleen Slabbert and Ms Vikashnee Harbhjan representing business comprised the other members of the committee for the term ending 31 July 2012.

The Work of the Committee

During the year under review the Committee dealt with the following applications:

- Department of Transport: the matter is pending.
- South African Revenue Services: A pre-hearing was set down for 22 April 2010, date for the hearing to still be determined.
- Armaments Corporation of South Africa: the matter is pending.
- Department of Social Development: matter is still pending; the inspection in loco took place on 11 April 2010.
- Finch Mines: matter is pending.
- Sedibeng Water: matter was withdrawn.
- Democratic Alliance: matter was partly withdrawn.
- Solidarity obo member / Air Traffic Control: matter is pending.

Minimum Service Agreements

During the year under review the committee did not receive any new minimum service agreements.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA) FOR THE YEAR ENDED 31 MARCH 2010

REPORT ON THE FINANCIAL STATEMENTS

Introduction
I have audited the accompanying financial statements of the Commission for Conciliation, Mediation and Arbitration (CCMA), which comprise the statement of financial position as at 31 March 2010, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and accounting authority's report as set out on pages 44 to 87.

Accounting Authority's responsibility for the financial statements
The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and in the manner required by the Public Finance Management Act of South Africa (PFMA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility
As required by section 188 of the Constitution of South Africa and section 4 of the Public Audit Act of South Africa and section 20(2) and 28(1) of the Public Audit Act of South Africa, my responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with International Standards on Auditing and General Notice 1570 of 2009 issued in Government Gazette 32758 of 27 November 2009. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
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 2010, and its financial performance and its cash flows for the year then ended are prepared, in all material respects, in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and in the manner required by the Public Finance Management Act of South Africa (PFMA).

Emphasis of matter
I draw attention to the matters below. My opinion is not modified in respect of these matters:

Significant uncertainties
As disclosed in note 25 to the financial statements, the CCMA is a defendant in legal cases instituted against the entity. At the date of this report the outcomes of these cases are unknown and as a result no provision was made in the financial statements. A contingent liability of R3.54million was disclosed in the notes to the financial statements.

As disclosed in note 25, the CCMA could be held liable by the South African Revenue Services (SARS) for taxation as per statutory tax rates applicable to individuals and possible interest and penalties thereon. The amount of the obligation cannot be measured with sufficient reliability.

Restatement of corresponding figures
As disclosed in note 32, the CCMA has restated corresponding figures as a result of retrospective application of GRAP 23.

Fruitless and wasteful / Irregular expenditure
As disclosed in note 28 to the financial statements, fruitless and wasteful expenditure amounting to approximately R11 000 was incurred as a result of penalties on late payment of provident fund.

As disclosed in Note 35, irregular expenditure amounting to approximately R58.346 million relating to non compliance with Supply Chain management, Treasury Regulation 16A and Practice Notes was incurred. Of the R58.346 million, R33.018 million relates to prior years. At the date of this report, application to condone this irregular expenditure had not been submitted.

Going Concern
As disclosed in note 34, the CCMA incurred a net loss of R15.240 million for the year ended 31 March 2010 and, as of that date the CCMA's total liabilities exceeded its total assets by R47.576 million. These conditions indicate existence of factors that may cast significant doubt on the entity's ability to continue as a going concern.

Other matters
I draw attention to the matters below. My opinion is not modified in respect of these matters:

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS
In terms of the PAA of South Africa and General notice 1570 of 2009, issued in Government Gazette No. 32758 of 27 November 2009 I include below my findings on the report on predetermined objectives, compliance with the PFMA and financial management (internal control).

Findings

Predetermined objectives
Planned and reported indicators not well defined
For the selected programmes, the following planned and reported indicators were not clearly defined to allow for data to be collected consistently:

- By 2010, 70% of all disputes will be settled at conciliation phase
- By 2010, there will be no late awards (0%)
- By 2010, the average time to process an arbitration (from date of request to date closed) will be 60 days.
- In 2010, 70% of all disputes of national interest where offers of assistance are made will be settled

Inadequate quarterly reporting on performance information
The quarterly reports of the Commission for Conciliation, Mediation and Arbitration did not track progress against outputs, indicators and targets as per the approved strategic plan and therefore did not facilitate effective performance monitoring and evaluation, as required by Treasury Regulation 30.2.1.

Compliance with laws and regulations

Non-adherence
- Per section 51(1)(a)(i) of the PFMA, A public entity must have:

An effective, efficient and transparent system of financial and risk management and internal control.

The internal audit department was not entirely effective for the year under review. Following suspension of the previous head of internal audit on October 2009 and his subsequent dismissal, an interim acting head of internal audit was appointed.

The risk management process was only formalised in September 2009 and was not fully completed by 31 March 2010.

- Per Treasury Regulation 27.2.1.
  Risk assessments must be conducted regularly to identify the public entity's emerging risks.

The public entity must have a risk management strategy (including a fraud prevention plan) to direct internal audit effort and priority and to determine the skills required of managers and staff to improve controls and to manage these risks.

Certain risk assessments were conducted, however, the risk management department is still in the process of being set up and is therefore not yet operating effectively. As a result the risk management strategy was not in place during the year under review. The risk management process was not effective for the entire period under review as it was only formalised during September 2009.

No formalised fraud prevention plan is in place. Management has implemented various mechanisms to monitor and communicate fraud prevention related matters.

- Per Treasury Regulation 27.2.7
  The internal audit function must prepare a three-year strategic internal audit plan based on the risks facing the public entity and the internal audit function must report to the audit committee detailing its performance against the plan.

  A three- year plan of high, medium and low risk was submitted to the audit committee for the year under review. It was however not prepared in sufficient detail to be able to align it to the organisational risks.

  The internal audit did not report to the audit committee on their performance against their plan for the year under review.

- Per Treasury Regulation 27.2.10
  The internal audit function did not evaluate the application controls relating to the information systems environment as required.

- Per Treasury Regulation TR 29.1.1
  The CCMA's corporate plan did not include a risk management plan as required.

INTERNAL CONTROL

I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with the PFMA, but not for the purposes of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the deficiencies identified during the audit.

Leadership
The accounting authority and management of the CCMA did not exercise adequate oversight to prevent and detect irregular, fruitless and wasteful expenditure and also to prevent significant errors relating to fixed assets, inventory, payroll and leave pay provision.

Financial and performance management
Quality, reliable monthly financial statements and management information
The financial statements and other information to be included in the annual report are not reviewed for completeness and accuracy prior to submission for audit which resulted in material adjustments to the financial statements.

Inadequate controls in place to prevent detect and correct irregular, fruitless and wasteful expenditure.

Auditor – General Report

Governance

Risk identification and management
The entity does not have a formal risk assessment process and because only certain risk assessments were conducted the CCMA did not respond to the assessed risks by determining a risk strategy / action plan to manage identified risks.

Fraud prevention, detection and response
The accounting authority and management has not undertaken a risk assessment to assess any risks of fraud and has consequently not developed a formalised fraud prevention plan, as required by PFMA.

Internal audit
The internal audit function has not been entirely effective for the year under review.

OTHER REPORTS

- **Investigations**

During the current financial year, I completed an investigation at the CCMA following various allegations relating to supply chain management and other areas. As a result of this investigation, additional irregular, fruitless and wasteful expenditure were identified. The investigation focused on compliance with acts, regulations and prescripts during the procurement process and not on activities of fraud and corruption. However, during the investigation no indication of possible fraud or corruption was identified. Following recommendations from the investigation report, management identified and disclosed additional irregular, unauthorised, fruitless and wasteful expenditure in the financial statements as disclosed in note 35 to the financial statements.

Auditor-General

Pretoria
31 July 2010

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

General Information

Legal form of entity	The CCMA was established in terms of section 112 of the Labour Relations Act, 66 of 1995.
Nature of business and principal activities	The CCMA's compulsory statutory functions are to: • Conciliate workplace disputes; • Arbitrate certain categories of disputes that remain unresolved after conciliation; • Establish picketing rules; • Facilitate the establishment of workplace forums and statutory councils; • Compile and publish information and statistics about our activities; • Consider applications for accreditation and subsidy by bargaining councils and private agencies; and • Provide support for the Essential Services Committee.
Business address	JCI House 28Harrison Street Marshalltown Johannesburg 2107
Postal address	Private Bag X 94 Marshalltown 2107
Jurisdiction	The CCMA is a national public entity under the Department of Labour.
Accounting Authority	Governing Body

Accounting Authority's Responsibilities and Approval

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

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and Public Finance Management Act (PFMA).

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

The Governing Body acknowledges that it is ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Governing Body to meet these responsibilities, management sets systems of internal control aimed at reducing the risk of error or loss in a cost effective manner. The systems include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Governing Body is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Governing Body has reviewed the entity's cash flow forecast for the year to 31 March 2011 and, in the light of this review and the current financial position, it is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The Auditor-General is responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 40 to 43.

The annual financial statements set out on pages 46 to 87, which have been prepared on the going concern basis, were approved by the Governing Body on 31 July 2010 and were signed on its behalf by:

Tanya Cohen (Ms.) Chairperson of Governing Body 31 July 2010	Nerine Kahn (Ms.) Director

Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2010.

Audit committee responsibility

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

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

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

The effectiveness of internal control

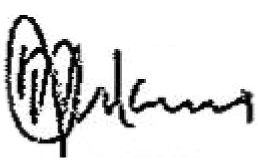
The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA and the best practice on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. The committee has reviewed the audit report on the annual financial statements of 2009/10 read together with the management letter issued by the Auditor- General; the matters of emphasis and the matters of the audit report have duly been noted. However, there are still some weakness in terms of the ongoing management of certain prescribed policies and procedures that have been reported. Accordingly, this will be closely monitored in the coming financial year.

Evaluation of annual financial statements

The Audit Committee has:

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

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



Mary Vilakazi (Ms.)
Chairperson of the Audit Committee

31 July 2010

Accounting Authority's Report

The Governing Body members submit their report for the year ended 31 March 2010.

1. Establishment

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

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

2. Performance Information

The Treasury Regulations requires that an Accounting Officer of a public entity must prepare a strategic plan for the forthcoming MTEF period and submit for approval to the relevant Executive Authority. The CCMA has prepared a Strategic Plan which runs from April 2007 to March 2010, the strategy is named “Tsoso” meaning revive or re-awaken in Sesotho.

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

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

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

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

3. Review of activities

Main business and operations

Dispute resolution operations review
In the history of the CCMA, 2009/2010 stands out as one of the most turbulent financial years, given the increased demand for services in the backdrop of the now dissipating recession. All comparisons below are against the previous (2008/2009) financial year. During the 2009/2010 financial year, a total of 153,657 disputes (cases) were referred to the CCMA, an average of 617 referrals every working day. The number

Accounting Authority's Report (continued)

of cases referred during the financial year under review represented a 9% increase over the 2008/2009 financial year and 2% more than the projection.

Some 23% of the cases referred to the CCMA during the 2009/2010 financial year were deemed to be non-jurisdictional and screened out. Referral forms that were incomplete and cases that were referred to other organisations accounted for 34% and 23% respectively of the total cases screened out.

Con/arbs
Con/arbs heard increased by 3% but the actual number of cases finalised in one event (the primary objective of the con/arb process) decreased by 3%. On a positive note, 6% and 4% fewer cases were withdrawn and settled by parties at the con/arb stage respectively. In addition, 6% more cases were settled using this process. Regarding the issuing of awards at the con/arb process, 2% more awards were rendered and a massive decrease of 22% relating to the issuing of default awards (this must be seen in a positive light). The total con/arbs scheduled increased by 6% and the objections to con/arbs decreased by a noteworthy 11%.

Conciliations
The total number of conciliations scheduled outside the 30 day period increased by 42% (an actual increase of some 700 cases). Of these, only 40 cases were not extended by receiving the consent of both parties. In real terms, more than 680 cases were extended by obtaining the consent of both parties. The total number of conciliations heard increased by 14% and the number closed increased by 12%. The number of conciliations increased by 8%. Non-attendance at this process decreased by 2%.

Settlement rate
The actual number of cases settled increased by 14%. 6% more cases were withdrawn by the applicant (note that this figure is across all processes); 13% more were settled by parties and the CCMA commissioners settled 16% more than the previous year.

Arbitrations
The number of arbitrations heard increased by 20% and the number finalised increased by 18%. The number of cases deemed to be out of jurisdiction increased by 24% (this is a very costly outcome). Number of cases withdrawn by parties at increased by 27% and 23% more were settled by parties. Commissioners also settled 27% more cases at arbitration. Total awards rendered increased by 15% (more than 1850 cases) - made up of 16% more awards rendered and 14% more default awards rendered. Non-attendance increased by 18% (primarily by the applicant). Of all awards rendered (at both the con/arb and arbitration processes), full time commissioners issued 44% more awards and the number issued by part time commissioners decreased by 3%. Late awards decreased by 5% with the part time commissioners adding a significant 11% to this figure. The actual number awards in favour of the employee decreased by 4% while awards in favour of the employer increased by 9%. Interestingly the number in favour of other (out of jurisdiction) increased by a phenomenal 103%.

The number of award extensions granted by the Director's office decreased by 34%. On the other hand the number of 'heads of argument' increased by 19%.

Despite a tumultuous year, the organisation maintained and, in some areas, improved its performance. Nine regions achieved 60% and more of the measured efficiencies. Without doubt, the East London and Klerksdorp offices lead the pack in terms of recognisable improvements. On the other hand, the Durban office (while still maintaining its 60%+ performance) slipped from achieving more than 90% of the efficiencies the previous year. The Johannesburg office, while achieving the most improved region award in the first year of the Tsoso strategy, has failed to keep the momentum going and remained the poorest performing region. One is hopeful that the recently implemented turnaround strategy at the office will provide the desired results.

The new strategy over the next few years will no doubt increase levels of performance for both individuals and their regions as it has a very strong performance driven focus, while not compromising on the quality of the CCMA's services.

The operating results for the year under review were disappointing for the following reasons. The financial position of the entity is not positive in that a deficit has been reported for the year to 31 March 2010.

Accounting Authority's Report (continued)

Net deficit of the entity is R 15,240 thousand (2009: deficit R 36,950 thousand).

Grant income
The Government Grant allocated to the CCMA for the financial year under review has increased from the base of 2008/09 financial year by 11.18% to R291,961 thousand. The CCMA made representations to the Department of Labour for an increase of R65,000 thousand as a result of the adverse economic conditions and the resultant increase in case load. The transfers were made to the value in two installments to the value of R65,481 thousand resulting in an increase of 36.20% year on year. The other income is for services rendered in furthering the mandate of the CCMA of promoting social justice and stabilising workplace relations.

Case disbursements
Case disbursements expenses have increased by 14.40% which translates to R19 million in monetary terms. During the 2009/2010 financial year, a total of 153,657 disputes (cases) were referred to the CCMA, an average of 617 referrals every working day. The number of cases referred during the financial year under review represented a 9% increase over the 2008/2009 financial year and 2% more than the projection.

Some 23% of the cases referred to the CCMA during the 2009/2010 financial year were deemed to be non-jurisdictional and screened out. Referral forms that were incomplete and cases that were referred to other organisations accounted for 34% and 23% respectively of the total cases screened out.

Despite a tumultuous year, the organisation maintained and, in some areas, improved its performance. Nine regions achieved 60% and more of the measured efficiencies. Without doubt, the East London and Klerksdorp offices lead the pack in terms of recognisable improvements. On the other hand, the Durban office (while still maintaining its 60%+ performance) slipped from achieving more than 90% of the efficiencies the previous year. The Johannesburg office, while achieving the most improved region award in the first year of the Tsoso strategy, has failed to keep the momentum going and remained the poorest performing region. One is hopeful that the recently implemented turnaround strategy at the office will provide the desired results.

Employee costs
Employee costs have increased by 26.08% year on year; this is attributable to the following reasons:

- The implementation of a collective agreement signed with the Commission Staff Association (CSA) with an across the board increase of 11.04% which was effective 1 April 2009 and a performance based increase with an average of additional 2% to each employee effective 1 April 2009, implemented in June 2009.
- The Governing Body received an increase of 9.04% effective 1 April 2009 and a performance based increase which averaged 2% to management only implemented after the CCMA secured additional funding from the Department of Labour.
- The temporary staff costs increased by 39.08% year on year, this was as a result of hiring temp staff to help with the increase in case load.
- The leave pay charge increased by 28.76% as a result of the increase in the leave pay provision to R8,511 thousand.

Administrative expenses
Administrative expenses have increased by 13.12% which translates to R8,443 thousand in monetary terms. The increase is attributable to increase in audit fees; increase in lease costs to the buildings, fixtures and equipment and also other general admin expenses as disclosed in the Annual Financial Statements.

Dispute Management and Prevention Department
The main goal of the Dispute Management and Prevention (DM&P) Department is to contribute towards the transformation of workplace relations and the building of the associated capacity through skills development, awareness raising, partnership building and problem solving. It was another vibrant year for the DM&P Department, with a range of activities conducted across all strategic objectives. This was in line with the pursuance of a multi-faceted, strategically targeted approach aimed at maximum impact. A variety of social partners and users were engaged with through active participation in regional labour market structures and activities, the holding of user forum meetings and joint initiatives with the DoL and other Government Departments. A total of 194 activities were involved. Managing Conflict in the Workplace (MCW) and Building Workplace Relations (BWR) initiatives are both growing to be the key strategic interventions in transforming workplace relations, with 24 interventions conducted. One of the outstanding examples where BWR was

Accounting Authority's Report (continued)

successfully implemented was by the CCMA Tshwane Region with the Tshwane University of Technology (TUT). DM&P Best Practice workshops and seminars continued to be the backbone of the DMP outreach initiative, with a total of 178 activities conducted. Skills development activities were delivered through Best Practice workshops, short session presentations, breakfast seminars and labour law seminars. This involved a staggering number of CCMA users and social partners – approximately 3,300 participants.

Education, Training and Development Department
The CCMA has maintained its strong commitment to employee training and development. Following a training needs analysis exercise conducted through a skills audit, performance appraisal, self reflection and focus groups twenty four types of learning programmes were delivered. These were incorporated into the Workplace Skills Plan adopted by the Skills Education, Training and Development Department

The CCMA has maintained its strong commitment to employee training and development. Following a training needs analysis exercise conducted through a skills audit, performance appraisal, self reflection and focus groups twenty four types of learning programmes were delivered. These were incorporated into the Workplace Skills Plan adopted by the Skills Development Committee and submitted to the SETA within the applicable time. Amongst the programmes were job specific induction training for newly appointed Commissioners, continuing professional development initiatives, seminars, conferences, workshops and skills programmes aimed at enhancing specialised knowledge or empowering staff to acquire the required level of competence. All in all approximately two hundred and seventeen staff members, including independent contractors were trained. During 2009 there were significant improvements to the Commissioner Training Programme. In particular:

- The assessment process was re-structured. It was decided that competence would be determined through formative(assignments and class work) and summative (final exam). In the past learners only given summative assessments;
- Learner and Facilitator Guidelines were developed;
- All training manuals were reviewed, the case law updated and proof read by a professional editor. Facilitator guides were developed for each manual;
- New facilitator and learner evaluations were developed;
- The process of appointing and managing facilitators was streamlined;
- Experienced facilitators were twinned with less experienced facilitators. The new facilitators were mentored and evaluated in a written report;
- A key challenge was capacity limitations regarding competent mentors, along with a shortage of materials developers, which impacted negatively on the process of updating and reviewing training materials.

Over the last financial year the CCMA played a central role in leading the process to establish the two registered dispute resolution qualifications for commissioners and bargaining council panelists under the auspices of the SSETA Business Chamber. The key objective, namely the establishment of the level 5 dispute resolution occupational qualification, now termed Labour Relations Conflict Resolution Practitioner, was achieved. For this purpose the CCMA fielded a team of content specialists and an overall project manager. The advent of the Quality Council for Trades and Occupations, with the associated requirements, may mean further compliance adjustments having to be made. Delivery of the qualification by service providers, along with the development of materials, is now the next step in the process. The advanced level 6 dispute resolution qualification was also completed and registered. The CCMA also played a key role in the establishment of the new QCTO structures within the Labour Relations Practice Field.

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

Accounting Authority's Report (continued)

4. Going concern

We draw attention to the fact that at 31 March 2010, the entity had accumulated deficits of R (47,576) thousand and that the entity's total liabilities exceed its assets by R (47,576) thousand.

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

5. Subsequent events

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

6. Accounting policies

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

7. Non-current assets

There were no major changes in the nature of the non-current assets of the CCMA during the year under review. The policies applied are consistent to previous years.

Capital expenditure for the year amounted to R2.846 Million (2008: R13.323 Million). Full details of the non-current assets are contained in a schedule in note 13 and 14.

8. Accounting Authority

The members of the entity during the year and to the date of this report are contained in the Governance Report. There was one organised labour representative who resigned and replaced by one more member on the 1 May 2009:

Name	Nationality	Changes
Tanya Cohen (Ms.) - Acting Chairperson of the Governing Body	South African	
Nerine Kahn (Ms.) - Director	South African	
Ebrahim Patel (Mr.) - Organised Labour Representative	South African	Resigned 1 May 2009
Mary Malete (Ms.) - Organised Labour Representative	South African	
Narius Moloto (Mr.) - Organised Labour Represantative	South African	
Dave Carsons (Mr.) - Organised Business Representative	South African	
Elias Monage (Mr.) - Organised Business Representative	South African	
Ian Macun (Mr.) - Government Representative	South African	
Ntsoaki Mamashela (Ms.) - Government Representative	South African	
Thembinkosi Mkalipi (Mr.) - Government Representative	South African	
Bheki Ntshalintshali (Mr.) - Organised Labour Representative	South African	Appointed 1 May 2009

9. Corporate governance

General

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

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

Chairperson and Director

The Chairperson is a non-executive and independent director (as defined by the Code) and the LRA.

The roles of Chairperson and Director are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Remuneration

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

Executive meetings

The accounting authority has met on 5 separate occasions during the financial year. The accounting authority schedules to meet at least 4 times per annum.

Non-executive directors have access to all members of management of the entity.

Audit committee

For the eleven months of the current financial 2009/10 the chairperson of the audit committee was Mr. Sello Hlalele (non executive director) and for the remaining month it was Ms. Mary Vilakazi, who is a non-executive business representative on the committee. The committee met a minimum of four times during the financial year to review matters necessary to fulfill its role.

10. Auditors

We are advised that the Auditor-General of South Africa will continue in office for the next financial period.

11. Any other material matter - soccer world cup clothing and tickets

The office of the Accountant-General issue a directive dated 16 July 2010 to all government departments and public entities to disclose expenditure related to soccer world cup clothing and tickets. The disclosure as per the directive is under note 37.

The annual financial statements set out on pages 46 to 87, which have been prepared on the going concern basis, were approved by the accounting authority on 31 July 2010 and were signed on its behalf by:

Tanya Cohen (Ms.)
Chairperson of Governing Body
31 July 2010

Nerine Kahn (Ms.)
Director

Statement of Financial Position

	Note(s)	2010 R'000	Restated 2009 R'000
Assets			
Non-Current Assets			
Property, plant and equipment	13	16,805	17,815
Intangible assets	14	3,366	6,372
		20,171	**24,187**
Current Assets			
Inventories	15	913	1,307
Trade and other receivables from exchange transactions	16	868	2,727
Prepayments	17	126	479
Cash and cash equivalents	18	11,531	9,768
		13,438	**14,281**
Total Assets		**33,609**	**38,468**
Liabilities			
Non-Current Liabilities			
Operating lease liability	21	8,106	6,690
Current Liabilities			
Trade and other payables from exchange transactions	19	56,429	45,955
Provisions	20	16,650	14,577
Credit Bank Balance	18	-	3,582
		73,079	**64,114**
Total Liabilities		**81,185**	**70,804**
Net Liabilities		**(47,576)**	**(32,336)**
Net Liabilities			
Accumulated deficit		(47,576)	(32,336)

Statement of Financial Performance

	Note(s)	2010 R'000	Restated 2009 R'000
Revenue			
Rendering of services	4	3,136	4,661
Government grants & subsidies	4	356,442	278,746
Other income	5	2,314	88
Total Revenue		**361,892**	**283,495**
Expenditure			
Employee related costs	8	(123,250)	(97,752)
Administration	7	(72,813)	(64,370)
Depreciation and amortisation	11	(6,136)	(6,893)
Subsidies	9	(4,483)	(4,660)
Operating expenses	10	(173,737)	(153,984)
Total Expenditure		**(380,419)**	**(327,659)**
Surplus or (deficit) on sale of assets and liabilities		(398)	(38)
Income from investments	12	3,685	7,252
Deficit for the year		**(15,240)**	**(36,950)**

Statement of Changes in Net Assets

	Restated Accumulated surplus/ (deficit) R'000
Balance as at 31 March 2008	**(1,543)**
Prior year restatements (as per note 32)	6,157
Deficit for the year as previously reported	(36,950)
Restated balance as at 31 March 2009	**(32,336)**
Deficit for the year	(15,240)
Balance at 31 March 2010	**(47,576)**

Cash Flow Statement

	Note(s)	2010 R'000	Restated 2009 R'000
Cash flows from operating activities			
Cash receipts from customers			
Grants		356,442	258,622
Interest income		3,685	7,252
Services and other receipts		7,310	2,235
		367,437	268,109
Payments			
Employee costs		(121,676)	(97,403)
Suppliers		(233,420)	(211,188)
Subsidies	9	(4,483)	(4,660)
		(359,579)	(313,251)
Net cash flows from operating activities	24	**7,858**	**(45,142)**
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(2,714)	(6,998)
Proceeds from sale of property, plant and equipment	13	333	(38)
Purchase of other intangible assets	14	(132)	(6,325)
Net cash flows from investing activities		**(2,513)**	**(13,361)**
Net increase/(decrease) in cash and cash equivalents		**5,345**	**(58,503)**
Cash and cash equivalents at the beginning of the year		6,186	64,689
Cash and cash equivalents at the end of the year	18	**11,531**	**6,186**

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with 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 unless specified otherwise. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 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.

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.

1.2 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

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.

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.

Accounting Policies

1.2 Revenue from non-exchange transactions (continued)

Measurement

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

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The entity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, which ever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.3 Expenditure

Expenditure is recognised on the accrual basis.

1.4 Employee benefits

Short-term employee benefits

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

Accounting Policies

1.4 Employee benefits (continued)

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.

Defined contribution plans

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

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

Other post retirement obligations

The entity provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The entity also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

1.5 Tax

Current tax assets and liabilities

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

1.6 Property, plant and equipment

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

Property, plant and equipment is initially measured at cost.

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

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

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

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

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

Accounting Policies

1.6 Property, plant and equipment (continued)

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

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

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

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

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

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

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

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

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

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

The residual value, and the useful life and depreciation method 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.

Accounting Policies

1.6 Property, plant and equipment (continued)

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

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

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

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

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.7 Intangible assets

An asset is identified as an intangible asset when it:

- 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, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the entity or from other rights and obligations.

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

Item	**Useful life**
Computer software	3 to 10 years

1.8 Impairment of cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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 held with the primary 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.

Accounting Policies

1.8 Impairment of cash-generating assets (continued)

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.

1.9 Leases

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

Operating leases - lessor

Operating lease income is recognised as an income 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 income.

Income for leases is disclosed under revenue in the 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. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred. The Commission for Conciliation, Mediation and Arbitration only has operating leases. Rentals payable under operating leases are charged to surplus or deficit on a straight-line basis over the term of the relevant lease.

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

1.10 Inventories

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

Inventories are valued on the First In First Out basis.

Accounting Policies

1.11 Financial instruments

Classification

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

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

Initial recognition and measurement

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

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

Subsequent measurement

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

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

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

Accounting Policies

1.11 Financial instruments (continued)

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the entity's accounting policy for borrowing costs.

1.12 Provisions and contingencies

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

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

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

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

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

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

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits. If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 25.

1.13 Comparative figures

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

1.14 Share capital / contributed capital

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

Accounting Policies

1.14 Share capital / contributed capital (continued)

Trade and other receivables

The provision for bad debt was calculated on 100 % of debtors over 90 days.

Provisions and accruals

Provisions are based on managements 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.

Leave pay

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

Litigation

This is based on the estimated costs of attorneys for completing cases against CCMA.

Cases in process

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

Bonuses

Performance bonus is paid to employees who have rating of 3 and above. The rating starts from 1 to 5, where 1 is poor and 5 is excellent. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.15 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.16 Significant judgements and sources of estimation uncertainty

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

Trade and other receivables

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

The provision for bad debt was calculated on 100 % of debtors over 90 days.

Accounting Policies

1.16 Significant judgements and sources of estimation uncertainty (continued)

Provisions and accruals

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 20 - Provisions.

Performance bonuses

Performance bonus is at the discretion of management, in the event of payment being approved only employees who have rating of 4 and 5 are entitled to payment. The rating scale is from 1 to 5, where 1 is poor and 5 is excellent.

Leave pay

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

Litigation costs

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

Cases in process

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

1.17 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote;
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised 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.

1.18 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.

1.19 Irregular expenditure

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

Accounting Policies

1.19 Irregular expenditure (continued)

- (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 year 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 bad debt 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.

Notes to the Annual Financial Statements

2. Changes in accounting policy

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with the Public Finance Management Act (Act 1 of 1999) on a basis consistent with the prior year except for the adoption of the following new or revised standards:

- GRAP 23 - Revenue from non-exchange transactions (taxes and transfers)
- GRAP 24 - Presentation of budget information in financial statements
- GRAP 25 - Employee benefits

The aggregate effect of the changes in accounting policy on the annual financial statements for the year ended

31 March 2009 is reflected in note 32 below.

Statement of financial position

3. New standards and interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted all the standards and interpretations that are effective for the current financial year and that are relevant to its operations as directed by the directives from the office of the Accountant General.

3.2 Standards and Interpretations early adopted

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

- GRAP 23 - Revenue from non-exchange transactions (taxes and transfers)
- GRAP 24 - Presentation of budget information in financial statements
- GRAP 25 - Employee benefits

GRAP 23: Revenue from Non-exchange Transactions

Revenue from non-exchange transactions arises when an entity receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

This revenue will be measured at the amount of increase in net assets recognised by the entity.

An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow. As an 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 will reduce the carrying amount of the liability recognised as recognise an amount equal to that reduction.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 1 April 2010.

Notes to the Annual Financial Statements

3.2 New standards and interpretations (continued)

The entity has early adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is set out in note 2 Changes in Accounting Policy.

GRAP 24: Presentation of Budget Information in the Financial Statements

Subject to the requirements of paragraph .19, an entity shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

- the approved and final budget amounts;
- the actual amounts on a comparable basis; and
- by way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

Where an entity prepares its budget and annual financial statements on a comparable basis, it includes the comparison as an additional column in the primary annual financial statements. Where the budget and annual financial statements are not prepared on a comparable basis, a separate statement is prepared called the 'Statement of Comparison of Budget and Actual Amounts'. This statement compares the budget amounts with the amounts in the annual financial statements adjusted to be comparable to the budget.

A comparable basis means that the budget and annual financial statements:

- are prepared using the same basis of accounting i.e. either cash or accrual;
- include the same activities and entities;
- use the same classification system; and
- are prepared for the same period.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 1 April 2010.

The entity has early adopted the standard for the first time in the 2010 annual financial statements.

The adoption of this standard has not had a material impact on the results of the entity, but has resulted in more disclosure than would have previously been provided in the annual financial statements see note 36.

GRAP 25: Employee benefits

The objective of GRAP25 is to prescribe the accounting and disclosure for employee benefits. The Standard requires an entity to recognise:

- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when an entity consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

GRAP25 must be applied by an employer in accounting for all employee benefits, except share based payment transactions.

GRAP25 defines, amongst others, the following:

- Employee benefits as all forms of consideration given by an entity in exchange for service rendered by employees;
- Defined contribution plans as post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods;
- Defined benefit plans as post-employment benefit plans other than defined contribution plans;
- Multi-employer plans as defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that:
  - pool the assets contributed by various entities that are not under common control; and
  - use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned;
- Other long-term employee benefits as employee benefits (other than post-employment benefits and termination benefits) that is not due to be settled within twelve months after the end of the period in which the employees render the related service;
- Post-employment benefits as employee benefits (other than termination benefits) which are payable after the completion of employment;
- Post-employment benefit plans as formal or informal arrangements under which an entity provides post- employment benefits for one or more employees;
- Short-term employee benefits as 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;
- State plans as plans other than composite social security programmes established by legislation which operate as if they are multi-employer plans for all entities in economic categories laid down in legislation;
- Termination benefits as 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;
- Vested employee benefits as employee benefits that are not conditional on future employment.

The standard states the recognition, measurement and disclosure requirements of:

- Short-term employee benefits;
  - All short-term employee benefits;
  - Short-term compensated absences;
  - Bonus, incentive and performance related payments;
- Post-employment benefits: Defined contribution plans;
- Other long-term employee benefits;
- Termination benefits.

The standard states post-employment benefits: Distinction between defined contribution plans and defined benefit plans:

- Multi-employer plans;
- Defined benefit plans where the participating entities are under common control;
- State plans;
- Composite social security programmes;
- Insured benefits.

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

The standard prescribes recognition and measurement for:

- Present value of defined benefit obligations and current service cost:
  - Actuarial valuation method;
  - Attributing benefits to periods of service;
  - Actuarial assumptions;
  - Actuarial assumptions: Discount rate;
  - Actuarial assumptions: Salaries, benefits and medical costs;
  - Actuarial gains and losses;
  - Past service cost.

- Plan assets:
  - Fair value of plan assets;
  - Reimbursements;
  - Return on plan assets.

The standard also deals with Entity combinations and Curtailments and settlements.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance.

The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 1 April 2011.

The entity has early adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

Notes to the Annual Financial Statements

		2010 R'000	Restated 2009 R'000
4.	**Revenue**		
	Rendering of services	3,136	4,661
	Government grants & subsidies	356,442	278,746
		359,578	**283,407**
5.	**Other revenue**		
	Seminars and other sundry income	2,314	88
6.	**Gains on sale of fixtures and equipment**		
	Insurance recoveries	-	39
	(Gain) on sale of assets	(398)	(77)
	Total	**(398)**	**(38)**
7.	**Administrative expenses**		
	General and Admin Expenses	32,707	24,462
	Governing Body	254	432
	Auditors remuneration	1,876	1,313
	Travel and subsistence	7,574	10,087
	Rentals in respect of operating Lease		
	- Buildings	23,832	22,519
	- Fixtures and equipment	6,081	5,028
	- Vehicles	489	529
		72,813	**64,370**
8.	**Staff costs**		
	Basic salaries	88,393	76,221
	Performance awards	989	(5,812)
	Temporary staff	2,046	1,474
	Leave pay provision charge	2,878	1,662
	Post-employment benefits - Pension - Defined contribution plan	19,281	17,035
	Medical aid - company contributions	4,872	3,921
	UIF	682	634
	WCA	1,160	557
	SDL	2,753	1,996
	Other salary related costs	196	64
		123,250	**97,752**
9.	**Subsidies**		
	CCMA Accredited Bargaining Councils - subsidy payments	4,483	4,660

Notes to the Annual Financial Statements

	2010 R'000	Restated 2009 R'000
10. Other operating cost		
Loss on sales on non current assets	324	-
Bad debts	-	(221)
EPP research expenses	2,055	-
Training	4,733	7,442
Consulting costs	4,342	6,558
Case disbursements other expenses	44,669	39,833
Case disbursements part time fees	109,584	95,000
Entertainment	24	30
Legal Expenses	3,134	792
Maintenance, repairs and running costs	4,872	4,550
	173,737	**153,984**
11. Depreciation and Amortisation		
Leasehold improvements	1,956	1,604
Furniture and fittings	1,034	917
Office equipment	958	885
IT equipment	(592)	760
Computer software	2,780	2,727
	6,136	**6,893**

12. Investment revenue

Total interest income, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R3,685 (2009: R7,252). see table below.

Interest income		
- Bank deposits	3,685	7,252

13. Property, plant and equipment

	2010 R'000			Restated 2009 R'000		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fittings	12,478	(6,109)	6,369	12,373	(5,597)	6,776
Office equipment	4,194	(2,479)	1,715	3,286	(1,793)	1,493
IT equipment	16,948	(11,545)	5,403	20,153	(15,570)	4,583
Leasehold improvements	8,707	(5,389)	3,318	8,397	(3,434)	4,963
Total	**42,327**	**(25,522)**	**16,805**	**44,209**	**(26,394)**	**17,815**

Notes to the Annual Financial Statements

	2010 R'000	Restated 2009 R'000

13. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2010

	Opening Balance	Additions	Disposals	Depreciation	Total
Furniture and fittings	6,776	978	(352)	(1,033)	6,369
Office equipment	1,493	1,180	(1)	(957)	1,715
IT equipment	4,583	246	(18)	592	5,403
Leasehold improvements	4,963	310	-	(1,955)	3,318
	17,815	**2,714**	**(371)**	**(3,353)**	**16,805**

Reconciliation of property, plant and equipment - 2009

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

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

14. Intangible assets

	2010 R'000			Restated 2009 R'000		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	9,412	(6,046)	3,366	9,883	(3,511)	6,372

Reconciliation of intangible assets - 2010

	Opening Balance	Additions	Disposals	Amortisation	Total
Computer software	6,372	132	(359)	(2,779)	3,366

Reconciliation of intangible assets - 2009

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

Notes to the Annual Financial Statements

	2010 R'000	Restated 2009 R'000
15. Inventories		
Consumable stores	913	1,283
	913	1,283
Prior year restatement (refer note 32)	-	24
	913	**1,307**
16. Trade and other receivables from exchange transactions		
Trade debtors	888	2,763
Less: Provision for doubtful debts	(74)	(74)
Employee study loans	54	38
	868	**2,727**
17. Prepayments		
Advances	46	46
Payroll - Salary Advance Account	27	165
Prepayments	53	268
	126	**479**
18. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	22	22
Bank balances	10,157	8,566
Pledged funds*	1,352	1,180
Credit Bank Balance	-	(3,582)
	11,531	**6,186**
Current assets	11,531	9,768
Current liabilities	-	(3,582)
	11,531	**6,186**

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

	2010	2009
	1,154	1,173

The total direct or contingent liabilities of the entity in respect of guarantees that may be entered into is R1.154 million, this guarantees are in lieu of deposits on leased buildings by the CCMA.

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

Notes to the Annual Financial Statements

	2010 R'000	Restated 2009 R'000
19. Trade and other payables from exchange transactions		
Trade payables	4,812	8,633
Accruals: general expenses, bargaining councils and case disbursements	39,471	23,011
Learnership and project funds	80	84
Payroll creditors	6,915	10,859
Skills development levy	2,307	995
Workmen compensation	914	652
Short term portion of operating lease accrual	1,930	1,721
	56,429	**45,955**

20. Provisions

Reconciliation of provisions - 2010
R'000

	Opening Balance	Additions	Utilised during the year	Total
Cases in process	14,577	16,650	(14,577)	16,650

Restated
Reconciliation of provisions - 2009
R'000

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Reclasification	Total
Leave pay	6,311	7,403	(6,311)	-	(7,403)	-
Bonus	6,835	-	-	(6,835)	-	-
Cases in process	9,067	14,577	(9,067)	-	-	14,577
	22,213	**21,980**	**(15,378)**	**(6,835)**	**(7,403)**	**14,577**

21. Operating lease asset (accrual)

Long Term Lease Obligation	8,106	6,690
Short Term Portion of operating lease (refer note 19)	1,930	1,721
Total operating lease	**10,036**	**8,411**

Notes to the Annual Financial Statements

	2010 R'000	Restated 2009 R'000
22. Deferred income / unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
CMS enhancement grant	-	3,782
Energy grant	-	5,646
Prior year restatement (refer note 32)	-	(9,428)
	-	-
Movement during the year		
Balance as previously stated	-	9,428
Restatement refer (note 32)	-	(9,428)
Restated balance	-	-

Notes to the Annual Financial Statements

	2010 R'000	Restated 2009 R'000

23. Retirement benefits

Defined contribution plan

The entity has made provision for provident schemes covering all employees substantially. The funds are governed by the Pension Funds Act,1956 (Act No. 24 0f 1956).

The Commission for Conciliation, Mediation and Arbitration operates a defined contribution retirement benefit plan for all qualifying employees. The assets of the scheme are held in funds under the control of trustees, separately from those of the entity. The administrator of the fund is Sanlam.

As at 31 March 2010 contributions of R19,280,554 (2009: R17,035,952) due in respect of the reporting period had been paid over the scheme.

24. Cash generated from (used in) operations

	2010 R'000	Restated 2009 R'000
Deficit	(15,240)	(36,950)
Adjustments for:		
Depreciation and amortisation	6,136	6,893
Gain on sale of assets and liabilities	398	38
Income from equity accounted investments	(3,685)	(7,252)
Movements in operating lease assets and accruals	1,416	650
Movements in provisions	2,073	(9,174)
Changes in working capital:		
Inventories	394	(708)
Trade and other receivables from exchange transactions	2,212	(2,797)
Trade and other payables from exchange transactions	10,469	12,140
Deferred income / unspent conditional grants and receipts	-	(15,234)
Interest received	3,685	7,252
	7,858	**(45,142)**

25. Contingencies

Legal matters

The entity is involved in legal cases instituted against the CCMA. Where the probability of losing the case is high,adequate provision has been made in the financial statements based on advice from legal counsel. A number of legal cases are currently oustanding for which legal counsel has advised a 50 -50 possibility of losing.The aggregate possible exposure is estimated to be R3.54 million (2009: R3.54 million).

South African Revenue Service

The entity has issued IT3a tax certificates for the tax year ending February 2007 and February 2008. As a result on the late submission there might be some liabilities however they cannot be quantified as yet.

Notes to the Annual Financial Statements

	2010 R'000	Restated 2009 R'000
26. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	60	921

The capital expenditure is to be financed by grants from the Department of Labour and National Treasury.

The commitments represent orders and contracts approved and placed before year end but invoiced and delivered in the new year.

	2010 R'000	Restated 2009 R'000
Operating leases – Buildings		
Minimum lease payments due		
- within one year	23,039	20,088
- in second to fifth year inclusive	67,477	61,550
- later than five years	22,394	17,453
	112,910	**99,091**
Operating leases – Vehicles		
Minimum lease payments due		
- within one year	444	488
- in second to fifth year inclusive	1,184	1,791
	1,628	**2,279**
Operating lease - Fixtures and Equipment		
Minimum lease payments due		
- within one year	21,841	19,059
- in second to fifth year inclusive	30,872	63,104
	52,713	**82,163**

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

Notes to the Annual Financial Statements

	2010 R'000	Restated 2009 R'000

27. Members' emoluments

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

Executive management

2010	Salary	Pension paid or receivable	Expense allowance	Performance bonus	Total
Director - N. Kahn	769	130	55	-	954
Other executive managers	5,378	710	163	-	6,251
	6,147	**840**	**218**	-	**7,205**

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

Non-executive

2010	Emoluments	Pension paid or receivable	Expense allowance	Gain on exercise of options	Total
Business representatives on Governing Body	-	-	44	-	44
Labour representatives on Governing Body	-	-	62	-	62
	-	**-**	**106**	**-**	**106**

2009					
Business representatives on Governing Body	-	-	42	-	42
Labour representatives on Governing Body	-	-	56	-	56
	-	-	98	-	98

Notes to the Annual Financial Statements

	2010 R'000	Restated 2009 R'000
28. Fruitless and wasteful expenditure		
Penalty on late payment of Provident Fund	11	-
Regional Services Council (RSC) Levies	-	4
Interest on late accounts	-	1
Travelling expense	-	3
Tax liability paid to SARS	-	11,045
	11	**11,053**

The CCMA submitted to the Department of Labour a cash flow projection which showed that the CCMA will have a shortfall of R65 million. The CCMA also submitted the request for an early drawdown of the confirmed funds in August 2009 to ensure that the cash flow requirements of the CCMA are met while the Department is considering the additional request of the funds. The CCMA was promised that the funds will be in the CCMA account by Friday 04 September 2009, at that time the only payments to be made by the CCMA was the employee contributions (provident fund and CSA contributions). It is safe to say that the money was never received by the CCMA as promised by the Department of Labour. On Monday the 07 September 2009 the CCMA was supposed to make the payment to the provident fund and CSA contributions only the CSA contributions were paid, the provident fund contributions were not paid because there were no funds. The payment to the provident fund was done on the 17 September 2009. The CCMA did make good on the interest which the fund would have earned.

29. Financial instruments

Fair values

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

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

Credit risk

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

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

Liquidity risk

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

Other risks

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

Notes to the Annual Financial Statements

	2010 R'000	Restated 2009 R'000
30. Government grants and subsidies		
Equitable share	356,442	278,746
31. Auditors' remuneration		
Fees	1,876	1,313

32. Change in Accounting policies, Reclassification and Restatements

Statement of Financial Position

	Note	2009 Balance as Previously Stated	Restatement	2009 Restated
Property, plant and equipment	13	17,815	-	17,815
Intangible assets	14	6,372	-	6,372
Total non-current assets		**24,187**	**-**	**24,187**
Trade and other receivables	16	2,888	(161)	2,727
Inventories	15	1,283	24	1,307
Other receivables	17	479	-	479
Cash and cash equivalents	18	6,186	-	6,186
Total current assets		**10,836**	**(137)**	**10,699**
Provisions	20	21,980	(7,403)	14,577
Trade and other payables	19	35,418	10,537	45,955
Operating lease liabilities	21	6,690	-	6,690
Deferred revenue	22	9,428	(9,428)	-
Total liabilities		**73,516**	**(6,294)**	**67,222**
Total assets less total liabilities		**(38,493)**	**6,157**	**(32,336)**
Retained earning		(38,493)	6,157	(32,336)

Cash Flow Statement

The restatement of prior year figures had no impact on the Cash Flow Statement.

Statement of Financial Performance

	Note	2009 Balance as Previously Stated	Restatement	2009 Restated
Revenue	4	283,407	-	283,407
Other Income	5	88	-	88
Gross surplus		283,495	-	283,495
Administrative expenses	7	(64,370)	-	(64,370)
Staff costs	8	(129,600)	31,848	(97,752)
Subsidies	9	(4,660)	-	(4,660)
Other operating expenses	10	(122,136)	(31,848)	(153,984)
Depreciation	11	(6,893)	-	(6,893)
Investment revenue	12	7,252	-	7,252
Surplus or deficit on sale of non current assets	6	(38)	-	(38)
Net deficit		**(36,950)**	**-**	**(36,950)**

Notes to the Annual Financial Statements

32. Change in Accounting policies, Reclassification and Restatements (continued)

Non-current assets

Restatements and reclassifications

Restatements current assets

There has been an overstatement on the salary clearing account which should have been written back to employee costs for 2008/09 financial year, the error has been corrected by restating current assets to the value of R160,792.

The closing inventory of 2008/09 for toners was understated by R24,627 due to incorrect stock taking, the error was corrected with a restatement to inventory.

Restatements and reclassification of liabilities

The organisation restated its statement of financial position for the 2009 financial year due to a prior year incorrect recognition of revenue for the EPP Research Project received in advance. The error was corrected by restating trade and other payables by R2,500,000.

The leave pay has been reclassified provisions to accruals for 2008/09 and the reclassfication amounted to R7,403,098.

The invoices for services rendered on the SARS tax compliance survey conducted in the 2008/09 financial year was accounted for in the 2009/10 financial year. the error was corrected by restating trade and other payables to the value of R634,902.

Change in accounting policy

The entity has early adopted the standard of revenue from non-exchange transactions, for the first time in the 2010 annual financial statements. The impact of the standard is set out in note 2 changes in accounting policy, which has resulted in the restatement of deferred revenue to the value of R9,427,833 for the 2008/09 financial year.

Reclassification of operating costs

The organisation has taken a decision to classify the costs of full time commissioners who perform process under case disbursements, the commissioners affected are on level A and B, the impact was to correct the comparative figures for 2008/09 with R31,848,193 from staff costs to operating costs.

Notes to the Annual Financial Statements

	2010 R'000	Restated 2009 R'000
33. Related parties		
Trading transactions		
Service income		
Eskom	-	1
South African Post Office Ltd	-	2
Purchases from related parties		
South African Broadcasting Corporation	11	6
South African Post office Ltd	14	9
Telkom SA Ltd	4,669	4,637
Government Printing	21	18
Owing by CCMA		
South African Post office Ltd	2	3
Telkom SA Ltd	444	348
Government Printing Works	15	3
Administration fees paid to (received from) related parties		
Mr. D. Lackay (member of FRSC)	42	-

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

The Governing Body has approved the appointment of Mr. David Lackay who serves as a member Finance and Risk Sub Committee (FRSC) to participate and be a subject matter specialist on the Advisory Committee of the Training Layoff. The Training Layoff Scheme Advisory Committee panel is sponsored and funded by the Employee Promotions Programe (EPP) of the University of Cape Town (UCT). The fees paid are reimbursement for expenditure and time spent on the actual adjudication process of the Training Layoff programe.

34. Going concern

We draw attention to the fact that at 31 March 2010, the entity had accumulated deficits of R (47,576) thousand and that the entity's total liabilities exceed its assets by R (47,576) thousand.

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

Notes to the Annual Financial Statements

	2010 R'000	Restated 2009 R'000
35. Irregular expenditure		
Opening balance	33,018	-
Add: Irregular Expenditure - current year	25,328	-
Add: Balance as previously reported (AFS 2008/09)	-	2,325
Add: Restatement of prior year	-	33,018
Less: Amounts condoned	-	(2,325)
	58,346	**33,018**
Analysis of expenditure awaiting condonation per age classification		
Current year	25,328	-
Prior years	-	33,018
	25,328	**33,018**

Details of Irregular Expenditure – Current year

		2010 R'000
1. Bids not advertised in at least the Government Tender Bulletin.	Management was of the view that adverts in the national newspapers will reach more service providers than the Government Bulletin No action has been taken	7,643
2. Bids not evaluated by a Bid Evaluation Committee (BEC), experts used to evaluate	The CCMA did not have capacity to evaluate complex bids, management co-opted external experts to assist. The Governing Body is considering steps on correcting the situation	2,709
3. Bids adjudicated and approved by the Finance and Risk Sub Committee (FRSC) of the Governing Body.	The supply chain management policy of the CCMA is not aligned to the Treasury regulations. The Governing Body is considering the amendments to the policy. No action has been taken.	445
4. Conclusion and extension of contracts outside the permissible limits and without approval.	The Governing Body is considering steps on correcting the situation.	13,174
5. Deviations (e.g. less than 3 quotes, etc) without approval.	The Governing Body is considering steps on correcting the situation.	1,357
		25,328

Notes to the Annual Financial Statements

		2010 R'000	Restated 2009 R'000
35 Irregular expenditure (continued)			
Details of Irregular Expenditure already condoned			
1. PABX rental from Sasfin.	Management has at the date of this report received approval and condonation the following expenditure.The expenditure is as a result of the rental contract period ending 31 May 2005. Approval is outstanding for the 01 June 2005 to 30 June 2009.		953
2. Accounting and Payroll system implementation.	The implementation of the system had a cost overrun as a result of additional software licenses and implementation, implementation was hampered by low competence of CCMA staff.		816
3. Human Resources VIP system purchase and implementation.	The change of the payroll system hasnecessitated a change in the HR system. Approval is outstanding on the purchase and implementation of the system.		261
4. Renovations to the Head Office 10th floor.	Renovations were undertaken on the 10th floor of the CCMA Head Office. Approval is outstanding on the project amount.		795
			2,325

The Auditor-General performed a supply chain management review during the regularity audit of 2008/09 and subsequent to that they performed an investigation into allegations made by employees of the CCMA during the2009/10 financial year. The CCMA did publish in the annual report of 2008/09 the irregular expenditure as found by the supply chain management review if the regularity audit of 2008/09, management has performed a quantification of irregular expenditure using the finding of the final report of the investigation on the allegations made by employees of the CCMA. It should be noted in both the two investigations the Auditor General of South Africa did not find any instances of fraud of corruption by any manager, board members or employees of the CCMA.

The findings in the main can be grouped as follows:

- Bids not advertised in at least the Government Tender Bulletin
- The normal 21 days advertising period is not applied or approval granted for deviation
- External Bid Evaluation Committees or members are used
- BEC and BAC reports are not available
- Deviations (e.g. less than 3 quotes, etc) without approval
- Extension of contracts outside the permissible limits and without approval

Notes to the Annual Financial Statements

	2010 R'000	Restated 2009 R'000

36. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

	2010 R'000	Restated 2009 R'000
Net deficit per the statement of financial performance	(15,240)	(36,950)
Adjusted for:		
Gain on the sale of assets	398	38
Increases / decreases in income and expenditure	15,243	33,488
	401	**(3,424)**

- The CCMA submits a complaince budget to the Department of Labour and National Treasury on or before the 30 September of each as required by legislation and the CCMA always budget for break even and the approved compliance budget on the cash basis is at break-even. The CCMA is funded on a cash basis and the allocation of funds is also on a cash basis.
- The amounts reflected above are the budget surplus/deficit on the accrual basis as approved by the Governing Body, the deficit for the 2008/09 was approved at midterm for the CCMA. The CCMA has always ensured that it does not budget for deficit and for all the years on a cash basis the CCMA has always been at break even.

37. Directives from National Treasury on world cup expenditure

The CCMA as an organisation has not incurred any expenditure for purposes of the world cup relating to clothing and tickets.

CONTACT INFORMATION

National Office
28 Harrison Street, Johannesburg 2001
Private Bag X94, Marshalltown 2107
Tel: (011) 377-6650; Fax: (011) 834-7351;
E-mail: ho@ccma.org.za

Eastern Cape – East London
Ground Floor, Rennies Building,
Cnr Church & Oxford Street, East London 5201
Private Bag X9068, East London 5200
Tel: (043) 743-0826 Fax: (043) 743-0810;
E-mail: pe@ccma.org.za

Eastern Cape – Port Elizabeth
107 Govan Mbeki Avenue, Port Elizabeth 6001
Private Bag X22500, Port Elizabeth 6000
Tel: (041) 505-4300; Fax: (041) 586-4410 / 4585;
E-mail: pe@ccma.org.za

Free State
NBS Building, Cnr. Elizabeth &
West Burger Streets, Bloemfontein 9301
Private Bag X20705, Bloemfontein 9300
Tel: (051) 505-4400; Fax: (051) 448-4468/9;
E-mail: blm@ccma.org.za

Gauteng – Ekurhuleni
CCMA Place, Cnr Woburn & Rothsay Street
Benoni 1501
Private Bag X23, Benoni 1500
Tel: (011) 422-4266 Fax: (011) 421-4723/4748
gauteng@ccma.org.za

Gauteng – Johannesburg
CCMA House, 127 Fox Street, Johannesburg 2001
Private Bag X96, Marshalltown 2107
Tel: (011) 220-5000; Fax: (011) 220-5101/ 02/03/04 /
0861 392 262
E-mail: gauteng@ccma.org.za

Gauteng – Pretoria
Metro Park Building, 351 Schoeman Street, Pretoria 0001
Private Bag X176, Pretoria 0001
Tel: (012) 392-9700; Fax: (012) 392-9701/2;
E-mail: pta@ccma.org.za

KwaZulu Natal – Durban
6th & 7th Floor, Embassy Building,
199 Smith Street, Durban 4001
Private Bag X54363, Durban 4000
Tel: (031) 362-2300; Fax: (031) 368-7387/7407;
E-mail: kzn@ccma.org.za

KwaZulu Natal - Newcastle
71 Scott Street, Newcastle, 2940
Private Bag X6622, Newcastle,2940
Tel: 034 3126712; Fax: 034 3125964
Email: kdp@ccma.org.za

KwaZulu Natal – Pietermaritzburg
3rd Floor, Gallwey House, Gallwey Lane
Pietermaritzburg 3201
PO Box 72, Pietermaritzburg, 3200
Tel: (033) 345-9271/49; Fax: (033) 345-9790;
E-mail: kzn@ccma.org.za

KwaZulu Natal – Port Shepstone
The Chambers, 68 Nelson Mandela Drive
Port Shepstone, 4240
Private Bag X849, Port Shepstone 4240
Tel: (039) 684-1773 Fax: (039) 684-1795
E-mail: kzn@ccma.org.za

KwaZulu Natal – Richards Bay
1st Floor Absa Building, Lakeview Terrace,
7 Trinidad Parking Area, Richards Bay 3901
Private Bag X1026, Richards Bay 3900
Tel: (035) 789-4460/1415; Fax: (035) 789-7148;
E-mail: kzn@ccma.org.za

Limpopo
CCMA House, 104 Hans Van Rensburg Street,
Polokwane 0699
Private Bag X9512, Polokwane 0700
Tel: (015) 297-5010; Fax: (015) 297-1649;
E-mail: ptb@ccma.org.za

Mpumalanga
CCMA House, Diedericks Street, Witbank 1035
Private Bag X7290, Witbank 1035
Tel: (013) 656-2800; Fax: (013) 656-2885/6;
E-mail: wtb@ccma.org.za

Northern Cape
CCMA House, 5-13 Compound Street,
Kimberley 8301
Private Bag X6100, Kimberley 8300
Tel: (053) 831-6780; Fax: (053) 831-5947/8
E-mail: kmb@ccma.org.za

North West – Klerksdorp
47 Siddle Street, Klerksdorp 2570
Private Bag X5004, Klerksdorp 2571
Tel: (018) 464-0700; Fax: (018) 462-4126/4053
Email: kdp@ccma.org.za

North West – Rustenburg
43–45 Boom Street, Old Sanlam Building, Rustenburg 0300
Private Bag X82104, Rustenburg 0300
Tel: (014) 591-6400; Fax: (014) 592-5236
Email: kdp@ccma.org.za

Western Cape – Cape Town
CCMA House, 78 Darling Street, Cape Town 8001
Private Bag X9167, Cape Town 8000
Tel: (021) 469-0111; Fax: (021) 465-7193/97/87/ 462-5006
E-mail: ctn@ccma.org.za

Western Cape – George
62 Cathedral Street, Cathedral Square 2, George 6529
Private Bag X6650, George 6530
Tel: (044) 873 2961; Fax: (044) 873 2906
E-mail: ctn@ccma.org.za

Additional CCMA Venues

Province	Town
Eastern Cape	Graaff-Reinet, Cradock, Uitenhage, Humansdorp, Grahamstown, Uitenhage, Fort Beaufort, East London, Lusikisiki, Queenstown, King William's Town, Mount Ayliff, Umtata, Butterworth, Lusikisiki, Joubertina
Free State	Bethlehem, Kroonstad, Sasolburg, Harrismith, Zastron, Ladybrand, Qwa – Qwa, Welkom, Petrusburg
Gauteng	Randfontein, Kempton Park, Brakpan, Vereeniging, Germiston, Carltonville, Krugersdorp, Sebokeng
KwaZulu Natal	Pongola, Stanger, Vryheid, Dundee, Estcourt, Ladysmith, Ulundi, Kokstad
Limpopo	Thohoyandou, Makhado, Phlaborwa, Hoedspruit, Tzaneen, Burgersfort, Jane, Furse, Modimolle, Bela Bela, Thabazimbi, Mokopane, Lephalale, Giyani
Mpumalanga	Nelspruit, Ermelo, Secunda, Groblersdal, Piet Retif, Standerton, Sabie, Lydenburg, Belfast
Northern Cape	Kuruman, Upington, Brandvlei, Britstown, Calvinia, Colesberg, Carnarvon, De Aar, Fraserberg, Groblershoop, Postmasburg, Springbok, Victoria West
North West	Lichtenburg, Mafikeng, Mmabatho, Potschefstroom, Christiana, Vryburg
Western Cape	Atlantis, Barydale, Ceres, Bonnievale, Breadasdorp,, Caledon, Calitzdorp, Clan William, Citrusdal, Piketberg, De Doorns, Vredendal, Verdenburg, Saldaha, Paarl, Grabouw, Worcester, Hermanus, Klawer, Lainsburg, Lamberts Bay, Malmesbury, Moorrensburg, Robertson, Swellendam, Caladon, Porterville, Riversonderend, Somerset West, Villersdorp, Vredendal, Ashton, George, Plettenberg Bay, Mossel Bay, Knysna, Oudtshoorn, Riversdale, Beaufort West, Prince Albert, Albertina, Ladysmith

CCMA

COMMISSION FOR CONCILIATION, MEDIATION & ARBITRATION