

Moving forward and making a difference



# CCMA 2014/15 ANNUAL REPORT



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# **VISION**

To be the premier dispute management and dispute resolution organisation.

# **MISSION**

The purpose of the CCMA is to promote social justice and economic development in the world of work and to be the best dispute management and dispute resolution organisation, trusted by our social partners.

# **VALUES**

Respect	We value those we serve, those who we work with and our organisation.
Excellence	We continuously do our best in delivering on our mandate and in service to our people.
Accountability	We hold ourselves responsible for our actions and the outcomes of our work.
Diversity	We respect, embrace and celebrate the differences of our people.
Integrity	We do the right thing even when no one is looking.
Transparency	We work in a manner which is open.



CCMA Governing Body Members 2014/15

Kaizer Moyane (Business), Ian Macun (Government), Bheki Ntshalintshali (Labour),
CCMA Director Nerine Kahn, Daniel Dube (Chairperson) and Leon Grobler (Labour). Absent: Sifiso Lukhele (Business),
Narius Moloto (Labour), Thembinkosi Mkalipi (Government), Ntsoaki Mamashela (Government)

# FUNCTIONAL PURPOSE

The CCMA's statutory functions, as set out in the Labour Relations Act (LRA), No 66 of 1995, and are divided into those that are mandatory and those that are discretionary.

The CCMA's compulsory statutory functions are to:

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



CCMA Executive Committee 2014/2015

Front: National Senior Commissioner Legal Services: Cameron Morajane, CCMA Director: Nerine Kahn, Chief Financial Officer: Ntombi Boikhutso.

Back: Chief Audit Executive: Sello Hlalele, National Senior Commissioner Capacity Building & Outreach: Jeremy Daphne, National Senior Commissioner Mediation and Collective Bargaining: Afzul Soobedaar, National Senior Commissioner Operations:

Ronald Bernickow and General Manager Operations: Nersan Govender



The CCMA's discretionary statutory functions are to:

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



CCMA Regional Heads 2014/15

Senior Commissioner: East London Nowethu Ndiki, Convening Senior Commissioner: Western Cape Carlton Johnson, General Manager Operations Nersan Govender, Convening Senior Commissioner: Free State Carmen Ward,
Senior Commissioner: Northern Cape Hendrick Oliphant.

Back: Convening Senior Commissioner: Mpumalanga; Xolani Nduna, Convening Senior Commissioner: Tshwane Morwa-Mapale Setlago, Convening Senior Commissioner: Limpopo Grace Mafa-Chali, Convening Senior Commissioner: KwaZulu-Natal Raj Shanker, Convening Senior Commissioner: Ekurhuleni Arnause Mohlala, Convening Senior Commissioner: Port Elizabeth Marius Kotze, Senior Commissioner: Mlamuli Makhubo, Convening Senior Commissioner: North West Elias Hlongwane

Absent: Convening Senior Commissioner Johannesburg: Shawn Christiansen

# MESSAGE FROM THE GOVERNING BODY CHAIRPERSON



Chairperson

Daniel Dube

t is a privilege for me to be able to report on what has been my first full year as Chairperson of the Commission for Conciliation, Mediation and Arbitration. It was a testing year as the long-awaited Labour Laws amendments came into force and it was also the last year of the five-year Siyaphambili Strategy.

Reflecting on the major challenges of the five-year strategy period, the strikes in the mining industry are obviously foremost, especially with the associated violence. However, one positive effect was the non-traditional role that the CCMA played, above and beyond our mandate, in assisting families identify and repatriate bodies of those slain and other assistance to communities in the area. There is no doubt that, as

the end of the period approached, we have witnessed an improvement in trust levels between both labour and employers towards the CCMA.

The process of drawing up the new strategy, called 'Senz'Umehluko', or 'Making a Difference', involved a review of the South African labour market and establishing what challenges had not been adequately addressed in the previous (Siyaphambili) strategy.

Part of this was to progressively embed the concept of public value into the strategy. While the organisation had been doing this, it was not adequately measured and reported. Essentially this is the advocating to citizens against our delivery on those issues on which they most frequently measure us such as quick service. On examining our mandate, divided between mandatory and discretionary functions, it became apparent that we needed to elevate the level of focus on the discretionary functions if we were to make a difference in the labour market, and hence the concept of broadening our mandate has been addressed by enhancing our discretionary functions in the new strategy.

Our statutory mandate of advancing economic development, social justice, labour peace and democratisation of the workplace has been undermined by an economy with a low labour absorption rate and reducing employment opportunities, especially for youth, as well as the negative effect that adversarial labour relationships have on investors. In addition, the emergence of new unions and splitting of existing ones creates new tensions and dynamics.

In the future, it is essential that the CCMA should be making a visible difference and tangible presence in the workplace and the entire labour market. We see it as one of our roles to encourage and initiate negotiations between employers and employees at enterprise level before matters get out of hand and are referred to us as the CCMA. The new amendments are changing our field of play in the sense that the CCMA has been given more powers to deal with, for example, employment equity matters to an extent that was not previously the case.

Preparations for the Labour Law amendments enabled the CCMA to assist employers and other social partners with training, as well as providing internal training, especially to cope with the expected dramatic increase in the number of employment equity cases. It will probably take some time for the number of cases to reach a plateau.

The CCMA also fulfils the role of assisting other government bodies when requested to do so. An example, in the past year staff members were seconded to assist the Labour Court to replace their system with the CCMA's computerised case management system.

I would also like to comment on the effects of the inter- and intra-union rivalries. Apart from the differences between the various unions, and their individual internal conflicts, they are also ready to be part of a negotiated solution going forward, rather than harping on the past. From the employers' side, I am witnessing a softening of attitudes between them and labour organisations: this augurs well for the future of South Africa.

It is important to recognise that the CCMA plays a crucial role in international labour relations through its staff attending international forums where information, experiences and best practice are interchanged. We must be proud of the fact that the CCMA is recognised internationally as a leader in the field.

On behalf of the CCMA, I would like to thank the Honourable Mildred Oliphant, Minister of Labour, for her support, the cooperation of her ministry and its funding of our organisation. Thanks also go to Elias Monage and Aruna Ranchod who completed their terms of office as members of the Governing Body. We have welcomed Sifiso Lukhele to the Governing Body and await the appointment of one more member. My appreciation goes to Advocate Shami Kholong who completed his term of office in the important position as Chairman of the Audit Committee; we welcome his replacement, William Gumede.

The CCMA would not have achieved the successes it has without the exemplary leadership provided by our Director, Nerine Kahn. My sincere thanks to her, the Executive Committee and the CCMA's staff who are the public face of the organisation.

**Daniel Dube** 

Chairperson

### OPERATING IN A CHANGING ENVIRONMENT

#### PROMOTING SOCIAL JUSTICE AND TRANSFORMING WORKPLACE RELATIONS

It is befitting that in this year of celebrating 20 years of democracy and 18 years of the CCMA dispensing social justice that serious reflection has been undertaken on the journey the labour market and the institutions thereof have made and the path still to be travelled.

There is consensus in the public domain that South Africa is facing a constellation of challenges with the fault lines inherited from the past having melded with post democracy frustration thus widening the social distance between citizens and institutions of state. There appears to be a growing realisation that 1994 could not provide an instant situation of equity evident in the belief that the minority is thriving whilst the majority is not. The Labour Market has a critical role to play in realising the vision of increasing social equality and economic development which progressively improves the quality of life of all citizens and eradicates the scourge of poverty, underdevelopment and crippled potential. It is therefore not surprising that the CCMA has, over an extended period of time and with increased insistence since 2012, been raising the coalescing of workplace and community demands. The fusing of unfulfilled social wage expectations into industrial relations has resulted in fraught interactions and heightened conflict in the labour market. A sea-tide change has been called for to address the trust deficit experienced in the full gamut of the labour market from shop floor to boardroom table. For the CCMA; while there is consensus on the contribution made to advancing social justice, agreement that industrial relations would have been a great deal more chaotic without the CCMA and recognition that service delivery efficiency has significantly increased with case turnaround times being reduced considerably, the growth trajectory of the caseload is indicative of a conflict drenched labour market and a mountain of work still to be done.



Minimum wage panellists at the CCMA Commissioners Indaba 2014: (From the Left) Dennis George (FEDUSA), Vanessa Phala (BUSA), Zwelinzima Vavi (COSATU), Judge Dennis Davies (moderator), Vic van Vuuren (ILO) and Narius Moloto (NACTU)

The Labour Relations Laws were drafted with both the need to address the past and the intended vision for the future in mind. As with all epic undertakings, especially those that are planned for, in an uncertain environment, regular intervals of examination and assessment is critical. Thus the legislative reform culminated in the promulgation of a number of amended labour laws during this year. These amendments seek to take account of the South African reality and are informed by South African imperatives. The Labour laws Amendments have indelibly changed the industrial relations landscape generally, and the mandate of the CCMA in particular, with profound implications for the organisation.

Legislation per se cannot bring about change. It is imperative for the institutions that service the labour market to heed the calls to rethink their approach, if they are to make a difference going forward. It is against this backdrop that the CCMA launched its Senz'umehluko Strategy 2015/2016-2019/2020. It charges the organisation to *Make a Difference*. Learnings have been drawn from the challenges experienced by the labour market and the organisation has responded with resourcefulness and innovation in this new strategy. Delivering on public value has been adopted as the central ethos of the CCMA's new strategic direction. In demonstrating the organisation's dynamic ability to respond to the prevailing labour market imperatives and catapulting off its already recognised success in delivering on its core mandate, the strategy expands the CCMA's position and role within the labour market beyond a primary focus on reactive dispute resolution into more proactive dispute prevention and management and value added services in line with the mandatory and discretionary functions of the CCMA.

Cognisant of the CCMA's public value commitment, informed by the CCMA's legislative framework and in response to the organisations operating environment, the strategy has set out the new vision for the organisation – *To be recognised and valued by everyone for changing working life by promoting social justice and transforming workplace relations* and a new mission – To give effect to everyone's Constitutional right to fair labour practices. This mandate will be executed within the two strategic objectives – *Enhance and extend service delivery to transform workplace relations and advance development and Strive for organisational effectiveness.* 



Participating in the State of the Labour Market Discussion at NUMSA's Port Elizabeth Local

# **DIRECTOR'S REPORT**



CCMA Director
Nerine Kahn

Once again it is time to look back over the past year and, despite the CCMA continuing with the multiple aspects of its operations, it seems to have been dominated by three particularly time-consuming matters. The first was examining how we had performed in the fifth and final year of the Siyaphambili Strategy and developing the new strategy, to take effect from 1 April 2015.

The second was preparing for and implementing the Labour Laws amendments to three Acts. The third was the deeply unsettling circumstances regarding the lease for new premises in Cape Town. There will be more on all three further through my report, with coverage of the new Senz'Umehluko Strategy preparation from our Chairperson.

The Labour Laws amendments were particularly time consuming as they affected three Acts: the Employment Equity Act that took effect on 1 August 2014, the Basic Conditions of Employment Act (1 September 2014) and the Labour Relations Act, effective from 1 January 2015. Preparing the CCMA for these amendments was complex and involved training commissioners and staff, as well as the preparation of new rules, regulations and forms for each change. New monitoring and reporting procedures had to be implemented from each respective effective date to ensure that we meet the expectations of our social partners.

The implementation also involved rearranging some sections of the organisation and aligning the case management system to meet the requirements of the amendments. I am proud to report that, although there was continual uncertainty over the implementation dates, the organisation met the challenges head on and we have gone a



CCMA Director Nerine Kahn and Professor Adam Habib at CCMA Commissioners Indaba 2014



Tsholofelo Melodi (Labour Specialist, Consulate General USA), Brandi James (Labour Officer, Consulate General USA), Scott Beckenbaugh (Deputy Director of Mediation Services and Field Operations, Federal Mediation and Conciliation Service USA) and Nerine Kahn (CCMA Director)

considerable way towards making the amended Acts part of our day-to-day operations.

We have seen an increase in our caseload and it is still not clear at what level it will settle. As an example, there was the three-month lag period until the beginning of April in receiving cases relating to the Temporary Employment Services section. Due to the agreed three-month remissible contract period in the law, we will only realise its effect in the new financial year. In addition, there are challenges in interpretation of this section and it may take as long as two years for the caseload to stabilise while the numerous legal interpretations are

argued in the courts. While we have tried to anticipate the challenges, it will also take some time for commissioners to acclimatise to the amendments. Despite all the anticipated changes, I am happy to report that all regions maintained their performance at or over the 63 per cent target set by the Governing Body.

Once again we received an unqualified audit report: this time for the sixth consecutive year. I am really proud of this achievement and I am confident that our internal controls are effective, despite the matter of the Cape Town lease, which was detected and dealt with. We are recognising government's call for cost containment and we have instituted procedures and controls to manage expenditure containment more effectively.

As we come to the end of the Siyaphambili Strategy it is gratifying to be able to report that, in each year of its five-year duration, we either met or exceeded all strategic objectives. Leading into the new strategy we will be shifting and expanding emphasis on various aspects of our mandate. In drafting the strategy we created outward- and inward-facing goals, with specific target areas. To ensure greater focus, we reduced deliverables from Siyaphambili's 385 to 85 high level ones in Senz'Umehluko, and this will lead to more efficient and effective reporting. The new strategy has been tabled in Parliament and approved.

A new scorecard has been developed, incorporating changes identified through experience with the old one, and it will deliver improved monitoring and evaluation of targets and processes. In addition to our broad mandate, we will be able to identify the public value that the CCMA delivers to society and report through a dashboard process that will be available on our website. It will include such information as how many jobs the CCMA has saved and how many strikes we have prevented or resolved, and we will report on high-level, strategic targets on a regular basis. Regional scorecards will be implemented so that both regions and departments will be able to measure themselves against their strategic targets and not just their operational ones.

As a part of delivering on our broad mandate, we have provided support to NEDLAC through the secondment of National Senior Commissioner Ronald Bernickow to facilitate a brainstorming process to address violence in strikes and the implementation of a national minimum wage. His involvement has averaged three days a week since July 2014 and will continue into the new financial year: a considerable burden for the CCMA. However, we recognise this as a valuable contribution to the labour market, contributing to stabilising the industrial relations environment, ultimately assisting the CCMA to achieve its goals.



CCMA Director Nerine Kahn addressing the 8th Collective Bargaining Season Briefing for Mediators

We now have another three-year agreement in the Private Security sector, further extending the six-year period of peace through the process that the CCMA successfully implemented following the 2006 strike. This clearly demonstrates that, with the correct resources and approach, constructive collective bargaining is possible under this dispensation and a sector can unite positively after a damaging strike.

The CCMA has had a new intake of commissioners who have completed their training and began the mentoring process in January 2015, commencing casework during March 2015. While we are very satisfied with the evolution of the entire process, there have been some weaknesses in the mentorship area and we will be evaluating this programme in the new year to see if enough support is being provided.

The recruitment round that will start at the beginning of the new financial year will most likely be the last batch of candidate commissioners to be trained internally by the CCMA as the first university course was completed at the end of calendar 2014. By the end of 2015, all the universities in the programme will have run at least one pilot. The 2017 intake of commissioners will be trained by the courses or recruited from those who have completed the university courses, which have been developed from the CCMA's intellectual property. This tertiary education exercise has been a major project, successfully embracing academic and experiential learning; it must be considered as a wonderful example of innovation in addressing a skilling challenge.

Our close relationship with the ILO continues, and two senior managers provided training last year in Turin on the case management system and in dispute management and prevention in individual misconduct cases, and how they could be implemented in other countries. The CCMA was represented at the Agency meeting in New Zealand and we look forward to hosting it in South Africa this coming November, when we will celebrate our nineteenth anniversary.

Providing accessibility to the CCMA's services remains an imperative and we have continued to evaluate where and how we deliver them to identify areas needing attention. We continue to explore innovative ways through which our services may be accessed and this has included improving the case management system link to the Department of Labour to enable people to track their cases' progress. We have also looked at international experience of conducting conciliation and arbitration cases through Skype and other digital means. This is now at an exploratory stage here in South Africa and implementation will be incremental, given the different socioeconomic challenges of CCMA users.

Additional funding has been provided to improve our recording of arbitration hearings and we are experimenting with the equipment selected to see if we can make use of its excellent video technology for both recording and conducting cases.

To ensure a smooth move to new offices in Cape Town, a tender process for a new, ten-year lease was started in 2011 with the intention of moving at the end of March 2013. A tender was awarded but continual delays in the owners of the building providing access to what was supposed to have been an upgraded premises prompted the CCMA to conduct a forensic audit of the procurement process.

The results came as a considerable shock as they revealed that the tender had been awarded to the wrong bidder, and that there were certain control weaknesses in the system, and so it was not possible to move, even if the offices had been made available. To further add to the complexity of the issue, the building has subsequently been sold by the tender winner. The CCMA is currently awaiting the outcome of an application to the Western Cape High Court to set aside the lease as it had been awarded in a flawed process. Luckily, the owner of the existing offices has assisted the CCMA by extending the lease. Fortunately, the audit process was conducted before any payments had been made in respect of the new offices.

This whole process has been extremely stressful for me and for the organisation and has reflected badly on the CCMA. At this stage it has not been possible to establish whether or not a fraudulent act was committed, but disciplinary action has been instituted against those people involved in the procurement process. CCMA management has acted in a responsible and transparent manner in dealing with a most unfortunate situation that has negatively affected the organisation. We never questioned our decision to 'do the right thing' and act with integrity when we became aware of the situation, although doing so has caused reputational damage to the CCMA and to me personally. I am confident that final resolution of the issue will remove any doubt about our actions.

The Director's Awards were presented at the annual Commissioners' Indaba, held in Durban in December. The Indaba has become an institution within the organisation and this year's was no exception, with some excellent, interesting debates.



CCMA Director Nerine Kahn presents the South African Country Report to the Meeting of the International Agencies in Auckland, New Zealand

In the human resources field, focus was placed on succession planning and talent management, embedding them into the organisation and documenting them in detail to provide an accessible, visible record. In the previous financial year we conducted a survey to benchmark salaries in public sector entities similar to the CCMA as we had experienced some skills loss. This revealed that we were falling behind in some areas and, with the assistance of the Human Resources Committee, the necessary salary adjustments were effected. This will hopefully assist with better retention of scarce skills. The year saw the third to fourth year of the five-year Employment Equity Plan implementation and considerable progress has been made towards the targets.

To help with delivery of the new strategy, time was spent restructuring the national office. Reporting lines were refined and non-compliance issues were addressed (such as the Cape Town lease). An evaluation of the structure that assisted in delivering on key strategic targets in the Siyaphambili Strategy confirmed that these targets are now managed operationally. Identification of new areas for strategic projects for implementation under the Senzu'mehluko Strategy resulted in a re-alignment of our structure to ensure completion of effective delivery into the new year.

The strained nature of the economy is resulting in an increase in large-scale retrenchments. While this is of serious concern, the CCMA has the ability to be proactive in such instances if we are informed in time, as we have the ability to assist in minimising job losses.

Looking forward to the coming year, we will continue to bed down dealing with the Labour Laws amendments. The Cape Town lease issue will be finalised when a ruling is handed down by the High Court and if we are allowed to set aside the tender, a new one will be issued. Apart from this instance, procurement of office space has historically been time consuming and further alignment and controls of the supply chain process will be undertaken.

In order to lead by example we have undertaken a process to professionalise our interpreter services and align with government language policies. In addition, where needed, we will employ interpreters on a full-time basis during the next financial year.

Included in our strategic projects will be research to enhance our conflict prediction model. This worked effectively during the 2010 FIFA World Cup and, in addition, it will also assist in our monitoring of the labour market. Furthermore, the promotion of our sector strategies, as well as facilitating social compacts as set out in the new strategy, should take us a considerable way down the road to 'making a difference'.

We are lucky to have a Governing Body with members who have an excellent understanding of the CCMA, its objectives and operations and is thus in a position to provide sound direction for the organisation and I thank them for their guidance. Thobile Lamati was appointed Director General of the Department of Labour in November 2014 and I would like to thank him for his accessibility and support of the CCMA. We have established an excellent relationship and I look forward to ongoing cooperation from the department.

Within the Commission it has been, as ever, a pleasure to work with such a committed team of people, at every level throughout the organisation. Commissioners and staff should be commended for standing fast in delivering on the social justice and economic development mandates when the challenges in the labour market and the needs of our users continue to be so demanding.

Nerine Kahn Director

# **CORPORATE GOVERNANCE**

Section 23 of the Constitution affords everyone the right to fair labour practices, and some of these rights are expressed in the Labour Relations Act (LRA) 66 of 1995 (as amended), and other labour-related legislation. The LRA establishes the CCMA and details its mandatory and discretionary functions. The CCMA is governed by a Governing Body (Accounting Authority), appointed by the Minister of Labour (the Executive Authority), who in turn appoints the Director (Accounting Officer) of the CCMA. Governing Body members are drawn from the CCMA's social partners: organised labour, organised business and the State. The independence of the CCMA's operations is legislated and is independent of the State, any political party, trade union, employer, employer's organisation, federation of trade unions or federation of employers' organisations.

#### **GOVERNANCE MANDATE**

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

#### **OVERSIGHT**

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

#### **GOVERNING BODY**

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

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

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

The Governing Body is additionally responsible for:

- The development and monitoring of the execution of the CCMA Organisational Strategy, and has approved
  the new five-year Senz'Umehluko Making a Difference Strategy of the CCMA for the period 1 April 2015 to
  31 March 2020 in the period under review;
- Ensuring that an evaluation system is in place to monitor major capital projects; and

• The implementation of appropriate and effective measures to prevent unauthorised, irregular and or fruitless expenditure and wasteful expenditure, or losses from criminal conduct.

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

GOVERNING BODY MEN	GOVERNING BODY MEMBERSHIP FROM 1 APRIL 2014 TO 31 OCTOBER 2014									
NAME	11 APR 2014	23 MAY 2014	19 JUNE 2014	26 JULY 2014	27 AUG 2014	23 SEP 2014	24 SEP 2014	21 NOV 2014	TOTAL NUMBER OF MEETINGS	
Daniel Dube	√	√	√	√	√	√	√	√	8/8	
Bheki Ntshalintshali	√	Х	Х	√	Х	√	√	√	5/8	
Leon Grobler	√	√	√	√	√	√	√	√	8/8	
Narius Moloto	√	Х	Х	√	Х	√	√	√	5/8	
Thembinkosi Mkalipi	Х	√	Х	Х	√	√	√	Х	4/8	
Ntsoaki Mamashela	√	√	√	√	√	Х	√	√	7/8	
Ian Macun	√	√	Х	√	√	√	√	√	7/8	
Kaizer Moyane	√	√	√	√	√	√	√	√	8/8	
Elias Monage	√	√	√	√	√	√	√	√	8/8	
Aruna Ranchod	√	√	√	√	√	√	√	√	8/8	
Nerine Kahn	√	√	√	Х	√	√	√	√	7/8	

<b>GOVERNING BODY ME</b>	MBERSHIP FR	OM 1 NOVEM	BER 2014 TO	31 MARCH 201	5		
NAME	21 NOV 2014	06 DEC 2014	19 JAN 2015	22 JAN 201 5	26 FEB 2015	12 MAR 2015	TOTAL NUMBER OF MEETINGS
Daniel Dube		$\sqrt{}$	V	√	V	$\sqrt{}$	6/6
Bheki Ntshalintshali	√	√	√	√	√	$\sqrt{}$	6/6
Leon Grobler	√	√	√	V	V	√	6/6
Narius Moloto	√	√	√	V	Х	Х	4/6
Thembinkosi Mkalipi	Х	√	√	√	Х	$\sqrt{}$	4/6
Ntsoaki Mamashela	√	√	√	√	Х	Х	4/6
Ian Macun	√	√	√	√	√	$\sqrt{}$	6/6
Kaizer Moyane	√	√	√	Х	√	$\sqrt{}$	5/6
Sifiso Lukhele	√	V	√	√	√	√	6/6
Nerine Kahn	√	V	√	√	√	√	6/6
Itumeleng Dlamini	Х	Х	Х	Х	Х	Х	0/6



Mr Thobile Lamati Director-General Department of Labour and Mr Daniel Dube CCMA Chairperson at the CCMA Commissioner Indaba 2014 Gala Dinner

#### GOVERNING BODY AND COMMITTEE MEMBERSHIP

The Governing Body was reconstituted 1 November 2014 with two members from organised business (Mr Elias Monage and Ms Aruna Ranchod) being replaced by Mr Sifiso Lukhele and Ms Itumeleng Dlamini. The new term of the current Governing Body is from 1 November 2014 to 31 October 2017.

#### FINANCE AND RISK COMMITTEE

The committee is chaired by Mr Leon Grobler, from organised labour, who was re-appointed as chairperson for a further three-year period.

FINANCE AND RISK COMMITTEE (FRC)									
NAME	23 APR 2014	14 MAY 2014 (SPECIAL)	4 SEP 2014	27 OCT 2014	27 JAN 2015	TOTAL NUMBER OF MEETINGS ATTENDED			
Leon Grobler (Chairperson)	√	$\checkmark$	√	√	√	5/5			
David Lakay	√	√	√	√	√	5/5			
Ntsoaki Mamashela	√ V	V	√	√	√	5/5			
Nerine Kahn	$\sqrt{}$	V	√	√	√	5/5			



CCMA Governing Body Members Kaizer Moyane (Business) and Bheki Ntshalintshali (Labour) presenting Best Performing Operations and Dispute Resolution Region Award at the CCMA Commissioners Indaba 2014

#### ACCREDITATION AND SUBSIDY COMMITTEE

The Accreditation and Subsidy Committee considers and makes recommendations to the Governing Body on the accreditation of statutory councils, bargaining councils, private agencies and their panelists, as well as the ratification of the payment of subsidies to councils. Mr Ian Macun, (government), was re-appointed as chairperson of this committee for a further three-year period. In reconstituting the committee Dave Carson (business) was replaced by Lucio Trentini (Business). Mr Josias Mpe (Labour) attended meetings as an alternate to Mr Moloto over the reporting period.

ACCREDITATION AND SUBSIDY COMMITTEE									
NAME	12 MAY 2014	4 AUG 2014	11 NOV 2014	2 FEB 2015	TOTAL NUMBER OF MEETINGS ATTENDED				
lan Macun (Chairperson)	√	V	√	$\sqrt{}$	4/4				
Narius Moloto	√	Х	√	√	3/3				
Josias Mpe	-	√	-	-	1/11				
Aruna Ranchod	√	√	√	-	3/32				
Dave Carson	√	Х	√	-	2/3				
Lucio Trentini	-	-	-	√	1/1³				
Nerine Kahn	√	√	√	√	4/4				

<sup>1</sup> Alternate to Narius Moloto

<sup>2</sup> Term ended 31 October 2014 3 Term commenced 1 November 2014

#### GOVERNANCE, SOCIAL AND ETHICS COMMITTEE

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

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

The committee is chaired by the chairperson of the Governing Body, Mr Daniel Dube, and the other members were the chairpersons of the Human Resources Committee, the Finance and Risk Committee and a representative from government. The newly convened committee has Mr Kaizer Moyane, a Governing Body member representing business, and the others remain the same.

GOVERNANCE, S	GOVERNANCE, SOCIAL AND ETHICS COMMITTEE									
NAME	22 APR 2014	14 MAY 2014 (SPECIAL)	25 JUL 2014 (SPECIAL)	22 AUG 2014 (QUARTERLY)	31 OCT 2014	26 JAN 2015	TOTAL NUMBER OF MEETINGS ATTENDED			
Daniel Dube (Chairperson)	√	√	√	√	√	<b>V</b>	6/6			
Elias Monage	√	√	√	√	√	-	5/5			
Freddie Petersen	√	√	√	√	√	√	6/6			
Leon Grobler	√	√	√	√	√	√	6/6			
Kaizer Moyane	-	-	-	-	-	√	1/14			
Nerine Kahn	√	√	√	√	√	√	6/6			

#### **AUDIT COMMITTEE**

The Audit Committee's primary role and functions are derived from the PFMA and other enabling statutes and regulations. These are to review the effectiveness of the internal audit function, review the audit reports of internal and external auditors and the quarterly and annual review of financial statements, and performance information. Combined assurance on the appropriateness and effectiveness of internal controls is provided by the coordinated efforts of the Internal Audit function, management and the Audit Committee. This assurance is provided by means of an independent, objective appraisal and evaluation of risk factors, management processes, internal controls and governance processes. The Audit Committee has also been reconstituted with the term of office expiring. The outgoing chairperson, Advocate Shami Kholong, has been replaced by Professor William Gumede. The independence of this committee has also been strengthened by the addition of a third independent member, Ms Faith Burn.

<sup>4</sup> Term commenced 1 November 2014

AUDIT COMMITTE	ĒΕ									
NAME	24 APR 2014	16 MAY 2014	24 JULY 2014	20 OCT 2014 (SPECIAL)	30 OCT 2014	12 NOV 2014 (SPECIAL)	20 NOV 2014 (SPECIAL)	10 DEC 2014 (SPECIAL)	27 JAN 2015	TOTAL
Shami Kholong (Chairperson)	√	Х	$\checkmark$	√	√	√	√	√	√	8/9
Ramona Clark	√	√	$\sqrt{}$	√	√	√	√	Х	√	8/9
Freddie Petersen	√	√	Х	√	√	NR	NR	NR	√	5/6 <sup>5</sup>
Velile Pangwa	√	√	√	√	√	√	√	√	√	9/9
David Lakay	√	√	√	√	√	√	√	√	√	9/9
Jim Wilson	√	√	Х	√	√	Х	Х	√	√	6/9
Nerine Kahn	√	<b>√</b>	<b>V</b>	<b>√</b>	-	-	-	-	<b>√</b>	5/5 <sup>6</sup>

#### **HUMAN RESOURCES COMMITTEE**

Human resource matters are considered by this committee for recommendation to the Governing Body for approval. The focus of this committee is on areas affecting commissioners, reviewing appointments, conduct, ethical and disciplinary challenges, as well as performance for commissioners as part of the non-delegable functions of the Governing Body. This also involves constituting interview panels for appointment or renewal of all commissioner contracts. This committee has an oversight of Human Resource policies and their implementation and sits as the remuneration committee for the organisation. As with other committees, the HRC was reconstituted with the outgoing chairperson Elias Monage (business) being replaced as chairperson of the HRC by long-serving HRC member, Sifiso Lukhele. Mr Josias Mpe (labour) attended a number of meetings as alternate to Mr Narius Moloto.

	HUMAN RESOURCES COMMITTEE								
NAME	6 MAY 2014	28 MAY 2014 (WORKSHOP)	26 AUG 2014	3 NOV 2014	9 FEB 2015	4 MAR 2015 (WORKSHOP)	TOTAL NUMBER OF MEETINGS ATTENDED		
Elias Monage (Chairperson)	√	√	√	V	-	-	4/47		
Thembinkosi Mkalipi	√	√	√	√	√	√	6/6		
Narius Moloto	Х	Х	X	Х	√	√	2/2		
Josias Mpe (Alternate to Moloto)	√	√	√	V	-	-	4/48		
Sifiso Lukhele	√	√	√	√	√	√	6/6		
Nerine Kahn	√	√	√	<b>√</b>	√	√	6/6		

#### REMUNERATION OF GOVERNING BODY MEMBERS

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

<sup>5</sup> Not required at meetings

<sup>6</sup> Attendance not required at meetings not attended

<sup>7</sup> Term ended 31 October 2014

NAMES	BOARD FEES (R)	OTHER REIMBURSEMENTS (R)	TOTAL (R)				
Daniel Dube	311 408	-	311 408				
Aruna Ranchod	83 160	911	84 071				
Bheki Ntshalintshali	57 912	-	57 912				
Elias Monage	110 520	1 870	112 390				
Kaizer Moyane	96 024	-	96 024				
Leon Grobler	224 948	400	225 348				
Narius Moloto	69 768	-	69 768				
David Lakay	115 130	6 298	121 428				
Dave Carson	8 976	-	8 976				
Sifiso Lukhele	127 264	-	127 264				
Shami Kholong	128 288	-	128 288				
Velile Pangwa	115 032	-	115 032				
Ramona Clark	69 369	-	69 369				
Jim Wilson	69 432	-	69 432				
Josias Mpe	65 376	-	65 376				
Ian Macun	Governmen	t representative: not entitled to re	emuneration				
Ntsoaki Mamashela	Governmen	t representative: not entitled to re	emuneration				
Thembinkosi Mkalipi	Governmen	Government representative: not entitled to remuneration					
Freddie Petersen	Governmen	t representative: not entitled to re	emuneration				



National Senior Commissioner Mediation and Collective Bargaining, Afzul Soobedaar, with Governing Body Member Business representative Sifiso Lukhele at the CCMA Commissioners Indaba 2014

GOVERNING BODY MEMBERS' PROFIL	ES AND SERVICE ON OTHER BOARDS AND COMMITTEES					
GOVERNING BODT MEMBERS FROME	LES AND SERVICE ON OTHER BOARDS AND COMMITTEES					
Name	Daniel Dube					
Constituency	Independent Chairperson					
Appointment date and term	01/10/2013 - to date					
	Governing Body Chairperson, Governance Social and Ethics Committee (GSEC)					
Committee	Chairperson					
Area of expertise	Labour relations, Training					
Board directorships/other committees	Self Help and Resource Exchange (Chairman 2005 to date)					
Name	Aruna Ranchod					
Constituency	Organised Business					
Appointment date and term	30 June 2011 - 31 October 2014					
Committee	Governing Body Member, Accreditation and Subsidy Committee (ASC) Member, Rules Committee Member					
Area of expertise	Labour relations					
Board directorships/other committees	MIBCO Governing Board, NEDLAC Labour Market Chamber, NEDLAC (Employment Equity Task Team on Regulations), National Administrative Board (MIBCO), BUSA (Labour Market Policy Review Task Team), MIBCO/MEIBC (Joint Demarcations Liaison Board					
Name	Flice Manage					
Constituency	Elias Monage					
Appointment date and term	Organised Business					
Appointment date and term	30 June 2011 – 31 October 2014  Governing Body member, Human Resources Committee (HRC) Chairperson,					
Committee	Governance Social And Ethics Committee (GSEC) Member,					
Area of expertise	Governance, Labour Market Policy, Strategy, Human Resources, Human Capital					
Board directorships/other committees	NEDLAC Labour Market Chamber, ARABELA Holdings (Pty) Ltd, RX Health (Pty) Ltd, Steloy Castings (Pty) Ltd, CAPES (Industry Provident Fund), BUSA (Social Policy)					
Name	Sifiso Lukhele					
Constituency	Organised Business					
Appointment date and term	Appointed 1 November 2014					
Committee	Governing Body member, Human Resources Committee Chairperson					
Area of expertise	Employment law, Employee wellbeing, Company ethics, Negotiations					
Board directorships/other committees	Employment law, Employee wellbeing, Company ethics, Negotiations  NEDLAC Labour Market Chamber, Employers representative to ILO 104th session (Committee on Application of Standards), Member of Banking Association of South Africa Industrial Relations Committee, Member of Barclays Bank PLC Global Employee Relations Leadership Team, Managing Principal for Barclays Africa Group Limited Employee Relations Portfolio, Member of Barclays Bank PLC Global Human Resources Extended Leadership Team, Member of Barclays Africa Group, Senior Leadership Committee					
Name	Kaizer Moyane					
Constituency	Organised Business					
Appointment date and term	Re-appointed 1 November 2014					
Committee	Governing Body member, Governance, Social and Ethics Committee (GSEC) member					
Area of expertise	Labour relations, Employment law					
Board directorships/other committees	Commissioner in the Employment Conditions Commission, NEDLAC Labour Market Chamber (Business Convener), Member of the Section 77 Standing Committee of NEDLAC, Chairman of BUSA Social and Transformation Policy Committee					

GOVERNING BODY MEMBERS' PROF	LES AND SERVICE ON OTHER BOARDS AND COMMITTEES
Name	Leon Grobler
Constituency	Organised Labour
Appointment date and term	Re-appointed 1 November 2014
Committee	Finance and Risk Committee Chairperson, Governance, Social and Ethics Committee (GSEC) member, Rules Committee Member
Area of expertise	Senior management, Labour law, HR, Skills development
Board directorships/other committees	NEDLAC Labour Market Chamber, NEDLAC (EXCO, MANCO), SSETA, Member Accounting Authority), Assessor COIDA, Trustee Sentinel Retirement Fund, Board Member Diamond Regulator of South Africa, FEDUSA (MANCO, EXCO)
Name	Narius Moloto
Constituency	Organised Labour
Appointment date and term	Re-appointed 1 November 2014
Committee	Governing Body member, Accreditation and Subsidy Committee member, Human Resources Committee
Area of expertise	Labour market, Labour relations, Policy formulation, Collective bargaining, Organisational development
Board directorships/other committees	NEDLAC (EXCO, MANCO member), Chairperson Gauteng Building Industry Retirement Fund , Trustee Construction Industry Retirement Fund , Alternate Board member Construction SETA
Name	Bheki Ntshalintshali
Constituency	Organised Labour
Appointment date and term	Member (Re-appointed 1 November 2014)
Committee	Governing Body Member
Area of expertise	Labour market, Social dialogue and policy formulation
Board directorships/other committees	DoL - Proudly South Africa, DoL - Employment Conditions Commission, DHET - Human Resource Development Council, NALEDI - Research Institute, ILO Governing Body (Geneva)
Name	Ntsoaki Mamashela
Constituency	Government
Appointment date and term	Re-appointed 1 November 2014
Committee	Governing Body member, Finance and Risk, and the CCMA Rules Committees
Area of expertise	Labour Relations (EEA, LRA, BCEA, SDA, COIDA, UIA), Policy formulation and development, Legal drafting, Strategic planning, Risk management, Financial management, Strategic leadership, Strategic communication and negotiation skills, Project management, Human resource management and Corporate governance
Board directorships/other committees	NEDLAC Labour Market Chamber, NEDLAC (MANCO, HR and Remuneration Committee), DoL National Performance Review Board

COVERNING BODY MEMBERS' PROFI	LES AND SERVICE ON OTHER BOARDS AND COMMITTEES
GOVERNING BODT WEWBERS FROFT	LES AND SERVICE ON OTHER BOARDS AND COMMITTEES
Name	Thembinkosi Mkalipi
Constituency	Government
Appointment date and term	Re-appointed 1 November 2014
Committee	Governing Body member, Human Resources Committee member
Area of expertise	Labour market, Industrial relations, Policy formulation, Collective bargaining
Board directorships/other committees	NEDLAC Labour Market Chamber, NEDLAC (EXCO, MANCO) member, NEDLAC (Government Representative Section 77)
Name	Ian Macun
Constituency	Government
Appointment date and term	Re-appointed 1 November 2014
Committee	Governing Body member, Accreditation and Subsidy Chairperson
Area of expertise	Labour relations, collective bargaining, research, monitoring and evaluation.
Board directorships/other committees	NEDLAC Labour Market Chamber
Name	Nerine Kahn
Constituency	CCMA Director
Appointment date and term	Ex-officio from 2006
Committee	Governing Body member, Finance and Risk Committee (FRC), Human Resource Committee (HRC), Accreditation and Subsidy Committee (ASC),
Area of expertise	Law, Labour Laws, Industrial relations, People management, Strategic management, Governance, PFMA, Accounting Officer, Facilitation
Board directorships/other committees	



CCMA Governing Body Members Narius Moloto (Labour) and Ian Macun (Government) presenting an award at the CCMA Commissioners Indaba 2014

#### FRAUD AND CORRUPTION

#### FRAUD PREVENTION PLAN

The CCMA has gone to great lengths to prevent fraud and corruption. The Fraud Prevention plan guides the organisation in identifying, managing and reducing the risk of fraud at all levels within the CCMA. Employees underwent fraud prevention and corruption awareness sessions nationally.

#### FRAUD AND CORRUPTION REPORTING

The CCMA has established an independent fraud hotline for anonymous reporting of fraud or irregular incidents. The whistle blowing procedures have also been formalised and implemented and are monitored by an external party. The monitoring and follow-ups of reported incidents are reported by Internal Audit to the relevant governance structures such as the Governance and Ethics Committee.

Notice boards and information pamphlets highlighting the fraud and corruption hotline details have been placed in all the CCMA's public areas for users to take cognisance and to be informed about the channels to use in case of reporting unethical or corrupt actions. The fraud and corruption notice boards are accessible to all CCMA stakeholders, internally and externally.

#### HOW THESE CASES ARE REPORTED AND WHAT ACTION IS TAKEN

The fraud prevention and response plans apply to CCMA staff. Investigations may also encompass allegedly fraudulent actions by outside persons or organisations and the results will be passed to the police or other external bodies. The hotline is a safe, anonymous means to report fraud and corruption and is available 24-hours, 7-days-a-week and is available in all official languages.



CCMA Registrars 2014/15

Back: Gillian Downs - Northern Cape, Maggie Naidoo – Ekurhuleni, , Liesel Behrens - Free Sate,
Czarina Pillay - Port Elizabeth, Nonzame Jaxa - East London, Merlie Benjamin – KwaZulu Natal, Shurainah Harris - Western Cape,
Danielle Martin – Tshwane Front: Anna Senetla – Limpopo, Nanakie Moroti - Johannesburg Office,
Philippine Mkize - National Office Manager, Sebolelo Tshabalala - Mpumalanga

Absent: Neil Dublin - North West



CCMA Governing Body Members Leon Grobler (Labour) and Ntsoaki Mamashela (Government)
presenting Best Performing Dispute Management and Prevention Region Award at the CCMA Commissioners Indaba 2014





Top:

Afzul Soobedaar, National Senior Commissioner Mediation and Collective Bargaining, presenting at the Fairwork Commission in Australia

#### Left:

Afzul Soobedaar presenting at the International Agencies Meeting in Auckland, New Zealand

# DIRECTOR'S SPECIAL PROJECTS

#### CCMA COMMISSIONERS INDABA 2014

The Commissioners Indaba, under the theme "The Equitable Workplace – The Next Wave or Pipe-Dream" took place over two days in December, appropriately at the Durban shorefront in KwaZulu-Natal. The value of this prestigious event to the knowledge and skills development of commissioners has exponentially increased every year since inception. This year the Commissioners Indaba not only provided a plethora of updated information on key issues relevant to the work of the commissioners but advanced the learning of the Commissioner community with recognised experts in their fields addressing public developmental subjects.

The 350 attending commissioners were addressed by, amongst other luminaries, Professor Adam Habib, who delivered the key note address on *South Africa is sailing in troubled waters and the labour market is in the eye of the storm; where is our safe harbour and who can steer us there?* Judge Andre van Niekerk delivered a dynamically constructive address on *Speedy social justice: streamlining dispute resolution processes and ensuring quality outcomes – a critique from the bench of CCMA dispute resolution processes, arbitration awards and settlement agreements.* A highlight for the commissioners was to welcome Jay Naidoo back to labour market issues with his plenary address on *Visualising an end to inequality – the role of the CCMA and its commissioners in the broader challenge to address workplace inequality.* A highpoint of the 2014 Commissioners Indaba was the thought-provoking round table with Judge Dennis Davis moderating and Thembinkosi Mkalipi (Department of Labour), Zwelinzima Vavi (COSATU), Narius Moloto (NACTU), Dennis George (FEDUSA), Vanessa Phala (BUSA) and Vic van Vuuren (ILO) robustly discussing *Can income disparity and workplace inequality be addressed through a legislated national minimum wage and implementation of a country decent work programme?* 



Former COSATU General Secretary and a Minister in the Nelson Mandela's Presidency Jay Naidoo Presenting at the CCMA Commissioners Indaba 2014

The Commissioners Indaba of 2014 will forever be etched into the collective memories of the organisation as it was here that the sad news was received of the passing of our former president and great patriot Nelson Rolihlahla Mandela. It was agreed by commissioners that the CCMA would commemorate President Mandela in a manner befitting his monumental life and contribution by giving back in another way. This lead to the inauguration of the Nelson Mandela Commissioner Indaba Community Development Legacy Project. Each year a legacy project that enshrines the spirit of Nelson Mandela and stands as a beacon of the CCMA's commitment to his legacy of social justice will be established in the region that hosts the annual CCMA's Commissioners Indaba. The inaugural 2015 project established, furnished and filled, with donations from the commissioners, a library at the Ngqayizivele Primary School in Umlazi with approximately 800 books. This new library, the only one in the area, will not only assist the 500 students from the school but will be open to the entire community.



CCMA Director Nerine Kahn and Minister of Labour Mildred Oliphant at the CCMA Commissioners Indaba 2014 Gala Dinner

The Indaba culminates with an Award Ceremony where commissioners and regions are formally recognised for excellence in service delivery performance. The 'best' and 'most improved' regions are identified by overall performance against the scorecard, which includes operational efficiencies as well as financial and corporate service management.

#### Congratulations to:

- Best Performing Region: Western Cape
- · Most Improved Region: Port Elizabeth
- · Best Performing Mediation Region: Tshwane
- Best Performing Dispute Management and Prevention Region: KwaZulu-Natal
- Best Performing Operations and Dispute Resolution Region: Western Cape
- Best Performing Full-time Commissioner: Musolwa Rapalane (Johannesburg Region)
- Best Performing Part-time Commissioner: Ronald Tshilidzi Mudau (Tshwane Region)

In addition, the Director recognises individuals or regions that distinguished themselves in promoting the values of the CCMA within and outside the organisation.

# **CCMA COMMISSIONERS INDABA 2014**

**EXCELLENCE AWARDS RECIPIENTS** 



Best Performing Region: Western Cape



Best Performing Mediation and Collective Bargaining Region: Tshwane



Best Performing Dispute Management and Prevention Region: Kwa-Zulu Natal



Best Performing Operations and Dispute Resolution Region: Western Cape



Most Improved Region: Eastern Cape - Port Elizabeth

# **CCMA COMMISSIONERS INDABA 2014**

**EXCELLENCE AWARDS RECIPIENTS** 



Best Performing Full -Time Commissioner: Musolwa Rapalalane (CCMA Johannesburg Regional Office)



Best Performing Part -Time Commissioner: Ronald Tshilidzi Mudau (CCMA Tshwane Regional Office)

#### Director's Awards

- North West Province Management Team: Elias Hlongwane and Neil Dublin Embracing environmental adaptability and future sustainability by reducing the carbon footprint in the Klerksdorp Office.
- Universities Qualification Team: Jeremy Daphne, Vanessa Pather, Laurie Warwick, Eleanor Hambidge, Khetsi Lehoko, William Thompson and Floors Brand - Realisation of a long term goal: The Labour Relations Practitioner qualification being offered at universities.
- Ronald Bernickow and Nersan Govender Demonstrating true courage and still giving the best performance to the CCMA.
- Eugene Van Zuydam Lifetime Achievement Award.



North West Region Management Team: For embracing environmental adaptability and future sustainability by reducing the carbon footprint of the Klerksdorp Office



Universities Qualification Team: Jeremy Daphne, Khetsi Lehoko,
Vanessa Pather, Eleanor Hambidge, William Thompson,
(Laurie Warwick and Floors Brand - absent):
For realisation of a long term goal: The Labour Relations
Practitioner qualification being offered at universities

# **CCMA COMMISSIONERS INDABA 2014**

**EXCELLENCE AWARDS RECIPIENTS** 



Nersan Govender and Ronald Bernickow: For demonstrating true courage and still giving the best performance to the CCMA



Director's Award/ Life Time Achievement Award: Senior Commissioner Eugene Van Zuydam

#### INTERNAL CAPACITY BUILDING AND PROFESSIONAL DEVELOPMENT

On being appointed as the Director of the CCMA in 2006, Nerine Kahn developed a 10-point 'action list' that would not only calm the organisational storm that had taken place in the period leading up to her appointment but would also set the organisation up to scale the heights required by the labour market. Three of these action items related to skills retention, internal capacity building and professionalism. Having come through the commissioner ranks herself, the Director understood the long-term benefits of tapping internal capacity development. Thus began the multi-faceted internal professional development initiative that is now paying dividends for the organisation and yielding benefits for the labour market sector. In this reporting period alone, 62 training interventions were held, benefitting 2 041 employees.

OF THE CURRENT COMMISSIONERS				
	PREVIOUSLY A PART-TIME INTERPRETER	PREVIOUSLY A CASE MANAGEMENT OFFICER		
East London	1	4		
Bloemfontein	1	0		
Johannesburg	3	10		
Tshwane	9	3		
KwaZulu-Natal	5	9		
Mpumalanga	4	0		
North West	0	4		
Northern Cape	0	3		
Cape Town	3	7		
Limpopo	2	0		
Port Elizabeth	1	1		
Totals	29	41		

PREVIOUSLY A CASE MANAGEMENT OFFICER (CMO)			
	NOW A REGISTRAR	NOW A SENIOR CMO	
East London	1	1	
Port Elizabeth	1	1	
Bloemfontein	1	1	
Ekurhuleni	0	0	
Johannesburg	1	4	
Tshwane	0	1	
KwaZulu-Natal	1	3	
Limpopo	1	1	
Mpumalanga	0	1	
Northern Cape	0	0	
North West	0	2	
Western Cape	0	2	
Totals	6	17	

The Women's Development and Empowerment Programme is a priority project within the Internal Capacity Building and Professional Development initiative. This programme includes such training as Group Executives Women's Empowerment, Management and Development Leadership Skills for Women. The success of this programme is evident in the achievements reached in this reporting period, with a six per cent year, total number of female commissioners.

A keystone to the success of the Internal Capacity Building and Professional Development Initiative is the mutually supporting Coaching and Mentoring Project, which is a leverage programme that unleashes the potential of individuals and teams for the benefit of the organisation and themselves.

#### THE COACHING AND MENTORING PROGRAMME

The Coaching and Mentoring Programme is coordinated out of the Director's Office and focuses on unlocking potential and maximising performance by helping participants to discover answers for themselves, rather than being advised.

The specific objectives of the coaching programme is to boost and enhance management performance and that of the entire organisation, encourage the change process from manager to leader, equip managers with the skills to manage and coordinate change requirements, embed the organisational values and behaviours, inculcate a high-performance culture, enable teamwork and cross-functional integration, and inspire effective organisational dynamics and ethics.

Participants in the coaching programme have been drawn from newly-appointed executive and senior managers, employees identified for future roles and those who would benefit from enhancement of personal growth and development.

The coaching programme provides for face-to-face executive coaching that establishes a structured, process-driven relationship between a trained professional executive coach and coachee. It includes: assessment, examining values and motivation, setting measurable goals, defining focused action plans and using validated behavioural change tools and techniques. The programme facilitates an experiential learning process in a thinking and reflective environment to develop competencies and remove blockages to achieve valuable and sustainable behavioural changes in the mentee's professional role-taking life.

The impact goal of the coaching programme is to support coachees to develop internal and external structures that assist them achieve success and to increase their potential by expanding their sense of what is possible. The programme encourages current and potential organisational leaders to develop the necessary skills, attitudes, knowledge and required behaviours for success that will help them develop action plans (personal development plans) to meet identified developmental goals. The programme is a personal and organisational journey of self-discovery, personal mastery, awareness and development that builds good citizens, committed public officials and inspired leaders

The Mentorship programme is specifically for commissioners and consists of three components: early mentorship for a group who had previously completed candidate commissioner training, a 'late' mentorship programme and an extended mentorship programme. Since inception the mentoring for candidate commissioners has been consistently further developed and strengthened. An important aspect of this was the introduction of extended mentorship for the first time.

In the year under review, 78 candidate commissioners proceeded to the two-week mentorship programme. Fifty-one mentees were confirmed competent to practice, with five mentees having to defer their mentoring due to illness, pregnancy or other reasons. One mentee resigned and in two cases mentees were deemed not competent and also not qualifying to carry out extended mentorship. Eighteen mentees proceeded to extended mentorship, mainly for reasons relating to legal drafting and award writing. Nineteen mentees have been recommended as competent, with one mentee who completed deferred mentorship recommended for extended mentorship. Overall, as at 31 March 2015, seven mentees had been deemed competent, two not competent, one had their contract terminated for other reasons and one left the programme voluntarily, with four mentees still in process.

The Mentorship programme has been acclaimed by mentors who believed that the extended mentorship significantly assisted the mentees in improving in their areas of weaknesses.



CCMA Director Nerine Kahn receiving the award for Africa's Most Influential Women 2014 for South Africa & SADC in Agencies and Regulatory Bodies category

# ESCALATING ACCESSIBILITY BY EXPANDING THE CCMA LANGUAGE PROVISIONING REGIME

The CCMA, as a custodian of social justice, recognises the importance of language provisioning in protecting citizens' constitutional rights, facilitating equitable access to services and information, promoting equitable treatment of official languages of the Republic of South Africa and promoting good language management to meet the needs of all CCMA users and the public at large. The CCMA has from its inception established, and has been recognised, for its inclusive language regime. The provisions of the language policy that ensured all users had access to the language of their choice have always included:

- Services delivered in the preferred language of each user of the CCMA service, and more recently this has included sign language;
- Interpreter services in all eleven official languages in pre-hearing, during the hearing and post hearing. The latter includes providing assistance in relation to all outcomes and explanations of further process if any;
- Interpretation into any non-official language is accommodated during the hearing, but for the arrangement and at the cost of the user;
- The CCMA information sheets for users and the public at large are available in all eleven official languages covering a range of topics including guiding users through the various kinds of hearing processes of the CCMA; and
- The CCMA call centre provides assistance to everyone in all eleven official languages.



Domestic Workers Sector Summit held in CCMA Western Cape

With the promulgation of the Use of Official Languages Act 2012 and subsequent regulations the CCMA took the opportunity to comprehensively review and further strengthened the CCMA language regime. This process included a national benchmarking exercise, conducted through a National Employee and User Preferred Language Survey, and a three-month Interpreter Utilisation Study. This assessed the language demand of interpretation services by users for each of the approximately 120 interpreters, by each case, for each region, and a cost benefit analysis of models with various levels of complexity based on the number of languages, extent of services, variability and/or variety of forms and documentation. The amended draft CCMA Language Policy was informed by the outcomes of the research conducted and is aligned to the Use of Official Languages Act of 2012 and associated regulations. The draft CCMA language policy was gazetted for public comment as required by the Department of Arts and Culture: one of the few in the stipulated period provided. The policy was amended taking into cognisance those substantive public submissions received and approved. Key amongst the areas of amendment includes the selection of English, IsiZulu and Afrikaans as the three national official CCMA languages with regional-specific language choices being made over a medium-term implementation period. Aligned to the broader judiciary- Awards will be in English, however, post-hearing interpreter services are available in all 11 official languages. A complaints mechanism, with an appeals process, has been established using the current systems available, including the hotline and complaints processes.

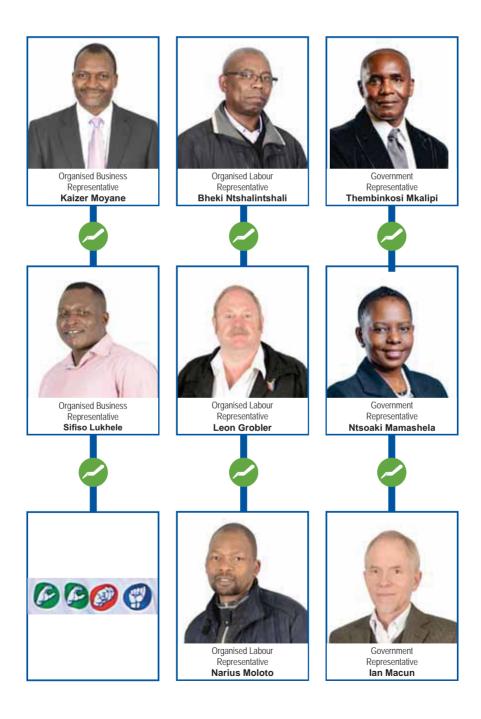
Accessibility is a central tenet of the CCMA's philosophy, aimed at enhancing social inclusion and ensuring social justice. The contribution made by expanding language provisioning. It is well founded and the CCMA, under the leadership of the Director, will continue to work tirelessly to find innovative ways to enhance service delivery for all our users.



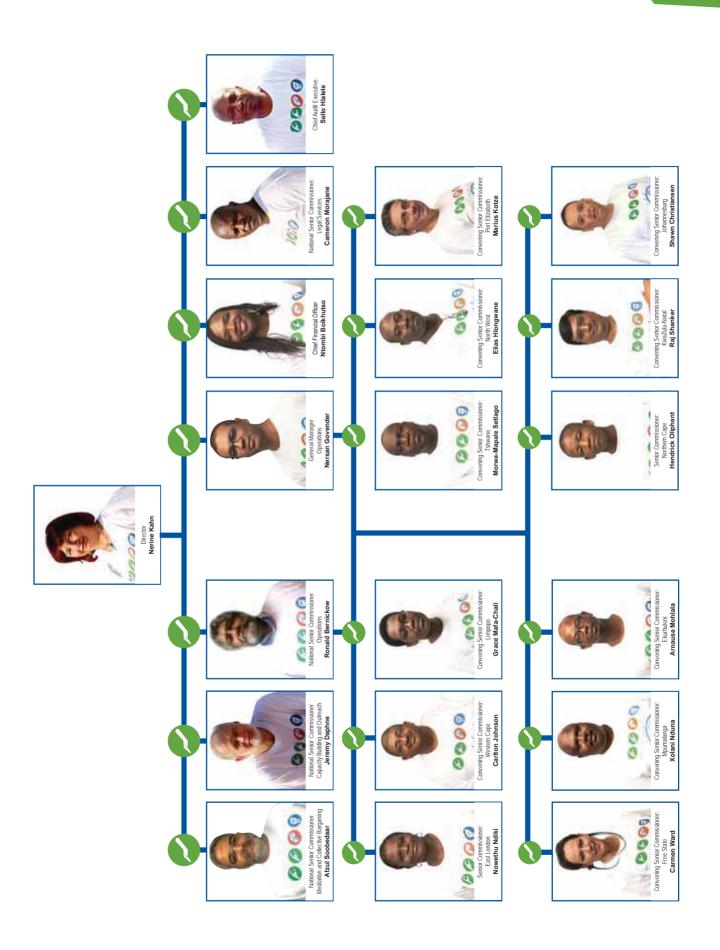
Senior Commissioner Haroun Docrat presenting on the Challenges facing Collective Bargaining in South Africa at the CCMA Vaal Office User Forum

# **GOVERNING BODY STRUCTURE**





# ORGANISATIONAL STRUCTURE



# SIYAPHAMBILI STRATEGY SCORECARD

# INTRODUCTION

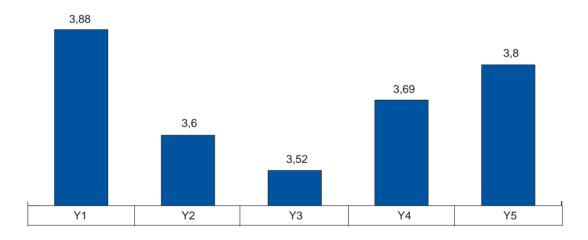
The CCMA employs a scorecard to monitor and evaluate performance of the strategic plan on a quarterly and annual basis. The scorecard reflects strategic objectives and key performance areas and targets for the period under review.

The scorecard is designed to provide for both external reporting and internal performance management purposes. A five-condition scale is employed reflecting the level of achievement on the targets as follows.

Target substantially exceeded	>113% achieved	•
Target exceeded	101% - 112% achieved	•
Target achieved	100% achieved	•
Target partially achieved	50% - 99% achieved	•
Target not achieved	< 49% achieved	•

For the year under review the organisation performed well and satisfied all conditions that were established for meeting targets. A synopsis of the organisational performance is itemised in the tables that follow.

Figure.1: CCMA 5-Year Siyaphambili Performance Overview



# MONITORING AND EVALUATION SYSTEM

KEY PERFORMANCE AREA	ANNUAL TARGET AS PER STRATEGIC PLAN	ACTUAL OUTPUT - VALIDATED	ACHIEVEMENT
1.1 The CCMA plays a meaningful role in the facilitation of social dialogue	CCMA Social Dialogue events researched and facilitated on identified labour market issues related to the CCMA mandate.	The CCMA played a role in the facilitation of social dialogue on identified labour market issues related to the CCMA mandate.	>113%
and economic development on identified labour market issues locally	240 activities planned on CCMA Social Dialogue events as per national operational plan.	A total of 288 activities on CCMA Social Dialogue events were held as per the national operation plan.	
and internationally.	Participating in 100% of Stakeholder/ Social Partner events where agreed.	Participated in 100% of Stakeholder/ Social Partner events where agreed.	
	16 papers/articles and/or presentations on topical issues geared towards promoting social dialogue produced or presented.	33 papers/articles and/or presentations on topical issues geared towards promoting social dialogue were produced and presented.	
	A 70% quality measure achieved for applicable activities held that facilitated social dialogue.	A 78,5% quality measure was achieved for applicable activities held towards facilitating social dialogue.	101% – 112%
1.2 Provide support and assistance to local, regional and international organisations.	Continue the implementation of agreed projects with identified organisations.	The implementation of agreed projects with identified organisations continued.	100%
1.3 Enhance the quality and effectiveness of dispute resolution under the auspices of the bargaining councils and private agencies.	An accreditation and subsidy system that promotes the improvement of dispute resolution services in bargaining councils and private agencies.	An accreditation and subsidy system that promotes the improvement of dispute resolution services in bargaining councils and private agencies was delivered with 100% of private sector bargaining councils achieving 80% of their performance efficiencies and 100% of public sector bargaining councils achieving 50% of their performance efficiencies.	100%
	Facilitate establishment of bargaining councils in accordance with labour market needs.	Establishment of bargaining councils in accordance with labour market needs facilitated.	100%
	Maintain and increase the number of accredited bargaining councils.	The number of bargaining councils was maintained and increased.	100%
	Facilitate the accreditation of private agencies.	Private agencies have not yet performed any of the functions for which they have been accredited. Until this matter has been considered by the Accreditation and Subsidy Committee, no new accreditation will be considered.	The target could not be evaluated.
1.4 Provide user and stakeholder empowerment and capacity building.	Capacity building and awareness raising activities held for targeted sectors with vulnerable sectors prioritised, including responding to 100% of user requests.	A total of 922 capacity building and awareness-raising activities were held for targeted, prioritised and vulnerable sectors/constituencies.	>113%
	100% of user capacity building requests responded to.	100% of user capacity building requests that were agreed upon were responded to.	

KEY PERFORMANCE AREA	ANNUAL TARGET AS PER STRATEGIC PLAN	ACTUAL OUTPUT - VALIDATED	ACHIEVEMENT
1.5 Promotion of employment security.	The promotion of employment security through publicity and capacity building activities.	Employment security through publicity and capacity building activities was promoted with a total of 277 activities delivered.	101% – 112%
	A 70% quality measure achieved for the applicable promotion of job and employment security capacity building activities held.	pplicable promotion of job and oyment security capacity building employment security capacity building	
	An impact assessment was conducted for the promotion of employment security initiative.	An impact assessment was conducted on the promotion of employment security initiative.	
1.5.1 Establish a Job Saving Unit.	Employment Security Unit established to deliver the CCMA Employment Security Strategy.	Employment Security Unit to deliver the CCMA Employment Security Strategy was established.	101% – 112%
	Identified initiatives delivered to enhance delivery of the Employment Security Strategy.	96% of identified initiatives delivered in line with ESU operational plan.9	50% - 99%
1.6 Participate in the process of amending CCMA-relevant	Prepare the CCMA for the commencement and application of the Employment Laws amendments.	The CCMA was prepared for the commencement and application of the Employment Laws amendments.	101% – 112%
Employment Law and policy development.	Revise rules and CCMA forms drafting completed.	Revise rules and CCMA forms drafting was completed.	101% – 112%
чечеюртет.	Design and implement the Employment Laws Amendments communication plan.	The Employment Laws Amendments communication plan designed and implemented.	101% – 112%
	Prepare the CCMA as an employer for the implementation of the labour laws amendments.	The CCMA as an employer was prepared for the implementation of the labour laws amendments.	100%
1.7 Assist, support, promote and enhance the	Specialist dispute resolution service and post dispute support services maintained.	The specialist dispute resolution service and post dispute support services were maintained.	100%
quality of collective bargaining.	High impact offers of assistance made in public interest matters (Section 150 matters).	95,7% of offers made in public interest matters accepted.	>113%
	62% of public interest matters resolved.	92.5% of offers made in public interest matters resolved.	
	Facilitation of the establishment of two collective bargaining structures.	Establishment of two collective bargaining structures facilitated.	100%
	Collective Bargaining Improvement process piloted.	Collective Bargaining Improvement process piloted. <sup>10</sup>	50% - 99%
1.8 The organisation adds value to the labour market as determined by its mandate.	The organisation adds value to the labour market as determined by its mandate.	The organisation added value to the labour market as determined by its mandate.	100%
2.1 Ensuring the development and delivery of a Conflict Resolution Practitioner occupational qualification.	Delivery of the LDRP qualification by two public universities following standards identified in the Memorandum of Agreement (MOA).	LDRP qualification delivered to three public universities following standards identified in the MOA and a review was conducted.	>113 %

<sup>9</sup> Due to the Labour Laws Amendments training roll-out having been given priority over the National Employment Security Summit.

10 The pilot process has being extended due to the non-availability of the parties. The evaluation has been scheduled for the first quarter of the new financial year.

KEY PERFORMANCE AREA	ANNUAL TARGET AS PER STRATEGIC PLAN	ACTUAL OUTPUT - VALIDATED	ACHIEVEMENT
2.2 Design and development of training materials	Design, develop and update identified training materials in terms of CCMA and user needs.	Identified training materials in terms of CCMA and user needs was designed, developed and updated.	101% – 112%
and courses to support continuous professional	Update nine Candidate Commissioner training modules and slides.	Nine Candidate Commissioner training modules and slides were updated.	
development.	Review conducted on the quality of the eight updated Candidate Commissioner Training Programme modules.	A review was conducted on the quality of the eight Candidate Commissioner Training Programme modules and a report produced.	
	Training material on the statutory labour laws amendments developed for practising commissioners and identified internal users.	A total of 13 training materials on statutory labour law amendments were developed for practising commissioners and identified internal users.	
	Attain a 70% quality measure on identified training material.	86% quality measure was achieved on identified training material.	>113%
2.3 To ensure continuous research and development of effective adult training methodology and techniques, including e-learning.	Develop and apply quality training methodologies and techniques for identified courses.	A total of seven quality training methodologies and techniques for identified courses were developed and applied.	100%
2.4 Development and updating of assessment and mentoring methods.	Develop and apply quality assessment methods to identified training modules and for the 2014/15 Commissioner Recruitment programme.	A total of six quality assessment methods to identified training modules and for the 2014/15 Commissioner Recruitment programme were developed and applied.	101% – 112%
	Develop and apply quality mentorship methods to the Candidate Commissioner Mentorship programme.	Quality mentorship methods for the Candidate Commissioner Mentorship Programme developed and applied.	100%
2.5 Develop and deliver effective human capital training to align with the needs of the organisation.	Deliver capacity building initiatives to meet the operational, technical, managerial and corporate service needs of the CCMA and its people.	A total of 62 capacity building initiatives to meet the operational, technical, managerial and corporate service needs of the CCMA and its people were delivered.	101% – 112%
	Capacity building initiatives delivered with a 70% quality measure.	An 80% quality measure for applicable training initiatives delivered was achieved.	101% – 112%
	Impact assessments conducted on selected capacity building initiatives.	100% of planned impact assessments conducted on identified capacity building initiatives.	
3.1 Entrench the mandate of the LRA (social	The quality of arbitration awards and rulings monitored and evaluated to ensure continuous improvement.	The quality of arbitration awards and rulings to ensure continuous improvement was monitored and evaluated.	>113%
justice, economic development and labour peace) in all CCMA services and outcomes.	The quality of settlement agreements monitored and evaluated to ensure continuous improvement.	The quality of settlement agreements to ensure continuous improvement was monitored and evaluated.	>113%

KEY PERFORMANCE AREA	ANNUAL TARGET AS PER STRATEGIC PLAN	ACTUAL OUTPUT - VALIDATED	ACHIEVEMENT
3.1 Entrench the mandate of the LRA (social	The quality of conciliation processes assessed and evaluated to ensure continuous improvement.	The quality of conciliation processes to ensure continuous improvement was assessed and evaluated.	>113% +
justice, economic development and labour peace) in all CCMA services and	Settlement agreement outcomes monitored and reported on to promote reinstatement or re-employment outcomes.	Settlement agreement outcomes to promote re-instatement or re-employment outcomes were monitored and reported.	>113%
outcomes.	Monitor commissioner performance and address noncompliance.	100% commissioner performance and address 100% non-compliance issues addressed and monitored.	100%
	Ethics Code of Conduct for commissioners updated.	Ethics Code of Conduct for commissioners updated.	
3.2 Improve accessibility of services to users.	Improve accessibility of services to users.	Accessibility of services to users was improved.	100%
3.3 Review the impact of the extended mandate.	Develop the 2015-2020 Vision.	This target was consolidated into the target final draft of the strategy.	The target could not be evaluated.
3.4 Transformation of workplace relations with a	Targeted workplace change and transformation interventions delivered.	A total of 210 Targeted Workplace Change & Transformation interventions were delivered.	>113%
view to embedding economic development, industrial peace and promotion of social justice.	A 70% quality measure achieved for applicable workplace change and transformation interventions held.	A 77% quality measure was achieved overall for applicable workplace change and transformation interventions held.	101% – 112%
3.5 Promotion of user compliance and removal of social justice blockages in the CCMA DR	User engagements were held to address identified user DR compliance problem areas and targeted social justice blockages following the operational plans.	400 user engagements were held to address identified user DR compliance problem areas and 154 targeted social justice blockages following the operational plans.	>113%
processes.	An impact assessment was conducted for the DR compliance and social justice blockages initiative.	An impact assessment was conducted on the DR compliance and social justice blockages initiative.	
3.6 Improve the quality of service delivery	Review and agree new efficiencies (where necessary).	Efficiencies (where necessary) were reviewed and adopted.	101% – 112%
to ensure speedy dispute resolution.	All regions to meet a minimum of 63% of the targeted efficiencies.	All regions have exceeded 63% of the targeted efficiencies.	101% – 112%
	All cases conciliated within 30 days. <sup>11</sup>	99,85% of conciliation cases were heard inside the statutory 30-day period. Out of a total of 127 997 conciliation cases heard, 127 810 were heard inside the statutory 30-day period.	50% - 99%
	Delivery of awards by commissioners and awards sent to parties must be done within 14-day period. <sup>12</sup>	99,67% of awards rendered were sent to the parties on time. From a total 16 909 awards rendered during the period under review, 16 853 were sent to the parties in time.	50% - 99%
4.1 Entrench a culture that focuses on performance and service delivery excellence.	Organisation that is performance driven and that rewards excellence.	Organisation is performance driven, rewarding excellence.	100%

<sup>11</sup> All instances of underperformance in CCMA statutory performance efficiencies delivery are investigated and appropriate action taken, including support initiatives, addressing non-performance and, where required, disciplinary action instituted. Administrative and commissioner capacity was identified as the cause of underperformance and has been addressed.

12 All instances of underperformance in CCMA statutory performance efficiencies delivery are investigated and appropriate action taken, including support initiatives, addressing non-performance and, where required, disciplinary action instituted. Administrative non-performance was identified as the cause of underperformance and appropriate action was taken.

KEY PERFORMANCE AREA	ANNUAL TARGET AS PER STRATEGIC PLAN	ACTUAL OUTPUT - VALIDATED	ACHIEVEMENT
4.2 Improve and strengthen organisational capacity for holistic external and internal communication.	Ensure effective internal and external communication.	Effective internal and external communication was ensured.	101% – 112%
4.3 Top-of-mind awareness of risk management	Entrench risk, control and good governance values in the organisation.	Risk, control and good governance values in the organisation entrenched.	>113%
principles and consideration in	13 Risk registers reviewed and updated.	24 Risk registers reviewed and updated.	>113%
all planning and decision making throughout the organisation.	100% achievement of the risk management awareness plan.	100% risk management awareness plan achieved.	>113%
4.4 Best practice policies and governance	Implement the policy plan that will enhance the policy approval process.	Policy plan that enhanced the policy approval process was implemented with 21 policies adopted.	100%
structures implemented.	Policies are communicated and embedded in the organisation.	Policy awareness amongst all employees has been evaluated.	100%
	Training and induction (new GB members) provided to the GB and its committees in order to enhance the oversight role and execution of fiduciary responsibilities.	Training and induction of the GB members has been delayed awaiting the appointment of a new member of the GB who will replace a recently appointed GB member who was non-compliant in respect of meeting attendance. The appointment of all committee members will be completed in the first quarter of the new financial year and induction and training will be held at that time.	The target could not be evaluated.
	Annual evaluation of the performance of the Governing Body and the committees has been conducted.	Annual evaluation of the performance of the Governing Body and the committees was conducted.	100%
4.5 Ensure public	Unqualified audit reports.	Audit report unqualified.	101% – 112%
finance management compliance and that the organisation	100% external audit IBTC matters addressed.	100% external audit matters addressed.	
operates as a going concern.	100% internal audit IBTC matters addressed.	100% internal audit matters addressed.	
	Internal control mechanisms in line with PFMA in place.	Internal control mechanisms in line with PFMA in place.	
	Over expenditure should not exceed 5% of the budget.	Budget saving of 1% achieved.	
	Maintain positive cash balance position.	Cash balance covers 1,7 months to meet current obligations.	
	Compliance with PFMA and Treasury Regulations.	PFMA and Treasury Regulations complied with.	100%
	Identified areas of DTI's code of good practice adopted.	This process was suspended in preparation for the amendments to the Code of Good Practice, which will be promulgated on 1 April 2015.	The target could not be evaluated.
	65% of procurement from suppliers with B-BBEE levels 1-5.	B-BBEE-agreed targets implemented.	100%

KEY PERFORMANCE AREA	ANNUAL TARGET AS PER STRATEGIC PLAN	ACTUAL OUTPUT - VALIDATED	ACHIEVEMENT
4.6 Review the Information Communication Technologies (ICT) application architecture to meet the strategic needs of the organisation.	Implement the revised ICT strategy and benchmark against best practice.	The revised ICT strategy was further implemented and benchmarked against best practice.	101% – 112%
4.7 Efficiently and effectively manage the facilities required by the organisation.	Improve user accessibility of CCMA infrastructure.	Accessibility of services to users improved.	100%
5.1 Source and retain the best talent for the organisation.	Skilled Human Capital plan implemented with depth in staffing levels.	Skilled Human Capital plan with depth in staffing levels was implemented.	101% – 112%
5.2 Promote skills development, employment equity and women in commissioner and leadership positions.	More women in leadership and commissioner roles. Continuous professional development of staff embedded.	A 6% year-on-year increase in the total number of women in leadership roles was achieved. A 16% year-on-year increase in the total number of female commissioners was achieved. Continuous professional development of staff has been embedded by implementing the national training plan.	100%
5.3 Align the organisational design that facilitates delivery of the strategy.	Implement the revised organisational structure.	All approved changes to the revised organisational structure were implemented.	100%
6.1 Ensure effective development, implementation,	Siyaphambili Strategy fully implemented with all targets achieved.	Siyaphambili Strategy has been fully implemented with all targets achieved.	100%
evaluation and reporting on the strategy.	Develop 2015-2020 strategy.	Senz'Umehluko Strategy (2015-2020) developed.	> 113%
6.2 Foster a dynamic organisational culture informed by	The organisational culture is strengthened by the values of the organisation.	The organisational culture strengthened by the values of the organisation.	101% – 112%
the values of the organisation.	CSR plan implemented.	100% CSR delivery plan was implemented with 23 activities delivered.	



Multi Stakeholders Dialogue Forum in Grahamstown, facilitated by Dispute Management & Prevention Commissioner Mandy Coetzee with

Eastern Cape Agricultural Research Project, Farmworkers and Dwellers and Fruit SA



The CCMA and Department of Labour bringing services to the people outside the Department of Home Affairs in East London

# **OPERATIONS**







General Manager Operations
Nersan Govender

## INTRODUCTION

The Operations department consists of two service delivery areas. The first is responsible for the day-to-day management of all regions and the second is responsible for information systems and consists of three departments, namely: Case Management, Call Centre and Information Technology.

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

Its biggest impact is within the CCMA itself, where the department is responsible for regional service delivery, including Commissioner Affairs.



CCMA presenting at the Small Enterprise Development Agency (SEDA) Seminar in Ekurhuleni

# STRATEGIC OBJECTIVES

Operations delivery is informed by the Siyaphambili Strategy, namely:

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



CCMA and Department of Labour Stand at the Rand Easter Show, Nasrec

# KEY PERFORMANCE AREAS

The biggest achievement for the period under review was the continued stabilisation of operational performance with all 21 regional offices exceeding their set service delivery efficiency targets.

Improving accessibility of services broadly, but targeted strengthening of service delivery to vulnerable users in economically distressed areas is a continual strategic imperative for the CCMA. The decision to open two new offices in Welkom and the Vaal in the last financial year has proven to be well considered, with a referral increase rate of 84 per cent and 90 per cent respectively.

171854 170673 161588 154279

Figure.2: Five-Year Comparison of Total Caseload

2011/12

### REFERRALS

2010/11

A total of 171 854 referrals were received in this reporting period, of which a total of 137 479 cases were deemed to be jurisdictional. The case referral rate and jurisdiction cases increased by one per cent and two per cent respectively, year-on-year, indicating a stabilisation of the number of referrals. This translates to an average of 687 new cases referred every working day, up from 680 for the previous year. Non-jurisdictional cases decreased by four per cent.

2012/13

2013/14

2014/15

The office that experienced the highest growth in referral rate was the Vaal, with an increase of 90 per cent, year-on-year, followed by Welkom with an increase of 84 per cent. Bloemfontein had the highest decline in caseload, with a year-on-year reduction of 55 per cent.

Table.1: Referrals by Act

REFERRALS BY ACT	2015	2014
Labour Relations Act (LRA)	96,4%	96,7%
Basic Conditions of Employment Act (BCEA)	2,6%	2,4%
Employment Equity Act (EEA)	1%	0,9%
Skills Development Act (SDA)	-	-

### PRE-CONCILIATIONS

A total of 20 962 pre-conciliations were heard, a decrease of 10 per cent, year-on-year. The Rustenburg and Vaal offices increased by 12 per cent and 10 per cent respectively, while the Welkom and George offices decreased by 20 per cent and 11 per cent respectively

Most significantly, the number of pre-conciliations settled, 15 678, constitutes an increase of five per cent on last year. Most regions consistently met this target throughout the period under review.

The Ekurhuleni office achieved the highest settlement rate for pre-conciliations of their jurisdictional cases at 16 per cent. The Vaal and Rustenburg offices increased by 12 per cent and seven per cent respectively, while the Pietermaritzburg office decreased by four per cent.

#### CON/ARBS

A total of 59 268 con/arbs were heard, which amounts to an average of 237 per day. This constitutes an increase of 0, 2 per cent, year-on-year. The number of cases finalised in one event (the primary objective of the con/arb process) decreased by one per cent. Total objections to the con/arb process decreased by three per cent, with objections by the employer decreasing by four per cent and increasing by 19 per cent by the employee.

The Bloemfontein office finalised the highest number of cases (54 per cent) in a single event. The Welkom office improved the finalisation of cases in one event by a notable 24 per cent.

#### CONCILIATIONS

A total of 127 997 conciliations (including pre-conciliations, con/arbs and conciliations) were heard, which calculates to an average of 512 per day. Only 187 conciliations were heard outside the statutory 30-day period: a significant decrease of 78 per cent from the previous year. This includes those conciliations for which the 30-day period was extended.

The finalisation of conciliation cases (those that were heard and closed) decreased by two per cent, year-on-year. Cases withdrawn and settled by the parties decreased by five per cent each, compared to last year. Cases settled by parties decreased by seven per cent, while commissioners settled an additional three per cent compared to the previous year.

The George office achieved the highest improvement of settling cases (11 per cent) at the conciliation phase.



User Forum hosted by the CCMA Vaal Office, Vereeniging

#### SETTLEMENT RATE

The actual number of cases settled increased by one per cent compared to the previous year. The final settlement rate stands at 76 per cent, a one per cent improvement over the previous year.

The Port Elizabeth office achieved the highest settlement rate at 83 per cent, while the regions that most improved their settlement rates were Limpopo and Mpumalanga, by four per cent on average.

### **ARBITRATIONS**

A total of 43 975 arbitrations were heard (an average of 176 per day), an increase from the previous year of two per cent. Arbitrations settled by the commissioners accounted for 79 per cent, (one per cent more than the previous year, while cases withdrawn and settled by parties accounted for 19 per cent and three per cent respectively (cases withdrawn increased by two per cent over the previous year). The late awards (submitted by commissioners) decreased by a noteworthy 54 per cent and this area continues to be tightly managed nationally. Of the total 17 103 awards rendered, just 24 were submitted late. The late awards sent to parties has been reduced by a considerable 20 per cent. The use of Heads of Argument was reduced by four per cent as compared to the last reporting period. Applications for award extensions decreased by a significant 40 per cent.

### **OTHER**

A total of 5 423 CCMA awards, an increase of two per cent over the previous year, and 6 124 bargaining council awards were certified: an increase of 26 per cent over the previous year.

Postponements and rework of cases were well managed in the regions, as is evidenced by the reduction of four per cent and five per cent respectively.

Table 2: Five-Year Comparison of Operating Efficiencies

OPERATIONAL FOCUS	TARGET/OBJECTIVE	2011	2012	2013	2014	2015
Pre-conciliations heard	Hear 10% or more of all jurisdictional referrals using the pre-conciliation process	14%	16%	17%	17%	10%
Pre-conciliations settled	Settled 7% or more of all jurisdictional referrals using the pre-conciliation process	7%	8%	9%	11%	7%
Con/arbs heard	Heard 50% or more of all jurisdictional referrals using the con/arb process	42%	41%	41%	44%	
Con/arbs finalised	Finalised 35% or more of all con/arbs heard/ conducted (changed measure in 2008 to be 'in jurisdiction')	35%	36%	36%	40%	35%
Conciliations heard and closed	Closed 90% or more of all conciliations heard (including all 'con' type processes)	94%	96%	96%	96%	
Conciliations heard outside 30 days	Statutory requirement to attempt to conduct all conciliation within 30 days	-	-	-	-	3%
Settlement rate	Settle 70% or more cases across all processes	69%	72%	73%	75%	70%
Arbitrations finalised	Finalise 90% or more arbitrations heard	94%	95%	95%	95%	90%
Late Awards (commissioners)	Statutory requirement to issue arbitration awards within 14 days	-	-	-	-	-
Late Awards (sent to parties)	Statutory requirement to issue arbitration awards within 14 days	47%	7%	1%	-	-
Postponements/ Adjournments	Allow for a maximum of 6% postponements/ adjournments of all processes heard	6%	5%	5%	4%	6%
Average turn around: conciliation (days)	Conciliation process to take place from 'activation' to 'closed' within a maximum of 30 days	26%	24%	24%	24%	30%
Average turn around: arbitration (days)	Arbitration process to take place from arbitration referral date to 'closed' within a maximum of 60 days	70%	59%	61%	58%	60%

### INFORMATION TECHNOLOGY

The main achievement for the 2014/15 year was the successful implementation of the Corporate Governance of ICT Policy Framework (Phase 1) in compliance with COBIT. The execution of the ICT strategy was significantly progressed with the implementation of the following projects:

- · SharePoint Project;
- Virtual Private Network (VPN) Project (connectivity);
- · Server Consolidation Project; and
- · Staff Capacity Building Programme.

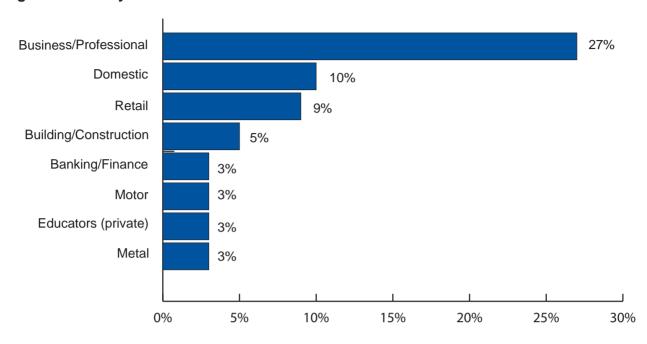
#### CALL CENTRE

The Call Centre continues to add value in terms of providing a real-time query to the public. A total of 156 140 calls were received during the reporting period: an average of 756 per day, an increase of 0,5 per cent over the previous year. The average length of call was four minutes and the average number of calls per agent was 47 per day. Importantly to the organisation's services accessibility expansion planning, the 'e-mail query' facility saw a nine per cent increase in usage during this reporting period, with 18 360 e-mail queries responded to: an average of 73 per day. A significant increase in the traffic was registered on the CCMA social media platform, Facebook, which assists the CCMA in interacting with the public on a daily basis to address more substantive-type queries. Most CCMA commissioners who are members of the group contribute to responding to the public's queries.



Partnership at work between Mthatha Labour Centre and CCMA East London - Ngcobo Town

Figure 3: Calls by Sector



## **CONCLUSION**

Operations has continued to build and strengthen partnerships by providing support and assistance to stakeholders and partners: internationally, nationally and regionally. The mandate of the LRA (social justice, economic development and labour peace) has been further entrenched in all CCMA services and outcomes by monitoring commissioner performance and addressing non-compliance. The quality of service delivery has been strengthened to ensure speedy dispute resolution by ensuring that all regions meet and exceed the targets set for operational efficiencies. This is evidenced by the fact that the average turnaround time for conciliation was 23 days (one day less than the previous year), while the average turnaround time for arbitration was 61 days (three days more than the previous year). Most importantly, accessibility of services to users across all possible platforms and entry points has been expanded.



CCMA Training for employers on Preparation for and Representation of Parties at Arbitration held in George



CCMA Ekurhuleni Mediation and Collective Bargaining Meeting



Post Office Task Team Facilitation Meeting



Signing of the CCMA Mediated Wage Agreement between Exarro-Coal and NUM

# CCMA & Department of Labour, Labour

11 EVENTS

44
PRESENTATIONS

8 221 DELEGATES





Kimberly Roadshow



Western Cape Roadshow



Bloemfontein Roadshow



Tshwane Roadshow Presenters: CCMA Commissioner Marleze Blignaut, Martin Ratshivhanda (DoL) and Ian Macun (DoL)



Port Elizabeth Roadshow

# Laws Amendments Roadshows 2014/15



Tshwane Roadshow



Rustenburg Roadshow



Limpopo Roadshow



Johannesburg Roadshow



Vaal Region Roadshow



Mpumalanga Roadshow



**Durban Roadshow** 



East London Roadshow

# MEDIATION AND COLLECTIVE BARGAINING



National Senior Commissioner Mediation and Collective Barganing

Afzul Soobedaar

# INTRODUCTION

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

The department supported the organisational strategy by contributing to Strategic Objective 1: 'Enrich the role of the CCMA in the labour market' and Strategic Objective 3: 'Deliver excellent service rooted in social justice, ensuring a balance between quality and quantity'.

A review of the role of the department over the past five years reflects notable achievements but also acknowledges challenges that beset the labour market.

The department met all but one of its targets under Key Performance Areas (1.7 and 3.1) in the Siyaphambili Strategy as reflected in the organisation's scorecard.

### OPERATIONAL PERFORMANCE OBJECTIVES

The department's operational performance is measured through nine operational targets that focus on outcomes, activities and quality. The operational targets for the 2014/15 financial year were as follows:

- To achieve settlement rates of 70% and 50% on conciliation and arbitration processes respectively;
- To ensure that at least 80% of all settlement agreements concluded in processes were perused and that 95% of the settlement agreements perused complied with established quality criteria;
- To make offers of assistance to parties in matters of public interest, achieving a 75% acceptance rate;
- To achieve a settlement rate of 62% on mutual interest disputes and matters of public interest;
- To achieve a total of 15% reinstatement and re-employment outcomes (return to work) in settlements emanating from all processes; and
- To ensure that 95% of all conciliation processes assessed complied with established quality criteria.

### KEY PERFORMANCE AREAS

All nine operating targets were achieved or exceeded for the period under review. Results are reflected in the table below.

**Table.3: Operational Targets** 

PERFORMANCE MEASURE	TARGET	QTR 1	QTR 2	QTR 3	QTR 4	2013
OUTCOME-BASED	'		'			
Conciliation Settlement Rate	70%	76,5%	73,3%	71,8%	70,5%	69,9%
Mutual Interest Settlement Rate	62%	70,5%	69,2%	68,5%	68,6%	68,6%
Arbitration Settlement Rate	50%	54,5%	56,8%	55,2%	55,1%	52,7%
Section 150 Acceptance Rate	75%	95%	96,5%	95,9%	95,4%	97,5%
Section 150 Settlement Rate	62%	94,2%	89,1%	92,5%	88,1%	82,1%
ACTIVITY BASED						
Settlement Agreement Perusal	80%	100%	100%	100%	100%	98,5%
QUALITY BASED						
Settlement Quality Index	95%	99,9%	97,3%	97,6%	97,7%	99,8%
Return to Work Index	15%	17%	16,6%	16,9%	16,2%	15%
Conciliation Quality Index	95%	100%	100%	100%	97,8%	98,8%

The Conciliation Settlement Rate target (70,5%) was marginally exceeded and also reflected an improvement over the previous financial year. Dedicated efforts to enhance front-end processes underpinned the organisation's overall Settlement Rate.

It was a year of mixed fortunes on the collective bargaining front. The Platinum sector experienced protracted industrial action with the Gold, Postal Services, Metal and Motor sectors also taking pressure. The Chemical Industry and power utility Eskom negotiations were concluded with relative calm. Notwithstanding the above challenges, including an upswing in the caseload, a 68, and 6% Mutual Interest Settlement Rate was achieved, emulating the previous financial year. A total of 4 932 matters were dealt with nationally, representing an eleven per cent increase over the last financial year. Significant successes included the resolution of disputes at Eskom, Sentech, National Bargaining Council for the Sugar Manufacturing and Refining Industry (NBCSMRI), Independent Electoral Commission (IEC), National Bargaining Council for the Clothing Manufacturing Industry (NBCCMI) and Sun International, amongst others. The organisation suffered unjustified negative media exposure following the unsuccessful intervention in the unprecedented Platinum sector strike.

The 75 per cent target for acceptance of offers made in terms of Section 150 was comfortably surpassed with a Section 150 Settlement Rate of 95 per cent being achieved in the 174 offers made in public interest matters accepted. The result achieved is indicative of the labour market's confidence in the CCMA's ability to resolve disputes, despite a slight decline in performance in this area compared to the previous year. The target for resolution of public interest disputes was exceeded, with a Section 150 Settlement rate of 88,1 per cent achieved, six percentage points higher than the previous financial year.

Efforts to explore options for resolution of disputes prior to arbitration commencing have found a strong foothold in the organisation, as evidenced by the 55,1 per cent result achieved in the Arbitration Settlement Rate, also representing an improvement over the previous financial year.

The practice of perusing settlement agreements became entrenched in the organisation as reflected by the 100 per cent Settlement Agreement perusal result, and 84 319 settlement agreements were perused during the period under review. The Settlement Quality Index target was achieved, reflecting that 97,7 per cent of the agreements perused complied with established quality criteria.

The target to achieve 15 per cent reinstatement and re-employment (Return to Work Index) outcomes in settlement agreements was exceeded, with 16,2 per cent of all outcomes resulting in re-instatement or re-employment. The improvement from the previous year is indicative that the exploration of re-instatement and re-employment has increasingly become part of the conversation in the conciliation of unfair dismissal disputes.

The Conciliation Quality Index, which seeks to improve process quality and integrity through direct observation and assessment of conciliation processes, resulted in the target being exceeded and reflected that 97,8 per cent of all conciliation processes assessed complied with established quality criteria.

The operational targets above are the cumulative results of the twelve regions, including satellite offices of the organisation. Regional performance (on front-end processes) was determined on an overall weighted-average basis across all targets. All twelve regions exceeded the minimum required performance for the period under review.

A comparison of results achieved over the course of the Siyaphambili Strategy is reflected in the table below.

**Table.4: Operational Targets for the Past Five Years** 

PERFORMANCE MEASURE	2011	2012	2013	2014	2015		
OUTCOME-BASED TARGETS	OUTCOME-BASED TARGETS						
Conciliation Settlement Rate	62%	66%	67%	70%	71%		
Mutual Interest Settlement Rate	57%	61%	61%	69%	69%		
Arbitration Settlement Rate	39%	43%	51%	53%	55%		
Section 150 Acceptance Rate	82%	98%	95%	98%	95%		
Section 150 Settlement Rate	63%	63%	56%	82%	88%		
ACTIVITY-BASED TARGETS							
Settlement Agreement Perusal	57%	83%	93%	99%	100%		
QUALITY-BASED TARGETS							
Settlement Quality Index	99%	99%	99%	99%	98%		
Return to Work Index		12%	15%	16%	16%		
Conciliation Quality Index			98%	99%	98%		

As a result of focus, monitoring, reporting and intervention in cases of underperformance, an overall improvement across all performance targets was observed over the five years of the Siyaphambili Strategy.

### **ACTIVITIES AND PROJECTS**

### 8th COLLECTIVE BARGAINING SEASON BRIEFING FOR MEDIATORS

The department successfully hosted its annual Collective Bargaining Season Briefing on 14 May 2014. The briefing is an internal event intended for experienced commissioners who deal with mutual interest disputes arising out of the collective bargaining season. It is intended to further capacitate them to enable the CCMA to provide a better service to our users during the season. The programme typically sets the stage by providing a forecast of economic conditions under which wage negotiations will be conducted, followed by submissions from each of our social partners on their particular perspectives. This year's programme included input on the impact of the Labour Laws amendments. Speakers at the event included Goolam Ballim (Chief Economist, Standard Bank of South Africa), Cameron Morajane (National Senior Commissioner; Legal), Ian Macun (Director - Collective Bargaining (Department of Labour), Kimani Ndungu (Senior Researcher, National Labour and Economic Development Institute) and Cas Coovadia (Caretaker CEO, Business Unity South Africa).

### COLLECTIVE BARGAINING IMPROVEMENT PROCESS

A key challenge facing collective bargaining in South Africa, as observed by the CCMA, is a general failure of negotiating parties to reflect on, and draw learnings from, successive bargaining rounds and to take action. An initiative to address this challenge, the Collective Bargaining Improvement Process, was developed by the CCMA. The process seeks to address the challenge by providing a structured approach to analysing individual wage negotiations. The objective is to increase effectiveness of negotiations by identifying elements that impact on the negotiations and develop and implement action plans to address them prior to the commencement of the next bargaining round. A pilot of the process, which commenced in the previous financial year, was concluded in the National Bargaining Council for the Civil Engineering sector during the last financial year and will undergo further development and refinement for focused implementation in the coming years.



Commissioners: Pat Stone, Arnause Mohlala and Kaizer Thibedi at the CCMA Commissioners Indaba 2014. Platinum Sector Strike - A case study

#### COLLECTIVE BARGAINING SUPPORT PROCESSES



Commissioners Khetsi-Lehoko and and Leon Levy at the  $8^{\rm th}$  Collective Bargaining Season Briefing for Mediators

The objective to support collective bargaining gave rise to a raft of processes in various sectors to complement the specialist dispute resolution service. These included the conducting of verification exercises, facilitation of the establishment of collective bargaining structures and the facilitation of working groups to deal with outstanding collective bargaining issues. The demand for these services has increased significantly as the department became a victim of its own success.

A key initiative in this included the facilitation of collective agreements and bargaining forums in four agencies of the Department of Trade and Industry, namely the National

Consumer Commissioner (NCC), the Company Intellectual Property Commission (CIPC), the South African Bureau of Standards (SABS) and the National Regulator for Consumer Services (NRCS). The process commenced with scoping meetings in each of the respective agencies. To date, a collective agreement was concluded and a bargaining forum established in the NCC: processes with the other agencies are ongoing.

The facilitation of a working group comprised of business and labour in the Glass Manufacturing sector to address industry sustainability, which commenced last year, continued in the period under review. The working group was established to address growth, competitiveness and long-term sustainability of the sector, with a specific focus on the protection of existing jobs and the creation of new jobs. The working group sought to address this by focusing

on trade and tariffs, energy costs (electricity and gas), local procurement, including designation of the sector, and competition and productivity. While the working group enjoyed varying degrees of success, a key achievement was the successful lobbying of the International Trade Administration Commission (ITAC) to review the extension of anti-dumping duties applicable to clear-drawn and float glass imported from China and India that were to have been revoked on 25 March 2015.



Private Security Sector Summit held in Port Elizabeth addressed by National Senior Commissioner Mediation and Collective Bargaining Afzul Soobedaar

## CONCLUSION

The department enjoyed a successful year as evidenced by its results. It is appropriately resourced, but its capacity may need to be reviewed going forward as the demand for department-specific services increases.



Mediation and Collective Bargaining Presentation at the Johannesburg Strategic Planning Session

# CAPACITY BUILDING AND OUTREACH



National Senior Commissioner Capacity Building and Outreach

Jeremy Daphne

# **INTRODUCTION**

Capacity Building and Outreach includes the Education and Training Department, the Training Development Section the Employment Security Unit and the Dispute Management and Prevention Section. Due to the divergent areas of focus and different functions of these departments, each has Siyaphambili Strategy objectives requiring distinct reporting.

The promotion of employment security is part of the CCMA's strategic objective to enrich the role of the CCMA in the labour market. Persistently high numbers of dismissals due to operational requirements confirm the need for the establishment of a dedicated Employment Security Section (ESU) at national level. The focus of ESU in the year to date has been to continue with establishment of the section, in particular the launch of the unit. Structures and human resources are being put in place to ensure a proactive and holistic approach to dealing with job insecurity.

The Dispute Management and Prevention (DM&P) Section offers an extensive range of outreach services to CCMA users and social partners nationally. The main focus of the department is capacity building, information sharing, awareness raising and problem solving. Its main objective is effective and proactive management of conflict and disputes from workplaces to CCMA hearing rooms.

The Education and Training Department (ETD) is responsible for all capacity building within the CCMA. This includes the development of a workplace skills plan, skills audits, compliance reporting and the delivery of training interventions in line with the CCMA's strategic objective to build skills to achieve professionalism.

The primary purpose of the Training Development Unit (TDU) is to design and develop training materials and courses for the CCMA's capacity building and qualifications development activities.

### **EMPLOYMENT SECURITY UNIT**

# OPERATIONAL PERFORMANCE OBJECTIVES

The CCMA's Employment Security Strategy involves a holistic approach to dealing with any job and employment insecurity situation. This includes:

- · A thorough examination of the rationale for retrenchment;
- · Full exploration of alternatives to retrenchment;
- · Assistance to retrenched workers in accessing support and survival mechanisms;
- Involvement of partner organisations and relevant government departments to assist in finding alternatives to retrenchment or to assist retrenched workers to access support mechanisms; and
- · Capacity building of commissioners and users.

## KEY PERFORMANCE AREAS

### PROMOTION OF EMPLOYMENT SECURITY

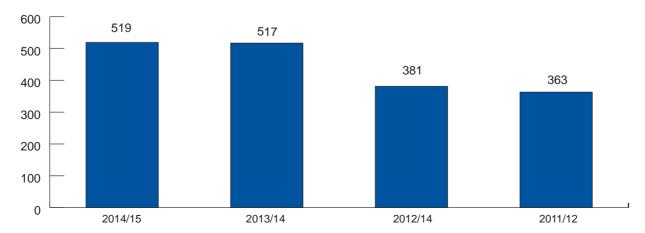
The focus over the last year has been to launch the Employment Security section (ESU) in all CCMA regions to ensure consistent implementation of guidelines and reporting mechanisms, along with building capacity in dealing with Section 189A facilitation processes in line with the strategy and operational plans. The ESU presented to the SASLAW Conference on Job creation vs job hemorrhaging: saving businesses and jobs through creative and integrated approaches during S 189A facilitations - an analysis of the role of the CCMA and related case law.

### OPERATIONAL REQUIREMENTS DISMISSALS

### LARGE-SCALE RETRENCHMENT REFERRALS

The CCMA received 519 Section 189A referrals in the year compared with 517 referrals last year. It is encouraging to note that Section 189A facilitators are increasingly engaging with partner organisations to deliver the holistic approach in finding alternatives to retrenchment and measures to lessen the harsh effects of retrenchment. The high number of referrals reflects continued job loss. However, the significant increase also indicates growing faith by users in the CCMA Section 189A facilitation process.

Figure 4: Section 189 A Facilitation Four-Year Comparison



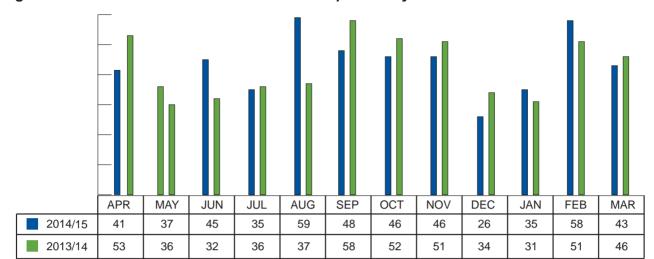


Figure 5: Section 189 A Referrals Two-Year Comparison by Month

### SMALL-SCALE RETRENCHMENT REFERRALS

Section 189 referrals increased by 2,9% from 6 416 to 6 604, compared to the same period last year.

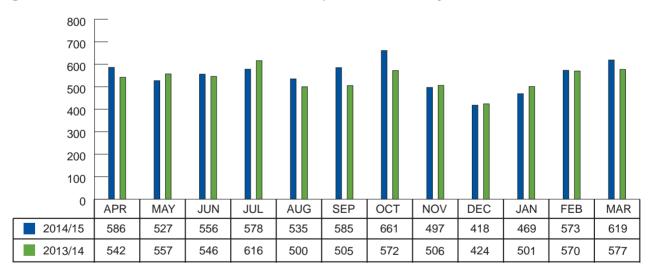


Figure 6: Section 189 Referrals, Two-Year Comparison Month-by-Month

### JOB SAVING

During the 2014/15 financial year, the CCMA assisted in saving 22 per cent (12 496) of jobs of those workers likely to be retrenched (57 788). Job-saving statistics are down on last year (33 694 jobs saved out of 74 983: 45%). This demonstrates that job-saving statistics can vary significantly from one year to the next, simply because of the type of cases. Because the CCMA reports on actual jobs lost or saved, and not an amalgamation of the percentage per case, a single large retrenchment or closure of a plant or mine can cause significant variations to job saving statistics. In many cases, a significant number of jobs, or all the jobs, are saved but these figures may be diluted by a single large closure. Any job saving is a considerable achievement and the result of an enormous amount of endeavour by CCMA facilitators.

The ESU completed a research project on **Measuring the Financial Impact of the CCMA's Job-Saving Initiatives on the South African Economy**, conducted by the Development Policy Research Unit (DPRU) of the University of Cape Town. Based on job saving in the years 2011/12 and 2012/13, the report showed that 'the contribution of the CCMA intervention mechanisms to the economy as a proportion of the total CCMA expenditure is equal to 2 020 percent in 2011/12 and 2 619 percent in 2012/13. In other words, it can be said that every one Rand spent by the CCMA in 2011/12 in preventing retrenchments resulted in a R20,20 contribution to GDP or national output. Simply put, the return on investment to society and the economy of the CCMA can be directly measured as being somewhere in the order of 2 000 percent'. The report concluded that the economic impact of the CCMA's job saving activities represents more than 20 times the budget support received from the Department of Labour in the years in question.

Table.5: Jobs Saved for 2014/15

MONTH	EMPLOYEES	F	RETRENCHMEN	TS	JOBS SAVED
	LIKELY TO BE RETRENCHED	TOTAL	FORCED	VOLUNTARY	
April	3 422	1 693	1 408	285	792
May	1 844	535	376	159	909
June	1 751	965	650	224	843
1st Quarter Total	7 017	3 193	2 434	668	2 544
July	3 402	1 237	811	434	1 593
August	4 854	1 168	899	255	1 627
September	12 405	8 329	2 279	6 057	2 037
2nd Quarter Total	20 661	10 734	3 989	6 746	5 257
October	4 049	1 928	1 549	379	1 592
November	8 276	6 542	1 426	5 099	1 360
December	2 969	1 006	7 62	262	1 311
3rd Quarter Total	15 294	9 476	3 737	5 740	4 263
January	2 304	593	436	97	160
February	10 228	519	417	102	172
March	2 284	44	42	2	100
4th Quarter Total	14 816	1 156	895	201	432
TOTAL	57 788	24 559	11 055	13 355	12 496

### **PARTNERSHIPS**

The ESU continues to build partnerships with government departments and institutions that are able to assist in relieving business distress and providing support and survival mechanisms to retrenched workers. The focus this year was on 'partnerships in action' – where CCMA facilitators involve partners in Section 189A processes.

In one matter, the CCMA involved the Department of Mineral & Energy (DMR), which is responsible for monitoring the mine's social labour plan. The idea was to commit the company to training schemes available to train employees who require alternative skills to help them find other jobs once retrenched. The company did not have a future forum. However, due to the presence of the DMR they designed a future forum out of the task team that was a product of the S 189A process. They further committed to fund training of retrenched employees through a FET college. In another matter, the commissioner was able to negotiate that the employer contributes R20 million towards the establishment of a job creation fund to assist affected employees, to be held in trust by the union.

### THE NEDLAC TRAINING LAYOFF SCHEME

The CCMA has implemented the Governing Body decision that the CCMA should no longer actively promote the TLS while current implementation challenges prevail, and the matter should be referred back to NEDLAC for reconsideration. The CCMA has seen a 55 per cent drop in TLS cases, with 19 requests for participation in the course of the year, compared to 42 in the previous year.

The ESU has engaged with CCMA regions on a possible alternative design of the TLS, or even an alternative scheme, and is in the process of developing a proposed submission to NEDLAC.

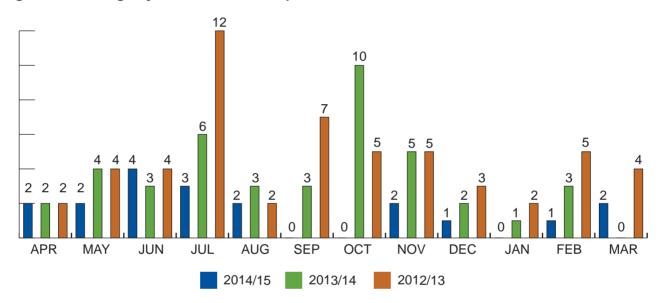


Figure 7: Training Layoff Scheme Take-Up

The CCMA remains convinced that the concept of the TLS is sound and it has proved a valuable mechanism to save jobs and assist businesses in distress to turn around. It is suggested that there is an urgent need to redesign the TLS, aimed at streamlining the process.

#### CAPACITY BUILDING

The ESU delivered training for commissioners on Facilitating Section 189A Retrenchment Consultations, along with pilot training for union officials on dealing with operational requirements dismissals. Following a review of the pilot, the course is ready for delivery to users in all the regions in the year ahead. The ESU also produced a Section 189A Case Law Reference Manual that is provided as a resource to trainees.

### FOCUS AREAS FOR 2015/16

The establishment of the ESU is well advanced with future plans in 2015/16 centred on taking its job saving strategy and associated holistic approach forwards. This includes engaging with social partners on employment security and deepening partnerships with organisations and government departments that can assist in saving businesses in distress and accessing support mechanisms. Further capacity building training on Section 189A facilitations is planned for commissioners and users to equip them to deal with these challenging processes.



Worker Representatives in the Pilot Training on Operational Requirements Dismissals held in Cape Town



Managing Workplace Discipline and Incapacity Workshop for SACCAWU Shop Stewards in Grahamstown facilitated by Dispute

Management & Prevention Commissioner Mandy Coetzee

## **DISPUTE MANAGEMENT AND PREVENTION**

### OPERATIONAL PERFORMANCE OBJECTIVES

The Dispute Management and Prevention department's delivery is informed by the following performance areas of the Siyaphambili Strategy:

- The CCMA plays a leading and dynamic role in the facilitation of social dialogue and economic development of identified labour market issues related to the CCMA's mandate, locally and internationally;
- Conducts user and stakeholder empowerment and capacity building initiatives;
- · Contributes towards the promotion of employment security;
- Contributes to the transformation of workplace relations with a view to embedding economic development, industrial peace and the promotion of social justice; and
- Promotes user compliance and the removal of social justice blockages in the CCMA's dispute resolution processes.

## KEY PERFORMANCE AREAS

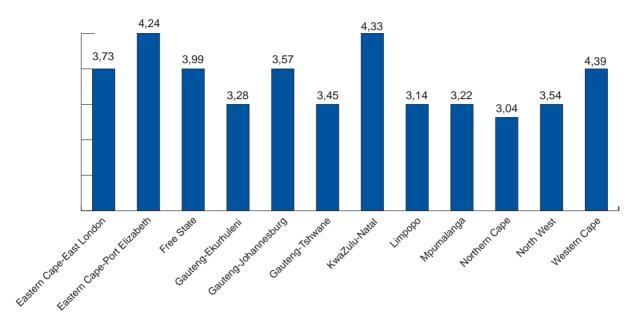
Increased emphasis continued to be placed on the CCMA outreach work and, in particular, on engaging with workplace relations and the associated factors. Capacity building on the new employment law amendments was also an important focus. Consequently, in this reporting period a total 2 140 activities were held nationally with priority placed on rural and vulnerable sectors.

Table 6: Number of Activities Delivered Under Each KPA and the Overall Quality Performance Rating

DELIVERY BY KEY PERFORMANCE AREA (KPA)	NO OF ACTIVITIES DELIVERED	RATING
The CCMA plays a leading and dynamic role in the facilitation of social dialogue and economic development of identified labour market issues related to the CCMA's mandate, locally and internationally	289	4,50
Conducts user and stakeholder empowerment and capacity building initiatives	922	5,00
Contributes towards the promotion of employment security	277	4,00
Contributes to the transformation of workplace relations with a view to embedding economic development, industrial peace and the promotion of social justice	252	4,50
Promotes user compliance and the removal of social justice blockages in the CCMA's dispute resolution processes	400	5,00
Total	2 140	4,60

A key highlight for the year under review was that all twelve CCMA regions met or exceeded their targeted performance rating, with three regions having significantly exceeded the set target.

Figure 8: DM&P Regional Performance



Impact assessments conducted on DM&P interventions yielded positive results when comparing the 2013/14 financial year and the current reporting year.

Activities conducted ranged across user and sector forum meetings, summits, stakeholder and social partner events, radio talk shows, roadshows, Imbizo meetings, best practice workshops, short-session presentations, breakfast and labour law seminars, facilitated building workplace relations exercises, managing conflict in the workplace training and capacity building on dealing with unfair discrimination in the workplace.



Deputy Minister of Labour, Nkosi Phathekile Holomisa, addressing the CCMA/ILO Decent Work initiative signing ceremony in the Contract Cleaning Sector

One of the key, high-impact interventions conducted over this reporting period was capacity building on the employment laws amendments. An important aspect of this was the joint CCMA and Department of Labour's (DoL's) Amendments Communication Campaign. The objective of the campaign was to create awareness of the main amendments, with the target audience being employers, employer organisations, human resource and legal practitioners, trade unions and advice offices.

The campaign was held across all the nine provinces. A total of 8 221 CCMA and DoL users attended the sessions across the country. Most of the sessions were over-subscribed, requiring additional sessions.

The table below depicts the provinces, towns and cities covered and the number of attendees at each of the CCMA - DoL Labour Laws Amendments Communications Campaign sessions.

Table 7: CCMA - DoL Labour Laws Amendments Communications Campaign Sessions

PROVINCE	TOWN/CITY	NO. OF ATTENDEES
Eastern Cape	East London	420
Eastern Cape	Port Elizabeth	675
Free State	Bloemfontein	380
Gauteng	Johannesburg	2 000
Gauteng	Pretoria	900
KwaZulu-Natal	Durban	1 380
Limpopo	Polokwane	452
Mpumalanga	Nelspruit	452
Northern Cape	Kimberley	352
North West	Rustenburg	350
Western Cape	Cape Town	860
Total number of attendees		8 221

Over and above the Labour Laws Amendments Communications Campaign, the CCMA delivered training workshops on the General Overview of the Labour Laws Amendments for users, covering approximately 4 908 participants across the country.

The CCMA's Building Workplace Relations facilitation service continued to be a key mechanism in applying its focus on transformation of workplace relations. A recent example of a success story in this regard was the intervention held in February 2015 at Silicon Smelters in Polokwane, involving NUM, NUMSA, AMCU, Solidarity and management. All parties worked together during this exercise, with positive results. Disputes have decreased, the workplace mood is far less tense and cooperation continues. It is an example of moving from the 'war zone' atmosphere in earlier 2014, with lengthy, conflict-ridden strike action, to one where dialogue and adherence to agreements reached on processes and procedures prevails.



Information Session for Farmworkers in Oyster Bay presented by Dispute Management & Prevention Commissioner Mandy Coetzee

# FOCUS AREAS FOR 2015/16

The DM&P section focus for year one of the Senz'Umehluko strategy will be on further consolidation and taking forward of key initiatives and, in particular, employment law amendments capacity building for users, strategic interventions into identified vulnerable sectors and the Building Workplace Relations and Managing Conflict in the Workplace services. An important aspect will be the integration and further development of the CCMA workplace transformation approach and interventions. Further development and delivery of the Decent Work initiative will also be prioritised, along with expanding the CCMA's footprint and improving geographic and language accessibility of outreach services.



CCMA Preparation for and Representation at Arbitration Workshops for SARS in Port Elizabeth facilitated by Senior Commissioner Julia Cameron

## **EDUCATION AND TRAINING DEPARTMENT**

## OPERATIONAL PERFORMANCE OBJECTIVE

The mandate of the Education and Training Department, as reflected in the Siyaphambili Strategy, is to deliver effective human capital training aligned to the needs of the organisation and its people. During the 2014/15 financial year, six strategic priority areas were identified to deliver this objective, namely:

- Candidate Commissioner training;
- Education, Training and Developme nt skills programmes;
- · Specialist commissioner and labour law amendments training;
- · Women's Empowerment and Development programmes;
- · Soft skills training; and
- Management capacity building programmes.

### KFY PFRFORMANCE AREAS

During the 2014/15 financial year, 62 training interventions involving 1 988 CCMA employees were delivered. Performance on the priority areas is as discussed below.

### TRAINING DELIVERED

### CANDIDATE COMMISSIONER TRAINING

Nighty-three candidate commissioners started the 2014/15 training programme. Of these, ten candidates had completed the course previously and only had to complete the Social Justice, Ethics and Diversity module. Eighty-three candidates continued with the programme. Thereafter, three candidates were found not competent in the initial sub-law module and two had to leave the course. Seventy-eight candidate commissioners therefore continued with the course.

Seventy-six candidates successfully completed all eight modules and proceeded to the mentorship programme. Two candidate commissioners were found not yet competent in the final legal drafting module but were allowed to continue to the mentorship programme, subject to strict conditions. A further candidate commissioner's contract was terminated, resulting in 77 proceeding with the mentorship programme, which had not been completed by the end of the financial year under review.

### EDUCATION, TRAINING AND DEVELOPMENT SKILLS PROGRAMMES

Five skills development programmes relating to the education, training and development function were delivered, as reflected below.

Table 8: CCMA - Skills Development Interventions

INTERVENTION	NO OF STAFF ENROLLED
Train the Trainer	24
Assessor	14
Coaching and Mentoring	11
Material Development	13
Development of E-Learning material	5
Total	67

# SPECIALIST COMMISSIONER AND LABOUR LAW AMENDMENTS TRAINING

Specialist commissioner and labour law amendments courses were delivered as follows:

- Section 198 training (regulation of non-standard work), involving 73 commissioners;
- Organisational rights training, involving 42 commissioners;
- · Essential services training, involving 34 commissioners;
- Arbitration of unfair discrimination disputes training, involving 50 commissioners;
- Conciliation of unfair discrimination disputes training, involving 32 commissioners;
- Briefing sessions on labour law amendments, involving 940 commissioners, with 104 case management officers also trained; and
- Training on S 189A facilitation, carried out by 26 commissioners.

Refresher courses were also carried out, with 22 commissioners participating in the Conciliation Refresher course and 16 in the Arbitration Refresher course.

#### WOMEN'S EMPOWERMENT AND DEVELOPMENT PROGRAMMES

A total of 39 women in middle-management positions participated in women's empowerment development programmes, comprising 10 participants for a Power Speaking and Pronunciation training course, seven participants for a management development programme and 22 participants for mutual interest mediation skills training.

#### SUPPORT STAFF TRAINING

A total of 27 soft skills training interventions for staff members were delivered. These training interventions were attended by 572 CCMA employees. The interventions included training on customer service, receptionist training, Project Management Prince II, enforcement of writs and reviews, Occupational Health and Safety levels one and two, substantive law, CMO training on Labour Laws amendments, SAT training, minutes and report-writing skills, diversity awareness training, English grammar and writing skills, job profiling, Ultimate Administration Professional block for support staff, targeted/competency-based interviewing skills, Tools and Techniques for the Internal Audit Profession – Block 2, audit governance, Strategy, Ethics and Risk management, Induction E-learning and SharePoint configuration and administration.

#### MANAGEMENT CAPACITY BUILDING PROGRAMMES

Seventeen managers in middle-management positions attended the Management Development programme, block one, with block two and three programmes planned for the 2015/16 financial year. One senior manager attended a international leadership programme at the London School of Economics.

#### BURSARY AND STUDY LOANS

Fifty-two bursary applications and one study loan were approved for payment. A total of R859 252,55 was paid to the relevant academic institutions.

# FOCUS AREAS FOR 2015/16

During 2015/16, the key focus areas for ETD will include continuing its capacity building for commissioners on the employment laws amendments, mediation and arbitration refresher and specialist training, management development programmes for middle managers and a Women Empowerment and Development programme. The department will also review current services and conduct research on alternative training methods.



Senior Commisioner, Mlamuli Makhubo, addressing Wits 3rd year Industrial Psychology students

# THE TRAINING DEVELOPMENT SECTION

#### OPERATIONAL PERFORMANCE OBJECTIVES

The Training Development Section delivery is informed by the Siyaphambili Strategy, 'building skills to achieve professionalism' through:

- Ensuring the development and delivery of a Labour Dispute Resolution Practice (LDRP) occupational qualification;
- · Design and development of training materials and courses to support continuous professional development;
- To ensure continuous research and development of effective adult-based training methodology and techniques;
   and
- · Development and updating of assessment and mentoring methods.



Grade eleven (11) and twelve (12) Learners attending a career guidance and information session hosted by the Limpopo Regional Office in the Tzaneen area

# **KEY PERFORMANCE AREAS**

#### LABOUR DISPUTE RESOLUTION PRACTICE QUALIFICATION

The year under review was a milestone period for the LDRP initiative that saw the successful culmination of the first transitional phase of the initiative, where the following was achieved:

Memoranda of Agreement (MOAs) were signed with five public universities in the previous financial year, namely: Stellenbosch University (SU), Nelson Mandela Metropolitan University (NMMU), the University of the Witwatersrand (WITS), the University of the Western Cape (UWC) and the University of the Free State (UFS). In the year under review, negotiations commenced with the University of KwaZulu-Natal (UKZN) to join the initiative.

Three partner universities delivered their first full programmes of the LDRP qualification, namely: Stellenbosch University, Nelson Mandela Metropolitan University and the University of the Witwatersrand. The LDRP industry reviewed the three university-based programmes involved, with positive outcomes.

Table 9: University Delivery and Review Dates for the LDRP Initiative

UNIVERSITY	COMMENCEMENT OF FIRST DELIVERY	DATE OF FIRST REVIEW
NMMU	January 2014	November 2014
WITS	February 2014	November 2014
SU	March 2014	November 2014
UFS	February 2015	November 2015
UWC	July 2014	August 2015
UKZN	February 2015	November 2015

After a lengthy preparatory phase this initiative has gained traction and is making good progress. Going forward, it now stands to have a significant impact on the labour relations and dispute resolution community in terms of both capacity building and enhancement of skills.

# DESIGN AND DEVELOPMENT OF TRAINING MATERIALS AND COURSES TO ENSURE CONTINUOUS PROFESSIONAL DEVELOPMENT

One of the key focus areas for the year was to develop training material on the statutory labour laws amendments for CCMA internal users and for CCMA stakeholder training. With this came the challenging task of updating identified existing training courses and presentations to ensure that these are aligned with the amendments. These projects are reflected in the tables below.

In addition to amendments-related training initiatives, the TDU completed the development of three new continuous professional development courses. Two of these were developed for commissioners, namely the Conciliation Refresher Course and the English for CCMA Commissioners course. The other course, Managing and Processing Enforcement and Review Applications, was developed for case management officers. The TDU also expanded its role and expertise by providing a service to the Essential Services Committee with the development of the second edition of the Essential Services Handbook, as well as the initial stages of development of new training material on Minimum Services Agreements.

The content of seven Candidate Commissioner Training modules and accompanying slides were aligned with the statutory labour laws amendments.

The quality measure on all identified courses exceeded the target of 70 per cent.

**Table 10: New Training Material Developed** 

COURSE
English for CCMA Commissioners
Essential Services Handbook (2nd edition)
Managing and Processing Enforcement and Review Applications
Employment Equity Act Amendments Resource Guide – two versions, one for CCMA internal users and one for CCMA external
stakeholders
Screening and Allocation Guide for Employment Equity Act-related cases
Case Management Officer Statutory Amendments workshop pack
Conciliation Refresher Course for Commissioners
Statutory Labour Law Amendments resource guide for CCMA stakeholder training

# Table 11: The TDU Provided Assistance with the Development of the Following Training Material and Training Initiatives

#### COURSE

CCMA MANCO Statutory Amendments workshop pack

CCMA EXCO Statutory Amendments workshop pack

Department of Labour Roadshow workshop presentations on the statutory amendments

Non-standard employment - Section 198 A-D specialist training for commissioners

Operational Requirements Dismissals – a resource manual for worker representatives

# Table 12: Training Course Material Updated and Aligned with the Statutory Labour Law Amendments

#### COURSE

Case Management Officer (Screening and Allocation) training

Managing Unfair Dismissals and Incapacity in the Workplace

Arbitration and Award Writing, Commissioner Revision Course

Seven Candidate Commissioner training modules: Substantive Law, Conciliation, Rulings, Managing Dismissals and Unfair

Labour Practices, Evidence, Arbitration, and Legal Drafting Skills

Capacity Building for the Conciliation of Unfair Discrimination Disputes

Capacity Building for the Arbitration of Unfair Discrimination Disputes

Statutory Labour Laws Amendments slide presentation for CCMA users

Unfair Discrimination and Sexual Harassment presentation for CCMA stakeholders

Identified CCMA Information Sheets

# TO ENSURE CONTINUOUS RESEARCH AND DEVELOPMENT OF EFFECTIVE ADULT-BASED TRAINING METHODOLOGY AND TECHNIQUES

Where appropriate, the TDU has adopted a more practical approach to training methodology. This includes observation-based assessments in the Conciliation Refresher Course and use of practical formative assessments in the Essential Services and Case Management Officer training material. There has also been a shift away from developing long training courses to preparing shorter, strategically-focused, presentation-based training packages, as was evident in some of the amendments-related training initiatives.

#### DEVELOPMENT AND UPDATING OF ASSESSMENT AND MENTORING METHODS

The Extended and Post Mentorship Support Programme was designed and developed in conjunction with other stakeholders and formally applied to the 2014 Candidate Commissioner Mentorship Programme. The Extended Mentorship Programme provides a structured extension to the existing mentorship process for those candidates who were found to be not yet competent in some or all processes. The Post Mentorship Support Programme is applicable

to all new commissioners who have successfully completed the mentorship programme, and allows for additional support and guidance to be imparted by mentors to their mentees. The methodology utilised in the mentorship programme is subject to review and further development.

81%
72%
72%
73%
63%
63%
Sub-Law Conciliation Ruling Managing Evidence & Legal Total

Dismissals

Arbitration

Drafting

Average

Figure. 9: 2014/15 Candidate Commissioner Average Results

The strengths and weaknesses of the Candidate Commissioner Training assessments and the Commissioner

Recruitment assessments that were utilised in 2013 and in 2014 were identified during a review process.

A total of approximately 31 assessments were developed during 2014/15 for the various assessment-based training courses. An overall appraisal of the results attained for the assessment-based modules suggests that the content and level of complexity of the assessments was accessible to the majority of the candidate commissioners who completed these. The graph above reflects the average results attained for a combination of the main assessments (80% weighting) and the formative assessments (20% weighting).

The number and type of assessments are broken down in Table 13 below.

Table 13: Summary of TDU Assessment Development During 2014/15

TYPE OF ASSESSMENT	QUANTITY DEVELOPED
Summative assessments (main and supplementary exams) for the Candidate Commissioners Training programme (see graph above for a summary of the results attained by the participants)	20
Formative (portfolios of evidence and assignments) assessments for the candidate commissioner training and for other assessment-based commissioner training courses.	10
Commissioners recruitment assessment	1

#### FOCUS AREAS FOR 2015/16

- Ensure that partner universities for the LDRP qualification delivery initiative comply with the MOA and with industry standards. This includes an annual review by an Industry Task Team of the programme that each university has delivered.
- · Align all existing training material to the changes introduced by the statutory amendments.
- Continue the process of enhancing the quality of the training material by including identified adult-based training methodology and techniques.
- Deliver the necessary materials for new training initiatives including the Effective Negotiation Skills course.

### CONCLUSION

Capacity Building and Outreach has had a successful year with all departments valuably contributing to the organisation's excellence in service delivery.

Highlights of the year under review include significant progress having been made in further developing CCMA capacity to effectively conduct S 189A facilitations and to empower users in this regard. The CCMA's outreach work with a particular priority placed on rural and vulnerable sectors continues to deliver high-impact campaigns and innovative programmes that are forging strategic partnerships in the workplace, in communities and in the labour market. The successful uptake of students by the majority of the participating universities in the Labour Dispute Resolution Practice qualification suggests not only the initial success of the programme, but also the need within the Labour Dispute Resolution Industry to access an occupational qualification of this nature. Success has been achieved in addressing the core education and training needs identified by the CCMA with the implementation of the CCMA Induction programme via an E-learning platform and the delivery of specialist commissioner training courses.

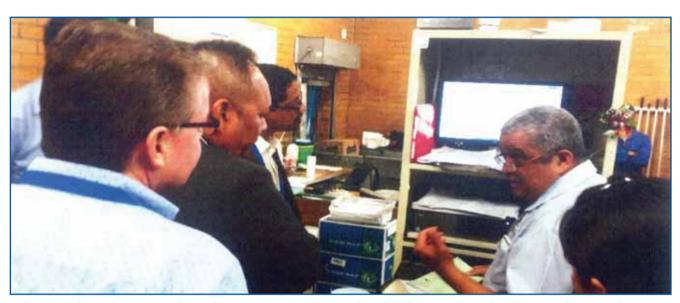
Capacity Building and Outreach is now well positioned to take up their pivotal role in the Senz'Umehluko Strategy 2015/16-2019/20.



Alistair Smith, Former Executive Director of Nedlac and Bongani Mbali Dispute Management and Prevention Commissioner addressing the Nedlac 2015 Summit



Free State Commissioners Workplace Visit at the Harmony Gold Mine - DM&P Workplace Change and Transformation Project



Convening Senior Commisioner Shawn Christiansen and the Western Cape DM&P Team – Pick 'n Pay Ottery and Claremont Stores in Cape Town Workplace Visit



Silicon Smelters Management and representatives from the NUM, NUMSA, AMCU and Solidarity Building Workplace Relations interventions facilitated by Commisioners Glen Cormack and Abdool Osman



Merchandiser's Summit jointly organised by the CCMA East London, Department of Labour and FAWU



Ekurhuleni Regional Office - DM&P Services at the Etwatwa Imbizo



Cas Coovadia, Caretaker CEO of BUSA addressing the 8th Collective Bargaining Season Briefing for Mediators

# **LEGAL SERVICES**



National Senior Commissioner: Legal Services

Cameron Morajane

# INTRODUCTION

Legal Services consists of five sections, divided into focus areas including: Litigation and Contract, Councils and Agencies, Arbitration and Post-Hearing, Employment Laws Amendments and Employment Equity Amendments, and also provides support to the Essential Services Committee.

The Litigation and Contracts section is responsible for ensuring that all contracts entered into are compliant with relevant legislation, treasury regulations and policy, and it provides advice and opinions when required. The section is tasked with instituting and defending litigation for and against the CCMA.

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

The Arbitration and Post-Hearing section has a quality assurance function for arbitration awards and certification of awards from bargaining councils through Section 143 of the Labour Relations Act 66 of 1995. This section also keeps commissioners abreast of new case law and employment laws developments, by distributing Practice Notes; it also provides updated Case Law and Practice and Procedure manuals annually to commissioners. In addition, the section is responsible for driving monthly case law monitors, which are used to discuss contemporaneous jurisprudential developments.

The Employment Equity and Amendments sections have been operating as one section, and ensures that all commissioners and users are continually updated with the Employment Equity and Employment Laws Amendments by providing training to commissioners to ensure that they interpret and apply the Employment Equity Amendments and its related regulations consistently and in line with their objectives.

# OPERATIONAL PERFORMANCE OBJECTIVES

Legal Services' delivery is informed by the Siyaphambili Strategy, namely:

- Enhancing the quality and effectiveness of dispute resolution under the auspices of the bargaining councils and private agencies;
- Participating in the process of amending CCMA-relevant employment law and policy development; and

 Entrenching the mandate of the LRA (social justice, economic development and labour peace) in all CCMA services and outcomes.

#### **KEY PERFORMANCE AREAS**

#### COUNCILS AND AGENCIES SECTION

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

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



New Commissioners and New Specialist Commissioners preparing to take the Oath as Specialists at the CCMA Commissioners Indaba 2014 in anticipation of Labour Laws Amendments

There was an improvement of 44 per cent in the financial year by private sector bargaining councils in meeting and exceeding set performance efficiencies. Four private sector bargaining councils met 100 per cent and five met 90 per cent of the set performance efficiencies. There was an improvement of 58 per cent for the financial year by public sector bargaining councils in meeting and exceeding performance efficiencies. Three public sector bargaining councils met 80 per cent of the performance efficiencies and two met 60 per cent of the performance efficiencies.

Although the CCMA has accredited four private agencies, the uptake in the utilisation of accredited private agencies services has been slow.

In addition, the Councils and Agencies department is tasked with the payment of subsidy claims. A total subsidy amount of R 4 824 958 was paid during this financial year (see table below) to accredited bargaining councils.

BARGAINING COUNCIL	CASES	AMOUNT
Metal	2 533	R 1 335 724
Motor	1 797	R 948 072
Road Freight	933	R 539 312
Public Health and Social Development	701	R 367 572
Local Government	496	R 261 840
Building (Cape of Good Hope)	428	R 228 132
Public Service	413	R 163 588
Chemical	320	R 182 980
Restaurant Catering and Allied Trades	289	R 132 516
Safety and Security	244	R 117 980
Road Passenger	206	R 107 904
Furniture	136	R 72 288
Transnet	131	R 68 120
Food and Allied Trades	167	R 96 200
Meat Trade, Gauteng	75	R 39 112
Clothing (WC)	67	R 35 512
Printing Newspaper and Packaging	47	R 25 756
Clothing (KZN)	42	R 21 840
Furniture Manufacturing (WC)	27	R 14 348
Furniture Manufacturing (KZN)	21	R 11 228
Leather	18	R 9 864
Clothing (Northern Areas)	15	R 8 222
Building (Bloemfontein)	14	R 7 280
Building (Southern and Eastern Cape)	11	R 5 860
Laundry, Cleaning and Dyeing	11	R 5 720
Electrical	30	R 15 908
Cleaning Services (KZN)	4	R 2 080
TOTAL	9 176	R4 824 958

### EMPLOYMENT LAWS AND EMPLOYMENT EQUITY AMENDMENTS

In terms of complying with the second objective of the Siyaphambili Strategy of *Participating in the process of amending CCMA-relevant Employment Law and policy development,* numerous training interventions have been conducted to equip commissioners to deal with the amended employment laws.

A total of 387 commissioners were trained during the first three quarters of the 2014/15 financial year and four training interventions were held for Labour Court staff. Further training interventions on amendments was conducted for Head Office Staff, EXCO, CSCs and CMOs in the various regions.

Since 1 August 2014, the CCMA is able to decide workplace discrimination cases and it is no longer necessary to go through expensive and time-consuming procedures at the Labour Court. The amendments provide that lower-paid workers (earning under R205 433, 30 per year) can refer discrimination cases to be arbitrated and those above this threshold can agree to arbitration. All cases of sexual harassment, which is a form of discrimination, can be arbitrated, irrespective of the worker's earnings.



Section 189A Presentation to Users in Port Elizabeth

The CCMA has trained commissioners in the conciliation and arbitration of unfair discrimination disputes and specialist panels have been established to deal with these matters. There are currently more than 100 specialist commissioners nationally who are accredited to conciliate and arbitrate these disputes.

The CCMA has dealt with a number of cases involving unfair discrimination on grounds of race, sex and pregnancy. In one of the first cases, the commissioner found that the employer had unfairly discriminated against a worker who had been sexually harassed by another worker as it failed to adequately deal with the harassment and to ensure a working environment free of sexual harassment (WECT 10147-14).

In one case concerning a mine in Limpopo, the underground worker was put on five months' unpaid leave after she reported her pregnancy. To protect pregnant women, the employer normally takes steps to find alternative surface work but, in this case, the commissioner found that the applicant was placed on unpaid leave simply because she fell pregnant twice in three years. The commissioner found that, "She was the only person who fell pregnant twice in three years: that is why she was the only person subjected to this type of treatment out of a total of eighteen pregnant employees. She was clearly unfairly discriminated against on the basis of her pregnancy." (LP5753-14)

In an unusual challenge, workers claimed unfair discrimination on an arbitrary ground because the employer had a policy that allowed workers to join a provident fund only after they had five years' service. The commissioner found the five-year period irrational and discriminatory and ordered the employer to provide the applicants with substantially the same provident fund membership benefits that it provides to those of its employees who have more than five years' service. KNDB 13477-14.



Senior Commissioner Floors Brand addressing Port Elizabeth Commissioners on the amended Rules for the Conduct of Proceedings before the CCMA

The CCMA's experience since 1 August 2014 demonstrates that unfair discrimination, in particular sexual harassment, continues to occur in South African workplaces despite the constitutional and legislative prohibition of unfair discrimination. While this is of deep concern, it is certainly a positive step that workers who feel discriminated against are able to refer their matters to the CCMA and, in many instances, have the matters arbitrated. It appears that the amendments to the EEA have had the effect of encouraging those who feel discriminated against to take action and challenge the unfairness. It is hoped that employers will respond by ensuring that there are policies in the workplace and that any reported case of discrimination is dealt with appropriately.

Table 15: 2014/15 Annual Section 198 Statistics

SECTION	OUTCOME	COUNT
198D (1)	Out of jurisdiction	2
198D (1)	Withdrawn	2
198D (1)	Settled	1
198D (1)	Unresolved: Non-attendance	1
198D (1)	Pending	2
198B	Out of jurisdiction	1
198B	Pending	1
198A (4)	Withdrawn	1
198A (4)	Out of jurisdiction	4
198A (4)	Pending	9
TOTAL		24

#### **EMPLOYMENT EQUITY ACT STATISTICS**

Table 16: 2014/15 Employmeny Equity Act Referrals from 1 April 2014 to 31 March 2015

ISSUE	NATIONAL COUNT
Arbitrary ground	426
Equal pay	296
Sexual harassment	92
Race	85
Protection of rights	42
Disability	26
Age	20
Colour	19
HIV status	18
Gender	12
Religion	12
Sexual orientation	8
Political opinion	7
Birth	6
Culture	5
Sex	4
Psychological testing or similar assessments	3
Medical testing	3
Belief	2
TOTAL	1 086

The CCMA was engaged in the Department of Labour roadshows in all the provinces as an awareness campaign on amendments. An Amendments Task Team, chaired by the Director, was established to deal with the implementation and monitoring of the project plan on amendments. EEA and LRA information sheets have been produced, as well as an informative EEA newsletter. These publications are key components of a vital knowledge-sharing initiative in support of the implementation of the Labour Laws Amendments.

### QUALITY OF CASES PERUSED

The third strategic objective has been delivered through ensuring proper quality control measures for awards in terms of objective criteria that are implemented and monitored. Regular Case Law Monitor workshops have been conducted and practice notes have been issued to keep CCMA employees and commissioners updated with the latest case law developments. The new CCMA Rules and Arbitration Guidelines have also been amended and promulgated. Ninety-six per cent of arbitration awards perused complied with the established quality criteria, well above the targeted 75 per cent.

100% 98% 97% 95% 93% 94% 95% 1.05 93% 93% 91% 90% 90% 90% 88% 87% 1 0,95 0,9 0,85 0.8 The Tank Tanks Will Which Loter the tak tak tan out our oun our to the

Figure 10: Quality Awards 2014/15

#### LITIGATION

During the year under review, 27 litigation matters were dealt with and 12 matters remain active. A case worth noting is the **CCMA v Milestone and others**, wherein the CCMA awarded the Cape Town lease to Milestone Properties, then Potlako Investments. However, a subsequent forensic investigation into the award found that the lease had been incorrectly awarded. The CCMA accordingly approached the High Court to review and set aside the award. The matter is yet to be set down for hearing.

During this financial year, 15 litigation matters were finalised.

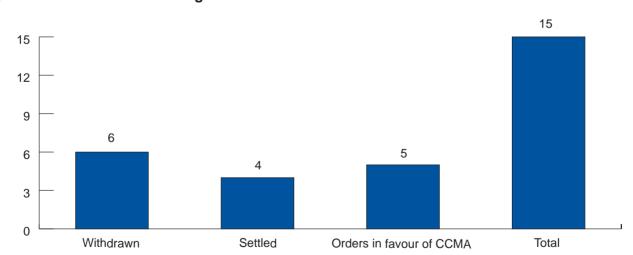


Figure 11: 2014/15 Finalised litigation Matters

R563 835 worth of costs were awarded in favour of the CCMA, with R174 390 in the process of being recovered. Approximately R3 415 000 was paid in legal fees during the 2014/15 annual reporting period.

# **CONTRACTS**

During the financial year under review, 757 contracts were reviewed. They consisted of 208 commercial contracts, 276 staff-related contracts and 273 SLAs.

#### **RFVIFWS**

From the 1 168 reviews filed in the year under review, only a fraction had cost orders sought against either the CCMA and/or the commissioner; most of them have been withdrawn and the remainder duly opposed.

The third quarter saw the highest number of reviews filed across all CCMA regions. It is interesting to note that the numbers have since decreased when comparing the last two quarters, with a difference of 82, i.e. 299 reviews were filed in the fourth quarter, compared to 381 in the third quarter. However, the numbers are still higher compared to the first and second quarters. Johannesburg has consistently remained the region with the highest number of reviewed cases, easily explicable when considering the region's caseload and employment relations environment.



National Senior Commissioner: Legal Services Cameron Morajane presenting at the CCMA Commissioners Indaba 2014

381 400 350 299 300 268 221 250 200 150 100 50 0 1ST QUARTER 2ND QUARTER 3RD QUARTER 4TH QUARTER

Figure 12: 2014/15 Quarterly Trend Analysis of Reviews Filed

# **CONCLUSION**

The department is committed to achieving the objectives as set out in the CCMA's new Senz'Umehluko Strategy and to continue to strengthen the department's relationships by working together with all relevant stakeholders in order to ensure effective and efficient dispute resolution.



Oaths Ceremony for New Specialist Commissioners in Port Elizabeth: Commissioners Bulelani Busakwe, Marion Fouche, John Robertson, NSC Legal Services Cameron Morajane, Julia Cameron, Mark Thys, Avinash Govindjee and Jonathan Gruss



Judge Andre van Niekerk addressed the CCMA Commissioners Indaba 2014



Opening of the CCMA Commissioners Indaba 2014 with Commissioners singing the National Anthem

# **ESSENTIAL SERVICES COMMITTEE**



# INTRODUCTION

The introduction of the Labour Relations Amendment Act of 2014 has brought about substantial changes to the Essential Services Committee (ESC), aimed at increasing the footprint of the ESC in the labour market and adding value in the regulation of industrial action. Some of these changes include monitoring and evaluating the ESC designations and minimum service agreements (MSAs) and giving the ESC the power to determine MSAs in essential services so that a portion of workers rendering these services may still embark on industrial action. This balance, introduced by the amendments, seeks to level the playing field between employers and employees in designated services.

The ESC has made huge strides in preparing affected workplaces for the changes brought by the amendments, both through capacity building and through preparing draft MSAs for numerous workplaces.

The ESC is hugely indebted to the Training and Development Unit and Legal Services Department of the CCMA for its continued support in the ESC mission of determining essential, maintenance and minimum services and to give effect to the statutory provisions of the LRA, so as to protect the life, personal safety and health of the population of South Africa.

During the year, the Director of the CCMA was assigned the role of Accounting Officer for the Essential Services Committee. We welcome Nerine Kahn in this position.

ESSENTIAL SERV	ESSENTIAL SERVICES COMMITTEE MEETINGS ( 1 APRIL 2014 - 31 MARCH 2015)								
NAME	17-APR- 14	22-MAY- 14	31-JUL-14	03-SEP- 14	30-OCT- 14	3-DEC-14	12-FEB- 15	26-MAR-15	TOTAL ATTENDANCE
Mr Luvuyo Bono (Chairperson)	√	√	√	V	√	√	$\sqrt{}$	√	8/8
Ms Mercia Mathsa	√	√	√	√	х	х	Х	Х	4/8
Mr Johan Koen	√	√	√	√	√	√	√	√	8/8
Mr Themba Zulu	√	√	√	Х	х	√	√	√	6/8
Mr Ruben Baloyi	Х	√	х	√	√	х	√	√	5/8
Ms Coleen Slabbert	√	√	√	√	√	√	Х	√	7/8
Mr Sifiso Khumalo	<b>V</b>	√	√	√	√	√	√	√	8/8

#### ESSENTIAL SERVICES COMMITTEE STRATEGY

On 11 February 2014, the ESC reviewed the 2014/5 strategic plan and decided on the following projects for the 2015/6 financial year.

# ESSENTIAL SERVICES COMMITTEE COMMUNICATION CAMPAIGN PLAN

The ESC was initially part of the CCMA / DOL LRA Amendments roadshows that were undertaken during the period of February to March 2015 to assist with answering questions that employers and labour unions might have on the ESC amendments. For the 2015/6 financial year, the ESC will be embarking on its own communication campaign which is inclusive of road shows.

The aim of the campaign is to create awareness about the ESC mandate, highlight labour law amendments that are applicable to the ESC and to inform and educate the target audience (comprising of employees, employers, organised labour/unions, organised business/employer organisations, civil society and the public at large) about the ESC services and programmes.

# PSCBC AND SALGBC INTERVENTION

Given the fact that employers and employees in designated services will have to conclude Minimum Service Agreements (MSAs) as per the LRA Amendments, the ESC approached the PSBCBC and the SALGBC as the largest organised bargaining councils with designated services. The interventions were to propose framework agreements at bargaining council level.

In principle, agreement of the parties to the SALGBC has been secured on the proposed framework as a result of the training provided by the ESC. Remaining is the approval of the framework agreement by the parties to the SALGBC and its cascading to municipalities at a local level.

The negotiations with the PSCBC are still ongoing and it is the intention of the ESC in the coming financial year to ramp up its efforts to secure framework agreements for the identified sectoral bargaining councils, operating under the auspices of the PSCBC, that are most affected by essential services provisions.

# MONITORING AND EVALUATION FUNCTION (GUIDELINES)

In December 2014, the ESC commenced with designing a monitoring and evaluation tool for its designations and MSAs.

In consultation with the Communications department of the CCMA, the ESC will be finalising the tool in the 2015/16 financial year.

#### **OPERATIONS**

During the reporting period, The ESC also conducted training for CCMA case management officers on dealing with basic ESC referrals and inquiries sent to the different CCMA regional offices. This training took place during the period of December 2014 to February 2015.

# **GUIDELINES FOR MSA**

The ESC, in association with the CCMA Legal Services department, worked with a service provider to draft guidelines for MSAs in accordance with the provisions of the LRAA.

# TRAINING OF CCMA COMMISSIONERS

The ESC, together with the Training Development Unit of the CCMA, drafted material and trained CCMA commissioners who are to assist the ESC in its work. The training was conducted in September 2014 and 32 commissioners passed the assessment and qualified to do ESC work. Completed in 2014/15? Reposition to 'Operations'

# **ESSENTIAL SERVICES COMMITTEE REGULATIONS**

The ESC and the CCMA Legal Services department worked with a service provider in drafting the ESC regulations, which were finalised by 30 September 2014 and promulgated in December 2014. Reposition to 'Operations'

# **KEY FOCUS AREAS**

#### **LRA Amendments**

Implementation of the amendments will come into effect from 1 April 2015, and will introduce fundamental changes to the responsibilities of the Essential Services Committee. Key focus areas that impact on the operational functioning of the ESC under the new dispensation include:

· Reviewing the old ESC designations

With the restrictive interpretation of essential services confirmed by the Constitutional Court in the SAPS v POPCRU judgement, a need has arisen for the ESC to relook at its designations to confirm that they are in line with the said judgement. It is against this background that the ESC has undertaken this task and it will continue into the following financial year.

Ensuring that employers and employees in designated services conclude MSAs

In the financial year in question the ESC started discussions with the PSCBC and the SALGBC to ensure that there are MSAs in the public service and in local government. This is to ensure that, when there are strikes, designated services continue to be functional.

In its plan for the next financial year, the ESC has identified old age homes, and water distribution to be next services for the facilitation of MSAs.

Engaging in an awareness campaign for the ESC

Given the evolving landscape of the ESC's mandate, brought about by the amendments, it has become critically important that an awareness programme be undertaken to ensure increased knowledge and appreciation of the ESC's mandate, services and programmes. To this end, an ESC Communication Campaign Plan has been incorporated into the key performance areas earmarked for the next financial year.

- Utilising the panel of senior CCMA commissioners to assist in ESC panels
- Capacity building for ESC members.

The ESC is planning a full capacity building programme for its members to ensure that they understand the law and are able to fully execute the mandate of the ESC. The ESC and the TDU of the CCMA are working towards implementing the programme before the end of 2015.

#### Referrals and Inquiries received and/or dealt with in 2014/15

- Kriel Colliery vs NUM (Maintenance Service)
- Kriel Colliery vs NUM (Minimum Service Agreement)
- Abaqhashi Babantu vs NUMSA and others
- · Globeflight vs SATAWU
- Staff-U-Need vs NUMSA and others
- Solidarity on behalf of members vs ATNS
- Department of Social Development vs NEHAWU and others
- · NUM and Solidarity vs Eskom
- Private Old Age Homes
- NUMSA on behalf of members vs Eskom
- Mabotwane Security Services vs SATAWU
- Unitas Park N. G. Geemente Trust vs NEHAWU
- Glencore vs NUM
- · National Department of Health vs NEHAWU
- SASSA vs PSA
- Mhlathuze vs NEHAWU
- Indiza Airport Management vs SATAWU
- NUMSA obo Theo Bonani vs Eskom
- IEC vs NEHAWU
- Rehabilitation Centre
- Cape Mental Health
- SA Reserve Bank
- NUMSA (Eskom determination)

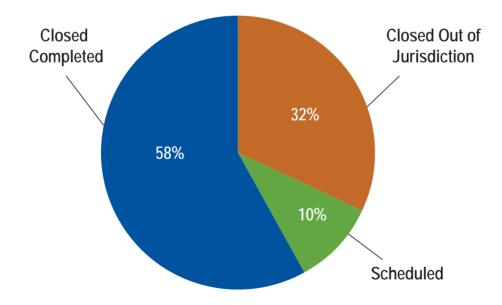
- Panorama Park Aftree Dorp vs NEHAWU
- Nasionale Bestuurder: Organisasie Ontwikkeling (ACVV)
- SACCA
- · Kruger Mpumalanga International Airport
- Private Pharmacist
- City of Tshwane
- Western Cape Blood Transfusion Services
- Medical Waste

All the above matters have been attended to and are in various stages of completion. The Kriel Colliery referrals were particularly significant as they prompted the ESC to investigate the mining industry as a whole. Interestingly, the Chamber of Mines took the position that the services that some of its mines wanted declared as essential were, in fact, not essential, thus agreeing with the National Union of Mines (NUM). This brought an end to the investigation.

In January and February 2015, the ESC investigated certain services offered by old age homes and institutions caring for the aged and the ESC held public hearings across the country.

Emphasis has been successfully placed on improving the turnaround time for completing cases.

Figure 13: Essential Services Case Referral by Status



# **BUDGET ALLOCATION**

In the year under review, the ESC undertook a number of tasks and projects in preparation for the Labour Relations Act amendments. This included having its budget of R1 566 462,16 supplemented by the LRA Amendments budget. The ESC budget relates to direct costs, but does not include the indirect costs of professional, administrative and office costs of the CCMA.

# **CONCLUSION**

While the year under review was a particularly difficult one in the labour market, focus for the ESC during the year was preparation for the Labour Relation Act amendments. These will have a major impact on the responsibilities of the ESC and we are confident that we will be adequately prepared for their enactment and implementation.



**Luvuyo Bono**Chairperson of the Essential
Services Committee

# CORPORATE SERVICES

### **HUMAN RESOURCE MANAGEMENT**

#### INTRODUCTION

The past financial year has seen bold steps being implemented to align organisational Human Resources practices to best practice. This has been typified by among others:

- An adoption by the Human Resources Committee of an Annual Policy Review Plan;
- The undertaking and implementation of a Salaries and Remuneration Benchmark exercise;
- Finalisation of an Organisational Structure Review proposal to the Governing Body; and
- Progress in the finalisation of the Talent Management Framework and Succession Plan initiative.

In addition, a Job Profiling and Job Grading initiative was approved and a service provider appointed.

# OPERATIONAL PERFORMANCE OBJECTIVES

Operational Performance Objectives were extracted from the following Strategic Objectives:

SO 4: Enhance and entrench internal processes and systems for optimal deployment of resources; and

SO 5: Align the structure that will enable optimal implementation of the strategy.



CCMA/ILO Decent Work Initiative in the Contract Cleaning Sector. Front Row: Parties to the Agreement Back Row: Vic Van Vuuren ILO Head Africa, Shawn Christiansen CSC Johannesburg, Nerine Kahn Director CCMA and Graham Mat

### KEY PERFORMANCE ACTIVITIES

#### SOURCE AND RETAIN THE BEST TALENT FOR THE ORGANISATION

Documenting and implementing a Talent Management Framework and Succession Plan entered the final stage of implementation with the commencement of the Talent Mapping (Talent Forums) process.

#### HUMAN RESOURCE STANDARD OPERATING PROCEDURES

Standard Operating Procedures were developed to enhance the operationalisation of operational objectives through organisational policies.

#### REMUNERATION PROJECT

A Salaries and Remuneration benchmarking initiative was undertaken and implemented successfully. This should contribute significantly to enhancing the organisation's ability to attract and retain talent.

#### ENTRENCH A CULTURE THAT FOCUSES ON PERFORMANCE AND SERVICE DELIVERY EXCELLENCE

Recognition and reward of excellence was entrenched through the implementation of performance-linked salary adjustments during the financial year under review.

# PROMOTE SKILLS DEVELOPMENT, EMPLOYMENT EQUITY AND WOMEN IN COMMISSIONER AND LEADERSHIP POSITIONS

Though there was no commissioner recruitment during the financial year, the commissioner advertisement for the 2015/16 financial year was developed and placed during the financial year under review and emphasised the underpinning employment equity considerations, of which the preferential employment of African women, but also in general, is key. In addition, several female employees were enrolled in developmental programmes. Currently, women comprise 37 per cent of middle, senior and top management employees, with two of three female Convening Senior Commissioners in the organisation being African.

#### ALIGN THE ORGANISATIONAL DESIGN THAT FACILITATES DELIVERY OF THE STRATEGY

The review and alignment of the organisational structure to strategic objectives was operationalised and presented to the Human Resources Committee for approval.

#### COMMISSIONER RECRUITMENT

There was no commissioner recruitment drive during the 2014/15 financial year but the 2013/14 recruitment process was successfully completed during the financial year under review.

#### HUMAN RESOURCE INFORMATION SYSTEM (HRIS)

The HRIS continues to add value to document and information storage, as well as the processing of data used for analysis and reporting.

#### **AUDIT FINDINGS**

After adverse findings were highlighted by an audit during the first quarter of the financial year, a Turn-around Strategy was devised and successfully executed, resulting in zero findings from a follow-up audit by the office of the Auditor-General.

#### **EMPLOYEE BENEFITS**

There has been continual monitoring and benchmarking of the employee basket of benefits, including the following:

- The Employee Wellbeing Programme. The wellbeing of its employees is key to the organisation's ability to deliver
  on its strategic and operational goals. The value add of the programme was enhanced by implementation of
  interventions resulting from an analysis of issues presenting during consultation while importantly maintaining
  confidentiality of users;
- Group Risk Benefits comprise of the following: Life Cover linked to a Global Education Protector, Capital Disability, Severe Illness Benefit, Income Continuation, Vitality, Member and Family Funeral Cover, as well as funeral cover for part-time Interpreters; and
- Medical Aid: The organisation has negotiated preferential rates with two medical schemes for employees as
  part of the employee basket of benefits. In order to ensure a healthy workforce, membership of a medical aid
  is a condition of employment: adherence to this condition is monitored twice annually. In addition, a medical
  aid-linked, non-pensionable allowance is paid to all employees in order to encourage and assist medical aid
  membership.

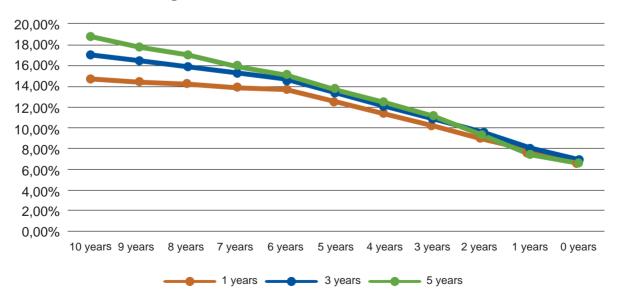
#### **EMPLOYEE WELLNESS**

An Employee Wellness Day to assess and advise employees on their lifestyle patterns and health was successfully organised and facilitated by the two medical aid schemes with which the organisation has entered into an agreement.

#### RETIREMENT FUND

Enhancing the retirement savings vehicle and negotiating competitive administrative charges has resulted in improved retirement savings for employees. Below is a graphical illustration of the performance of the retirement fund during the financial year under review.

Figure. 14: Passive Life-Stage Returns



#### **EMPLOYEE RELATIONS**

Efforts to maintain the current healthy workplace relations between management and the union were intensified, typified by continuous engagement to resolve outstanding issues and the conclusion and implementation of a new multi-term substantive and wage agreement.

#### RECRUITMENT OF MANAGEMENT AND SUPPORT STAFF

An analysis of vacancies, key and scarce skills loss results in the identification of suitable replacements and fast-tracking of the filling of those skills. Both overall, and scarce and key skills losses, are well below organisational and industry benchmarks, signalling a sound retention strategy.

#### ALIGN THE ORGANISATION STRUCTURE

The review and alignment of the organisational structure was completed in conjunction with the Human Resources Committee.

#### **EMPLOYMENT EQUITY**

Overall, targets for the financial year under review were reached and quite substantially surpassed. The organisation has designed programmes and processes to enhance the appointment of more women and this has resulted in the appointment of more women to management positions. Below is the 2014/15 financial years' Employment Equity targets and achievement by gender, race, total employment and management.

Figure 15: 2014/15 Employees by Gender

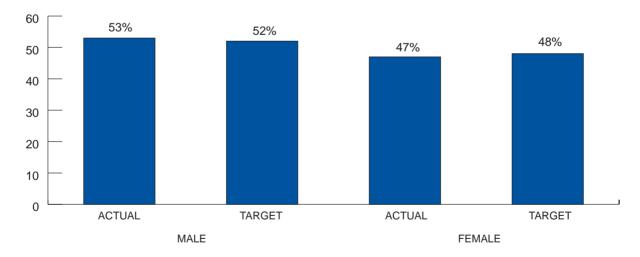


Figure 16: 2014/15 Employees by Race

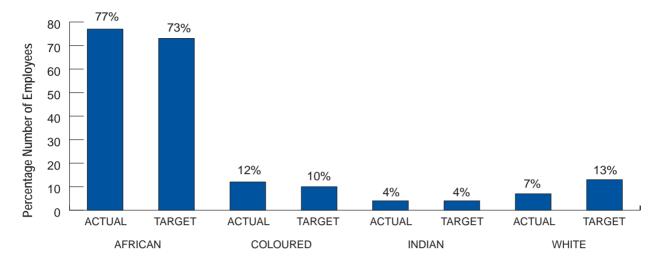
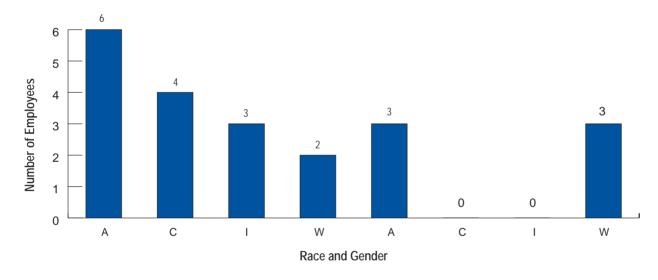


Figure 17: 2014/15 Management Employment Equity Profile



# **HUMAN RESOURCES OVERSIGHT STATISTICS**

NB: The personnel cost reported below includes full time commissioner fees which is reported under Case Disbursements

Table 17: 2014/15 Personnel Cost by Programme/Activity/Objective

PROGRAMME/ACTIVITY/ OBJECTIVE	TOTAL EXPENDITURE FOR THE ENTITY (R'000)	PERSONNEL EXPENDITURE (R'000)	PERSONNEL EXP AS A % OF TOTAL EXP (R'000) <sup>13</sup>	NO OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Administration	R 353 144	R 163 601	46,33%	405	R 405
Institution Building	R 43 987	R 17 470	39,72%	33	R 529
Corporate Governance	R 3 499	R 0	0,00%	0	R 0
Social Services	R 281 133	R 105 988	37,70%	209	R 507
Totals	R681 763	R 287 059	42,11%	647	R 444

Table 18: 2014/15 Personnel Cost by Salary Band

LEVEL	PERSONNEL EXPENDITURE (R'000)	% OF TOTAL PERSONNEL COST	NO OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Top management	R 13 453	4,69%	8	R1 682
Senior management	R 13 402	4,67%	12	R1 117
Professional qualified	R 85 729	29,86%	112	R 765
Skilled	R168 103	58,56%	477	R 352
Semi-skilled	R 6 373	2,22%	38	R 168
Unskilled	R 0	0,00%	0	R 0
Totals	R287 059	100%	647	R4 084

Table 19: 2014/15 Performance Rewards

LEVEL	PROGRAMME REWARDS	PERSONNEL EXPENDITURE (R'000)	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST (R'000)
Top management	Performance Management System	0,00	0,00%
Senior management	Performance Management System	0,00	0,00%
Professional qualified	Performance Management System	R1 222	43,37%
Skilled	Performance Management System	R1 525	54,12%
Semi-skilled	Performance Management System	R 70	2,51%
Unskilled	Performance Management System	0,00	0,00%
Totals		R2 817	100%

Table 20: 2014/15 Training Cost

PROGRAMME/ACTIVITY/ OBJECTIVE	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	TRAINING EXPENDITURE AS A % OF COST (R'000)	NO OF EMPLOYEES TRAINED*	AVG. TRAINING COST PER EMPLOYEE (R'000)
All Employees	R287 059	R 7 744		2 041	R 4

\*No. of employees trained refers to number of participants in training programs

Table 21: 2014/15 Employment and Vacancies

OPERATIONAL CLUSTER	2013/14 NO OF EMPLOYEES	2014/15 APPROVED POSTS	2014/15 NO OF EMPLOYEES	2014/15 VACANCIES	% OF VACANCIES
Regions	379	477	467	10	2%
Call Centre	15	21	18	3	14%
Capacity Building & Outreach	7	7	7	-	-
Director's Office	7	9	8	1	11%
Facilities & Admin	8	10	7	3	30%
Finance	8	8	8	-	-
Human Resources	12	12	12	-	-
Information Technology	9	13	13	-	-
Internal Audit	4	6	6	-	-
Legal	6	12	12	-	-
Mediation	3	5	5	-	-
Operations & Information	4	8	6	-	-
Research	4	5	4	1	20%

Table 21 - continued

OPERATIONAL CLUSTER	2013/14 NO OF EMPLOYEES	2014/15 APPROVED POSTS	2014/15 NO OF EMPLOYEES	2014/15 VACANCIES	% OF VACANCIES
Risk Management	3	4	3	1	25%
Strategy	6	6	5	1	17%
Supply Chain	8	10	8	2	20%
Training	3	5	4	1	20%
Totals	486	618	593	23	3%

Table 22: 2014/15 Vacancies per Level

	2013	3/15	2014	% OF	
LEVEL	2013/14 NO OF EMPLOYEES	2013/14 APPROVED POSTS	2014/15 NO OF EMPLOYEES	2014/15 VACANCIES	VACANCIES
Top Management	9	-	8	1	11%
Senior Management	10	-	12	2	20%
Professional qualified	101	-	102	1	1%
Skilled	329	-	427	49	15%
Semi-skilled	35	-	44	9	26%
Unskilled	-	-	-	-	-
Totals	484	-	593	62	10%

#### RECRUITMENT OF MANAGEMENT AND SUPPORT STAFF

During the 2014/15 financial year five of six senior management positions were filled. The unfilled position was advertised internally and no suitable candidates were found. The position was advertised externally and is in the process of being filled.

Table 23: 2014/15 Staff Turnover

SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
Top management	9	1	2	8
Senior management	10	4	2	12
Professional qualified	101	4	3	102
Skilled	407	61	41	427
Semi-skilled	37	8	1	44
Unskilled	-	-	-	-
Totals	564	78	49	593

40 37 35 30 26 25 20 15 10 7 2 5 0 0 Skilled Semi - Skilled Unskilled Professional Senior Overall Top Management Management Qualified Turnover as at

Figure 18: 2014/15 Staff Turnover

Despite a low staff turnover rate, the CCMA continually strives to attract and retain the best available talent. During the reporting period, a review of the organisation's Talent Management and Succession Strategy was commenced.

Table 24: 2014/15 Reasons for Staff Leaving

REASON	NUMBER	% TOTAL NO OF STAFF LEAVING
Death	2	5,13
Resignation	27	69,23
Dismissal	2	5,13
Retirement	3	7,69
III health	-	-
Expiry of contact	5	12,82
Other	-	-
Totals	39	100

Better offers are the most common reasons for staff leaving the organisation. During the financial year the organisation benchmarked its remuneration strategy and the trend should be halted. A replacement strategy is in place for all key and scarce skill losses.

Table 25: 2014/15 Labour Relations: Misconduct and Disciplinary Action

NATURE OF DISCIPLINARY ACTION	
Verbal warning	1
Written warning	9
Final written warning	6
Dismissal	3

2014/2015

Table 26: 2014/15 Male Employment Equity Profile

LEVELS	MALE							
	AFRI	AFRICAN COLOURED		INDIAN		WHITE		
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top management	2	3	1	1	2	1	1	-
Senior management	4	5	2	1	1	-	1	1
Professional qualified	37	120	7	18	2	14	6	55
Skilled	116	345	14	43	1	13	0	39
Semi-skilled	12	13	2	1	-	-	-	2
Unskilled	-	-	-	-	-	-	-	-
Total	171	486	26	64	6	28	8	97

Table 27: 2014/15 Female Employment Equity Profile

LEVELS	FEMALE									
	AFRICAN		COLOURED		INDIAN		WHITE			
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET		
Top management	1	2	-	-	-	-	1	-		
Senior management	2	4	-	-	-	-	2	1		
Professional qualified	26	77	9	12	6	12	9	32		
Skilled	234	316	33	41	8	13	21	37		
Semi-skilled	25	21	4	2	-	-	1	1		
Unskilled	-	-	-	-	-	-	-	-		
Total	288	420	46	55	14	25	34	71		

Table 28: 2014/15 Staff with Disabilities

LEVELS	DISABLED STAFF						
	MA	FEMALE					
	CURRENT	TARGET	CURRENT	TARGET			
Top management	-	-	-	-			
Senior management	1	-	-	-			
Professional qualified	4	4	1	1			
Skilled	9	9	6	5			
Semi-skilled	-	1	1	2			
Unskilled	-	-	-	-			
Total	14	14	8	8			

# **CONCLUSION**

Delivery of world-class human resources interventions into the organisation has improved significantly over the past five years. It is envisaged that implementation of the revised organisational structure, and specifically the creation of a Human Resources position at executive level, will ensure more effective strategic Human Resources leadership during the coming year and beyond.



Back: Chief Audit Executive: Internal Audit - Sello Hlalele; CSC Ekurhuleni- Amause Mohlala; General Manager Operations- Nersan Govender; Registrar Western Cape - Shurainah Harris, CSC Kwa-Zulu Natal- Raj Shanker; Registrar Mpumalanga - Sebolelo Tshabalala; Manager Office Of The Director- Dawood Dada; CSC North West-Elias Hongwane; Senior Commissioner Johannesburg Office – Sarah Modise; Registrar Port Elizabeth- Czarina Pillay; Registrar Ekurhuleni- Maggie Naidoo; CSC Port Elizabeth- Marius Kotze; Senior Commissioner East London - Nowethu Ndiki, CSC Mpumalanga - Xolani Nduna

Philippine Mkize; Registrar East London - Nonzame Jaxa; CCMA Director - Nerine Kahn; NSC Legal Services- Cameron Morajane; CSC Tshwane - Morwa-Mapale Setago. Boikhutso; Registrar Northern Cape - Gillian Downs; Registrar Limpopo- Anna Senetla; Registrar Free Sate- Liesel Behrens; Registrar Johannesburg Office- Nanakie Moroti; Acting Manager: Administration & Facilities- Gugu Zilwa; Registrar Tshwane- Danielle Martin; CSC Limpopo- Grace Mafa-Chali; National Office Manager – Middle: Senior Commissioner: Mediation & Collective Bargaining- Mlamuli Makhubo; Registrar Kwazulu- Natal - Merlie Benjamin; Chief Financial Officer- Ntombi

Front: NSC Capacity Building & Outreach- Jeremy Daphne; CSC Free State- Carmen Ward; CSC Western Cape - Carlton Johnson; Senior Commissioner Northern Cape- Hendrick Oliphant

Absent: CSC Johannesburg – Shawn Christiansen, Registrar North West – Neil Diublin, NSC Operations – Ronald Bernickow, NSC Mediation and Collective Bargaining – Afzul Soobedaar

#### **FACILITIES MANAGEMENT**

#### INTRODUCTION

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

### OPERATIONAL PERFORMANCE OBJECTIVES

The Facilities and Administration department's contribution towards the delivery of year five of the Siyaphambili Strategy was anchored on the Key Performance Area (KPA) that was to efficiently and effectively manage the facilities as required by the organisation to deliver on its mandate. To this end, the annual performance target was to improve user accessibility of the CCMA infrastructure.

#### KFY PFRFORMANCE AREAS

The focus area for the period under review was on improving user accessibility to the CCMA infrastructure. A review and assessment of user accessibility across all CCMA offices nationally was conducted, with recommendations. These user accessibility improvement processes have informed the improvement of the accessibility strategy that includes multiple projects that have been approved for implementation in the next financial year.

#### FOCUS AREAS FOR THE FORTHCOMING YEAR

The review of users' accessibility of CCMA infrastructure has revealed that, overall, the CCMA is accessible to its users. However, room for improvement in the following areas, which are within the scope of Facilities Management, was identified.

#### ENHANCE USER ACCESSIBILITY OF TO CCMA FACILITIES

Facilities and Administration has secured approval for the upgrading of the Nelspruit venue to a satellite office that can offer all the CCMA services and the establishment of a new satellite office in Mthatha. A need to further enhance accessibility by creating a venue in Vryburg has been identified and approved. Practical steps to take this forward will include:

- · Procurement processes for the Mthatha satellite office and Vryburg venue; and
- · Recruitment processes to staff the Mthatha and Nelspruit satellite offices.

#### CONCLUSION

Facilities and Administration has met its entire 2014/15 financial year targets.

#### OFFICE OF STRATEGIC MANAGEMENT

#### INTRODUCTION

This department consists of four sections, namely: Planning and Performance Monitoring, Research and Library Services, Communications and Community Social Responsibility (CSR)

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

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

The Communications section is responsible for internal communications and media liaison.

Community Social Responsibility is responsible for the volunteer programme, the internship programme, the exchange programme, sustainable development and social investment initiatives. The social investment initiative celebrates, educates and commemorates social justice campaigns culminating in the organisation observing specified cause days.

#### OPERATIONAL PERFORMANCE OBJECTIVES

OSM's delivery is informed by the Siyaphambili Strategy, namely:

- The CCMA plays a role in the facilitation of social dialogue on identified labour market issues related to the CCMA mandate;
- Participate in the process of amending CCMA-relevant Employment Law and policy development;
- Prepare the CCMA as an employer for the implementation of the labour laws amendments;
- Develop the 2015-2020 Vision;
- Improve and strengthen organisational capacity for holistic external and internal communication;
- · Best practice policies and governance structures implemented;
- Ensure effective development, implementation, evaluation and reporting on the strategy; and
- CSR plan implemented.

#### KFY PERFORMANCE AREAS

As this reporting period is the final year of the CCMA's Siyaphambili Strategy 2009/10-2014/15, the primary focus for OSM has been the development of the CCMA's new five-year strategy 2015/16-2019/20. The strategy-drafting process was highly iterative with extensive stakeholder engagement having been conducted. The Senz'Umehluko 2015/16-2019/20 Strategy has been crafted to propel the CCMA into a new delivery mindset that is anchored in the organisation making a difference in a complex and demanding operating environment. Arising out of the Senz'Umehluko Strategy, the Annual Performance Plan (APP) 2015/16 was drafted, as well as the Technical Indicators. The development of Departmental Operational Plans and Regional Operational Plans concomitant with the Annual Performance Plan has advanced the alignment of planning, budgeting and reporting; it has further strengthened the institutional strategic management, governance compliance and performance reporting processes.



Annual Regional Performance Review and new Five Year Strategy drafting workshop in the Limpopo Regional Office

The section was significantly responsible for ensuring drafting, updating, monitoring, and developing the quarterly and annual scorecard, and delivery of the requirements of the Siyaphambili Strategy, as commended by the Auditor-General. A highlight of the year has been that the Siyaphambili Strategy was fully implemented with all targets achieved by the close of the five-year period. The long-time, clean compliance submission record held by the CCMA was continued with the Annual Performance Plan, Strategic Plan and Annual Report requirements' timeous delivery prior to the respective submission dates as determined by National Treasury. The Policy Management programme was further implemented, enhancing the policy adoption process and building on the policy administration systems. This has resulted in 21 policies being adopted or updated during this year: an increase from the previous year's 17.

The Research section delivered 21 research reports, a 23 per cent increase when compared to the previous year. Since the introduction of qualitative research, the section has been in the process of employing further means to advance its pool of expertise in the CCMA. Amongst the identified skills improvement strategies, the establishment of mutually beneficial networks with strategic labour and research institutions has been prioritised as one of the section's key focal areas.

Significant progress was made in strengthening the communication function in the CCMA to be both responsive and proactive. In further strengthening media liaison, phases 1 and 2 of the Media Training for Executives was delivered, media statements were issued on all major matters, and all media queries were responded to in less than 12 hours, unless extended because of the complexity of the issue when more time was required. Importantly, the media monitoring service has been improved with print, audio and visual media platforms being monitored. Campaigns have been conducted and publications produced throughout the year, highlights of which include a book, *Understanding the CCMA Processes*, which will be printed in the next financial year and the *Celebrating 20 year's of freedom - 18 years of delivering social justice* campaign.

The enhancement of the social media infrastructure is progressing, with the website revamping process at an advanced stage and the SharePoint landing page being regularly updated. The foremost initiative undertaken by the Communications section in this reporting period was the Labour Laws Amendments Campaign to be delivered over two years. A communication plan was designed and adopted that includes a first-ever bulk media service delivery MOU that was signed with GCIS. For the first time the CCMA conducted an E-awareness campaign, informing approximately 19 000 new recipients, of which 12 000 are from the legal fraternity and 7 000 are HR practitioners, of the CCMA Amendments Training. Additionally, the Communications section used the 11 Labour Laws Amendments roadshows that were conducted to distribute information on the CCMA and training offered.

In this financial year the CSR section evolved from a Director's Special Project into a fully-fledged section with a delivery plan developed and adopted, and regional volunteer committees established. Highlights of this implementation include the hosting of 13 commemorative events, including Africa Day celebrations across all regions, Celebrating 20 years of freedom – 18 years of delivering social justice campaign, blood donation drives were held in all regions and participation in the 702 Discovery Walk the Talk. All regional offices participated in the 67 Minutes for Mandela exercise, Women's Day was observed, participation in Casual Day for Persons with Disabilities, Food Security Project Phase 1 – building food gardens for vulnerable communities, observing Cancer Day, celebrating the CCMA Anniversary, commemorating World AIDS Day and the celebration of World Social Justice Day.

A pioneering initiative to commemorate the contribution made by past President Nelson Mandela, the Nelson Mandela Commissioner Indaba Community Development Legacy Project, was inaugurated in this reporting period. Each year a legacy project that enshrines the spirit of Nelson Mandela, and stands as a beacon of the CCMA's commitment to his legacy of social justice, will be established annually in the region that hosts the Annual CCMA Commissioners Indaba. The CCMA commissioners will donate both time and resources to initiate each project during the Indaba and thereafter each region will assume responsibility for the project's sustainability. The inaugural project established, furnished and filled with approximately 800 books, a library at the Ngquayizivele Primary School in Umlazi, thanks to the considerable donations from commissioners. This new library, the only one in the area, will not only assist the 500 students from the school but will also be open to the entire community.



Afzul Soobedaar, Chairperson of Strategic Committee, addressing the Annual Regional Performance Review and new Five Year Strategy drafting workshop in the Kwa-Zulu Natal Durban Regional Office

## **CONCLUSION**

The department is committed to delivering on the social justice imperatives underpinning the ground-breaking CCMA Senz'Umehluko Strategy 2015/16-2019/20.

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## **Community Social Responsibility**



ECPE Staff celebrating the CCMA's 18th Birthday



CANSA Shavathon 2014 in Port Elizabeth



CCMA Limpopo Office: establishing a food garden at a local school



CCMA Vaal: 67 Minutes of good deeds painting a school in Vanderbijlpark



67 Minutes of good deeds at the Amakhaya Children's Home in Lenasia – CCMA Head Office



CCMA Northern Cape, celebrating Africa Day



Juniors dream was realized when the CCMA together with Reach for a Dream took Junior out to watch his rugby heroes (Cheetahs) play and he was presented with his personalized dream car.



CCMA Johannesburg Office celebrate Women's day



CCMA Ekurhuleni: 67 Minutes of Mandela Day good deeds



CCMA Free State establishing a food garden



Western Cape Women's Day 2014



CCMA Tshwane: 67 Minutes of Mandela Day Good Deeds



CCMA Ekurhuleni establishing food garden



CCMA Head Office Celebrating Africa Day



Reach for a dream, Teddy Bear Day at Johannesburg Children Hospital for Children suffering from Cancer



CCMA Mpumalanga Office, celebrating Women's Day



CCMA Northern Cape, 67 Minutes of Mandela Day good deed



CCMA Head Office, Ekurhuleni Office, Johannesburg Office nd Tshwane Office combined for Blood Donation Day



CCMA Head Office, Ekurhuleni Office, Johannesburg Office nd Tshwane Office combined for Blood Donation Day



CCMA Northern Cape 67 minutes of Mandela Day Good Deed



CCMA Limpopo Office, observing Cancer Awareness Day



CCMA North West establishing food garden



CCMA Head Office staff participated in 702 Walk The Talk



CCMA Head Office celebrated Africa Day



CCMA Bloemfontein, celebrating Africa Day

## OFFICE OF THE CHIEF FINANCIAL OFFICER



Chief Financial Officer

Ntombi Boikhutso

## INTRODUCTION

The Office of the Chief Financial Officer has accountability for four departments, namely: Financial Management, Supply Chain Management, Risk Management and Financial Information Systems.

#### FINANCIAL MANAGEMENT

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

#### SUPPLY CHAIN MANAGEMENT

The section focuses on the management of interdependent activities of demand, acquisition, inventory and disposal management, with the goal of increasing their effectiveness and efficiency. All procurement processes of the CCMA are handled centrally through an ERP system to enhance compliance with the provisions of the Public Finance Management Act no 1 of 1999 (as amended), the National Treasury regulations as amended from time to time and other legislative prescripts.

The section is responsible for:

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

#### RISK MANAGEMENT

The primary function of the Risk Management section is to review the effectiveness of the organisation's systems, processes and procedures, and to provide recommendations for improvement. The section is tasked with helping to embed risk management within the organisation. The section assists in identifying, assessing and recording strategic and operational risks and to monitor procedures aimed at mitigating them. The Risk Management section is also responsible for occupational health and safety (OHS), insurance, and the monitoring of audit

findings raised by the regulatory audit of the Auditor-General, as well as findings arising from the Internal Audit. The Risk Management and Internal Audit functions work closely together to provide combined assurance on the identification and management of key risks faced by the organisation.

#### FINANCIAL INFORMATION SYSTEMS

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

Financial Information Systems (FIS) leads business and technical analysis sessions to support new development efforts to meet current and projected business needs as well as providing expertise on the systems capabilities/limitations as it relates to business goals. Additionally FIS is responsible for quality assurance management, training on financial application systems, managing of service level agreements and the development and improvements of internal control systems.

### OPERATIONAL PERFORMANCE OBJECTIVES

The office of the Chief Financial Officer has aligned its operational objectives to the achievement of the organisation's strategic objective, which is aimed at enhancing and entrenching internal processes and systems for optimal deployment of resources. The Operational Performance Objectives, as informed by the Siyaphambili Strategy, were as follows:

- Further embed risk management principles in the organisation;
- · Maintain an unqualified audit opinion;
- Ensure that efficient and effective internal controls processes, procedures and policies are in place and adhered to;
- · Manage working capital effectively, maintaining a healthy liquidity position;
- Ensure that B-BBEE targets are met;
- · Ensure that expenditure is within the five per cent range of the allocated budget; and
- Provide quality service by ensuring that application systems satisfy the day-to-day service operations of the CCMA.

## KEY PERFORMANCE AREAS

The Key Performance Areas for the Office of the CFO were to ensure compliance with the Public Finance Management Act (PFMA) and to raise awareness of risk management principles throughout the organisation.

#### HIGHLIGHTS FOR THE YEAR UNDER REVIEW INCLUDE:

- The organisation has maintained an unqualified audit opinion;
- The organisation managed its working capital effectively and improved its liquidity ratio, year-on-year, to 1,37:1 (2014: 1,09:1);
- Cash and cash equivalents at year-end of R94,2m (2014: R79,9m), which is equivalent to cash cover of 1,7 to meet its short-term financial obligations;
- · Achievement of the B-BBEE targets;

- The actual expenditure was within the allocated budget: a one per cent budget saving was achieved;
- Successfully tested and monitored the OHS compliance requirements, with more than 99 per cent compliance on key OHS requirement;
- · Internal controls strengthened through constant monitoring of an internal controls mitigation plan; and
- · National risk assessments conducted and monitored nationally.

#### CHANGELLENGES IN THE YEAR UNDER REVIEW

The Supply Chain Management unit experienced challenges mainly arising from the awarding of a tender for the Cape Town lease office. Management addressed the challenges through the implementation of a detailed action plan. The plan included enhancing the internal controls such as providing additional training, developing checklists and reviewing existing Standard Operating Procedures and Policies. The actions required in terms of the Action Plan were completed within the set target date.

The other challenge was the resignation of the Finance Manager who resigned in August 2014. The CCMA managed to fill both vacancies i.e. Supply Chain Manager and the Finance Manager. Management minimized the impact of these resignation well in that it still maintained an unqualified audit opinion for the year ending March 2015.

#### **AUDIT MATTERS**

The CCMA received yet again an unqualified audit report. The organisation continued to see improvement in the internal control environment that led to significant reduction in the number of findings from both internal and external findings, year-on-year. Findings from the audit, both internal and external are addressed through a tracking tool. The Internal Audit provides assurance on the implementation of the recommendation from the auditors and the effectiveness of the internal controls.

## SUPPLEMENTARY INFORMATION

#### CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

The organisation's infrastructure assets are presented in the table below.

Table 29: 2014/15 CCMA Infrastructure Assets

		2014/15		2013/14			
INFRASTRUCTURE PROJECTS	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000	
Recording system	16 300	16 244	56	3 800	-	3 800	
Servers	2 700	2 565	135	6 900	6 892	8	
Computer equipment and accessories	4 913	4 025	888	8 074	10 352	(2 278)	
Totals	23 913	22 834	1 079	18 774	17 244	(1 530)	

The actual expenditure on infrastructure was R22, 234 million (2014: R17, 244m) for the year and was within budget in both financial years. In the 2013/14 financial year, budget for the recording system was utilised on procurement of computer equipment and accessories. No infrastructure projects are currently under way and there are no plans to close down or downgrade any current facilities.

The fixed asset holdings of the organisation for the period under review are summarised below.

**Table 30: CCMA Fixed Asset Holdings** 

	OPENING BALANCE R'000	ADDITIONS R'000	DISPOSALS 14 R'000	DEPRECIATION R'000	TOTAL R'000
Furniture & fittings	12 057	814	(5 934)	(870)	6 067
Motor vehicles	40	-	-	(10)	30
Office equipment	1 554	339	(307)	(619)	967
IT equipment	16 086	22 834	(1 417)	(8 461)	29 042
Leasehold improvements	4 716	1 727	-	(1 209)	5 234
Total	34 453	25 714	(7 658)	(11 169)	41 340

The assets holdings of the organisation have increased by 17 per cent in net book value, with total additions amounting to R26m, a depreciation total of R11m and a total disposal value R7,6m. The material increase in assets additions mainly relates to the procurement of the new built-in and mobile recording systems for the CCMA Cases hearing rooms, as well as procurement of new laptops for replacement of old ones.

Assets verifications are conducted on a monthly basis, concluded and reported bi-annually during midterm and the year-end period respectively. Assets reconciliations between the Asset Register and the General Ledger were prepared throughout the year on a monthly basis and reconciling items were resolved. The above measures have assisted in ensuring that the organisation's Asset Register remained up-to-date during the period under review.

During this financial year, assets to the value of R7,6 million were approved for disposal by the Bid Adjudication Committee and have been disposed from the Asset Register. Of the R7,6m disposals, R0,293m was for normal disposal of assets due to several reasons such as poor condition. The balance of R7,3m was as a result of recognising assets with a total unit cost of R5 000 and below as minor assets, in line with the Asset Management Framework Requirements. These assets are now recognised as an minor assets and are maintained in a separate register for safeguarding purposes.

The current state of the organisation's capital assets are still in good condition as all assets in poor condition were identified during the verification process, proposed and approved for disposal.

### STATISTICAL FINANCIAL INFORMATION

**Table 31: Four-Year Review** 

ITEM	2011/12 R'000	2012/13 R'000	2013/14 R'000	2014/15 R'000
Grant income and services rendered	450 859	484 103	597 741	690 372
Operating expenditure	427 923	508 477	583 059	681 763
Accumulated surplus	17 733	8 933	34 554	58 551
Interest received	7 556	9 837	7 184	14 482
Investments and cash	73 097	71 702	79 921	94 167
Average cost per case referred	2 648	3 019	3 416	3 967
Average cost per settlement	5 406	6 059	6 337	7 340
Staff costs as % of operating expenditure	34%	32%	32%	32%
Total costs as % of grant income	95%	106%	98%	99%
Current ratio	1,10	1,02	1,09	1,37

<sup>13</sup> Disposals relate mainly to assets with a cost of less than R5 000 that were reclassified as minor assets in line with the National Treasury Asset Management Framework.

## **VALUE ADDED**

Value added, year-on-year, is depicted in the table and pie charts below, reflecting the pattern of spending and utilisation of the CCMA's government grant. Salaries and expenditure on benefits was consistent with the previous financial year at 32 per cent. Subsidies paid remained constant at one per cent for the 2014 and 2015 financial years. Case disbursements decreased by two per cent to 40 per cent, while reinvestment to develop operations increased by two per cent to 27 per cent in the 2015 financial year.

**Table 32: Value Distribution** 

VALUE DISTRIBUTION	2014 R'000	2015 R'000
Salaries and benefits	187 139	218 030
Subsidy pay out	4 661	4 722
Case disbursements	242 878	271 857
Reinvestment to develop operations	148 381	187 154

Figure 19: Value Distribution 2014

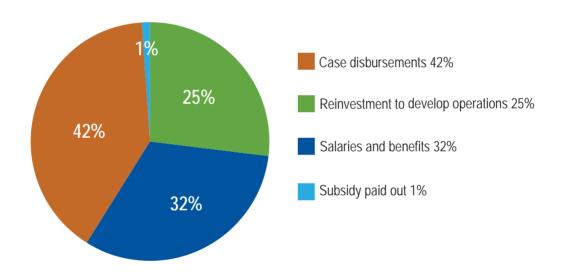
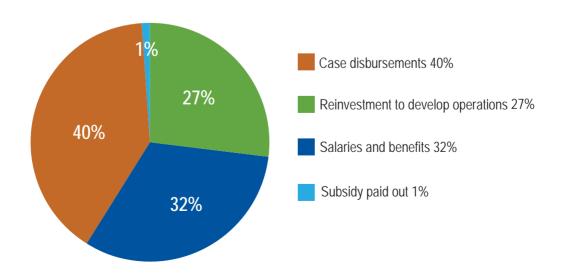


Figure 20: Value Distribution 2015



## LINKING PERFORMANCE WITH BUDGETS<sup>15</sup>

Table 33: 2014/15 Linking Organisational Performance to Budget

STRATEGIC OBJECTIVE		2014/2015		2013/2014			
	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000	
Deliver excellent service rooted in social justice ensuring balance between quality and quantity	268 949	271 857	(2 908)	253 586	242 878	10 708	
Build skills to achieve professionalism	21 535	21 694	-159	18 493	18 714	(221)	
Enhance and entrench internal processes and systems for optimal deployment of resources	178 945	168 620	10 325	142 492	129 158	13 334	
Align the structure that will enable optimal implementation of the strategy	193 819	195 247	(1 428)	166 435	168 425	(1 990)	
Enrich the role of CCMA in Labour market	3 500	4 722	(1 222)	4 600	4 661	(61)	
Entrench an organisational culture that supports the delivery of our mandate	20 007	19 623	384	13 856	19 223	(5 367)	
Totals	686 755	681 763	4 992	599 462	583 059	16 403	

The CCMA's budget allocation for strategic objectives amounted to R686 755m (2014: R599 462m) in the financial year. The organisation had sufficient budget to ensure successful execution of the strategic plan. Total actual expenditure was under budget by R4 992m (2014: R16 403m), mainly due to delays in the promulgation in the labour laws amendments and roll out of the web-enabled Case Management System.

## REVENUE COLLECTION<sup>16</sup>

Table 34: 2014/15 Revenue Collection

SOURCES OF REVENUE		2014/15			2013/14	2013/14	
	ESTIMATE R'000	ACTUAL AMOUNT COLLECTED R'000	(OVER)/ UNDER COLLECTION R'000	ESTIMATE R'000	ACTUAL AMOUNT COLLECTED R'000	(OVER)/ UNDER COLLECTION R'000	
Government grant	687 096	687 096	-	595 000	595 000	-	
Rendering of services	4 449	3 276	1 173	5 127	2 741	2 386	
Other income	1 000	906	94	7 717	3 755	3 962	
Investment income	14 150	14 482	(332)	11 152	7 184	3 968	
Totals	706 695	705 760	935	618 996	608 680	10 316	

<sup>15</sup> Figures in thousands. 16 Figures in thousands.

The CCMA's main source of revenue is from an annual government grant of R687 096m (2014: R595 000m). The other sources of revenue are from rendering of services and other income. Revenue collection for the current and previous financial years was closely in line with estimates, with an under-collection of R1 267m (2014: R6 348m), which did not have any impact on service delivery. The under-collection of revenue from rendering of services was mainly due to lower than anticipated demand from the public for services rendered. Investment income over-collection of R332m was mainly due to interest rates actually achieved being higher than estimated and under-collection of R3 968m in the 2013/14 year was mainly due to negative market conditions that impacted on investment income earnings.

## CONCLUSION

It is pleasing to report that the annual financial statements for the CCMA for the year ended 31 March 2015, which were subjected to an audit by the Auditor-General of the Republic of South Africa, received an unqualified audit opinion. Furthermore, the CCMA maintained its expenditure within the allocated budget for the year.



Chief Financial Officer's office staff meeting



Chief Audit Executive
Sello Hlalele

## INTRODUCTION

The Commission for Conciliation, Mediation and Arbitration believes strongly in the key role that the Internal Audit function plays in ensuring overall good corporate governance. Internal Audit is responsible for providing independent, objective assurance on the adequacy and effectiveness of the CCMA's systems of governance, risk management and internal control to the Governing Body and executive management and, in so doing, enhance the controls culture within the organisation. The work of Internal Audit is focused on the areas of greatest risk, both current and emerging, to the CCMA as determined by a comprehensive, risk-based planning process. The Audit Committee approves the annual internal audit plan and any subsequent material amendments to it, and also satisfies itself that Internal Audit has adequate resources to discharge its function (which the Governing Body is able to confirm is the case for 2014/15).

This role is performed 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 internal controls within the organisation. Internal controls comprise the methods and procedures implemented by management to achieve the objectives of safeguarding the organisation's assets, efficient and effective employment of resources, the prevention and detection of errors and fraud, ensuring the accuracy of accounting records and the timely production of reliable financial and operational information.

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

### CONTROL ENVIRONMENT WITHIN THE CCMA

For the year under review, the control environment within the CCMA remained stable. The organisation's internal controls remain relevant to support the control environment and focus on the rules, procedures and practices that underpin all of the organisation's operations.

## **REVIEW OF 2014/15 WORK PERFORMED**

For the year under review, various processes were audited and internal control systems were improved to address reported deficiencies.

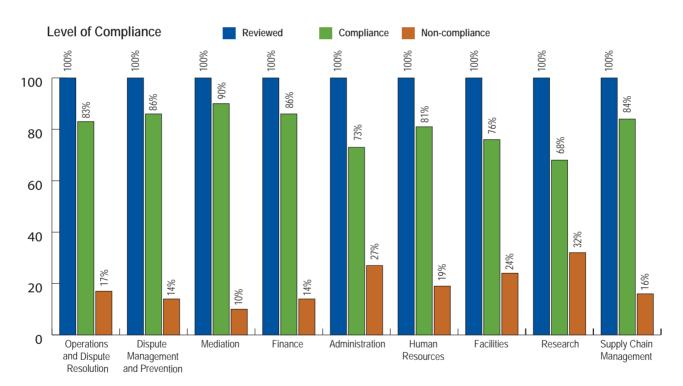
The overall review reflects that sufficient reliance can be placed on the adequacy, effectiveness and efficiency of internal controls implemented to mitigate both the strategic and operational risks associated with processes within the CCMA.

It had been planned to carry out twenty-one audit reviews in the year under review, and of these, eighteen audit areas were evaluated and the adequacy and effectiveness of the existing internal control processes and systems examined. Three audit assignments were carried over to the annual audit plan.

The graph below depicts the implementation status of management action plans for the 2014/15 financial year. The twenty-seven action plans outstanding include Internal Audit reports issued in February and March 2015 for which implementation will be undertaken in the forthcoming financial year.

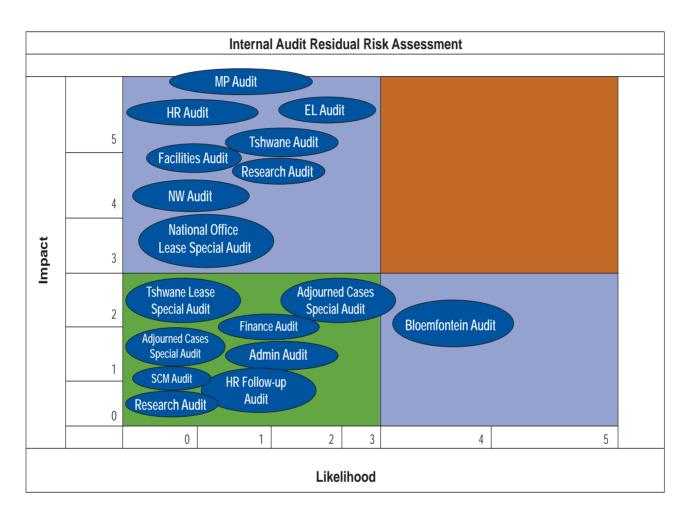
The graphs below depict the level of compliance within the organisation.

Figure 21: 2014/15 Organisation Compliance



## INTERNAL AUDIT RESIDUAL RATING

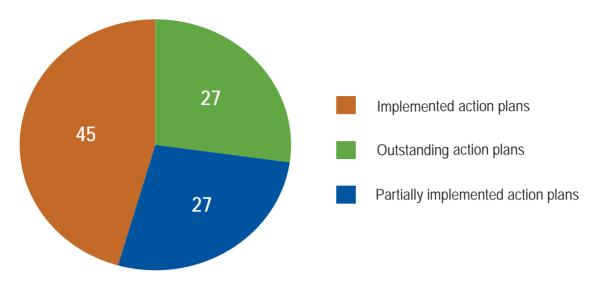
Figure 22: 2014/15 Internal Audit Residual Risk Assessment



## SUMMARY OF AUDIT WORK DONE

Based on various reviews conducted, the graph below depicts the implementation status of management action plans for the 2014/15 financial year. The 27 action plans outstanding include Internal Audit reports issued in February and March 2015 with implementation dates in the forthcoming financial year.

Figure 23: 2014/15 Internal Audit Progress



## FOCUS AREAS FOR THE FORTHCOMING YEAR

For the coming financial year, the main focus area for Internal Audit will be to champion the establishment of a Combined Assurance Model within the CCMA. The model will involve the process of risk identification in all areas of the organisation and mapping the level of assurance being provided by the different assurance providers. Further to this, the department will be focusing on a Quality Assurance Improvement Programme.



Annual Financial Statements for the year ended 31 March 2015

## **General Information**

Legal entity

Nature of business and principal activities

The CCMA was established in terms of section 112 of the Labour Relations Act, 66 of 1995

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 its activities
- · Accredit and consider applications for subsidy by bargaining councils and private agencies
- Provide support for the Essential Services Committee.

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Johannesburg

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The CCMA is a national public entity under the Department

Governing Body

Postal address **Jurisdiction Accounting Authority** 

**Business address** 

## Index

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

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## Accounting Authority's Responsibilities and Approval

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

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

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

The Governing Body acknowledges that it is ultimately responsible for the system of internal financial controls established by the entity and places considerable importance on maintaining a strong control environment. To enable the Governing Body to meet these responsibilities, management sets systems of internal control aimed at reducing the risk of error or loss in a cost effective manner. The systems include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and policies.

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

The Governing Body has reviewed the entity's cash flow forecast for the year to 31 March 2016 and, in the light of this review and the current financial position, it is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The annual financial statements set out on pages 146 to 183, which have been prepared on the going concern basis, were approved by the Governing Body on 31 July 2015 and were signed on its behalf by:

Mr Daniel Dube

Chairperson of the Governing Body

31 July 2015

Ms Nerine Kahn

Director

Annual Financial Statements for the year ended 31 March 2015

## **Audit Committee Report**

We are pleased to present our report for the financial year ended 31 March 2015.

#### **Audit committee members**

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

### **Audit committee responsibility**

The audit committee reports that it has complied with its responsibilities arising from section 55(1)(b) of the PFMA and Treasury Regulation 27.1.7 and 27.1.10(b) and (c) in overseeing the activities of the organization and thereby ensuring that the controls as designed by the Governing Body have been implemented and effective for year under review.

A fully independent Audit Committee, comprising of representatives from the three stakeholders and two independent members, also assist the work of the Governing Body. The audit committee also reports that it has adopted appropriate formal terms of reference as its 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 internal controls applied by the entity over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the financial statements, and the management report of the Auditor General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Where weaknesses were identified in internal controls, corrective action was taken to eliminate or reduce the risks.

The Committee is of the opinion, based on the information and explanations given by management and the Internal Audit department and discussions with the independent external auditors on the results of their audits, that the internal controls of the organisation have operated effectively throughout the year under review and, where internal controls did not operate effectively, compensating controls have ensured the organisation's assets have been safeguarded, proper accounting records maintained and resources utilised efficiently. Accordingly, we can report that the system of internal control over the reporting financial period under review was efficient and effective.

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

## Audit Committee Report

#### **Evaluation of annual financial statements**

The Audit Committee has:

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

## **Evaluation of Performance Information**

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

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

Mr. William Gumede

Chairperson of the Audit

Committee

31 July 2015



Annual Financial Statements for the year ended 31 March 2015

Report of the Auditor-General to Parliament on the Commission for Conciliation, Mediation and Arbitration (CCMA)

### Report on the financial statements

#### Introduction

1. I have audited the financial statements of the Commission for Conciliation, Mediation and Arbitration (CCMA) set out on pages 146 to 183, which comprise the statement of financial position as at 31 March 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### Accounting authority's responsibility for the financial statements

2. The governing body, which constitutes the accounting authority, is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor-general's responsibility

- 3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- 4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- 5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Opinion**

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the CCMA as at 31 March 2015 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA.

### Report on other legal and regulatory requirements

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

## **Predetermined objectives**

- 8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the CCMA for the year ended 31 March 2015:
- Strategic objective 3: Deliver excellent service rooted in social justice ensuring balance between quality and quantity on pages 41 to 42
- Strategic objective 4: Enhance and entrench internal processes and systems for optimal deployment of resources on pages 42 to 44
- Strategic objective 5: Align the structure that will enable optimal implementation of the strategy on page 44
- 9. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
- 10. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).
- 11. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
- 12. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following objectives:
- Strategic objective 3: Deliver excellent service rooted in social justice ensuring balance between quality and quantity on pages 41 to 42
- Strategic objective 4: Enhance and entrench internal processes and systems for optimal deployment of resources on pages 42 to 44
- Strategic objective 5: Align the structure that will enable optimal implementation of the strategy on page 44

Annual Financial Statements for the year ended 31 March 2015

### Compliance with legislation

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

## **Expenditure management**

14. The accounting authority did not take effective steps to prevent irregular expenditure in the appointment of attorneys as required by section 51 (1)(b)(ii) of the PFMA and Treasury Regulation 16A6.1.

#### **Annual financial statements**

15. In certain instances, the financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1)(a) and (b) of the PFMA and Standards of GRAP. Material misstatements of commitments identified by the auditors in the submitted financial statement were subsequently corrected and the supporting documents provided, resulting in the financial statements receiving an unqualified audit opinion.

#### Internal control

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

#### Leadership

17. While the accounting authority is commended for the improvements noted on the key controls relating to the preparation of financial statements when compared to the prior year, further enhancement in the controls relating to financial reporting processes and compliance monitoring is required to ensure that all errors are prevented and/or detected thereby ensuring that no material misstatements are identified in financial statements submitted for audit.

### Other reports

Investigations

18. An independent consulting firm is performing an investigation in the improper awarding of a tender for the contracting of rental properties at the request of the entity. The matter is still ongoing at the date of this report.

Pretoria

31 July 2015



Anditor - General.

## Accounting Authority's Report

The Governing Body members submit their report for the year ended 31 March 2015.

#### 1. Establishment

The Commission for Conciliation, Mediation and Arbitration (CCMA) was established in terms of Section 112 of the Labour Relations Act 66 of 1995 (as amended) (LRA) for the purpose of advancing economic development, social justice and labour peace in the workplace: fulfilling the primary objects of the LRA, which are to give effect to and regulate the fundamental rights conferred by Section 23 of the Constitution of the Republic of South Africa of 1996 (as amended).

The CCMA's compulsory statutory functions are to:

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

The CCMA's discretionary statutory functions are to:

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

This being the final year of the 5-year CCMA Siyaphambili Strategy 2009/2010-2014/2015, the period has been hallmarked by an increasingly complex operating environment that has placed ever-increasing demands on the organisation; to which it has responded with creativity and innovation. The crux of the CCMA's mandate is to deal with workplace disputes and this service demand has increased significantly over the 5-year Siyaphambili period from a total caseload of 154 279 in 2010 to 171 854 in this reporting period. The CCMA has not just provided services to the increased number of cases but has significantly improved service delivery, expanded access, impacted on public interest collective bargaining matters, empowered stakeholders and saved jobs all while remaining within allocated resources. In the 5-year CCMA Siyaphambili Strategy period there was an increase of 115 228 conciliation (includes pre-cons and con-arbs) in the 2009/ 2010 reporting period to 127997 in the current period with a concomitant reduction in the number of arbitration matters from 49 798 to 43 975. In terms of service delivery improvement an increased number of conciliations and a decrease in the number of arbitrations translates into an increase in accessible and rapid service delivery for users and a decrease in operating costs. In numbers, the total number of conciliations heard outside of the 30 days has dramatically dropped from 931 in 2009/2010 to only 187 in 2014.

Annual Financial Statements for the year ended 31 March 2015

## Accounting Authority's Report

## 1. Establishment (continued)

Most importantly average turnaround times have significantly decreased from 26 days in respect of conciliation and 70 days in respect of arbitration in the 2009/2010 period to 23 days in respect of conciliation and 61 days in respect of arbitration in the current reporting period. The specialised focus on public interest collective bargaining matters has made a significant impact on the labour market. The quantum improvement in the acceptance of offers of assistance over the period from 84% in 2010 to 95% in the current reporting period is an indicator of the level of confidence of the labour market in the organisation's ability to resolve public interest collective bargaining. The promotion of employment security is part of the CCMA's strategic objective to enrich the role of the CCMA in the labour market. The CCMA's Employment Security Strategy involves a holistic approach to dealing with any job and employment insecurity situation, saving 116 012 jobs in the period 2010-2015.

The promulgation of the Employment Laws amendments while really only coming into effect in the latter half of the year, has begun to impact on case load, but the full extent of this will only be seen in the next financial year. It is noteworthy to mention that in total, 1 086 disputes relating to employment equity have been referred in the financial year under review.

As already reported the CCMA brought an application to the high court to set aside the award made to procure a building for the Western Cape offices. This arose following a forensic audit report commissioned by management due to the inability of the successful bidder to prepare and hand over the building for occupancy. The court case is still pending. However the building in question was subsequently sold for profit. As a result the CCMA gave notice to the erstwhile successful bidders that in light of the sale of the building and their inability to tender the building for occupancy that they consider them in breach of the contract, which they have not denied. As a result while the court case is still pending, the CCMA is now in a position to proceed with procuring a new building for its Western Cape office.

### 2. Performance information

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

The CCMA Director and Governing Body prepared a Strategic Plan, which ran from April 2010 to March 2015. The plan referred to as the Siyaphambili Strategy, has been implemented to provide strategic direction for the CCMA for 5 years from April 2010 to March 2015. This strategy completed its fifth and final year at the reporting date of 31 March 2015. The key highlights, achievements and challenges of the implementation of the strategy during the 2014/15 financial period and its duration are outlined in the Chairperson's and Director's reports, which form part of the annual report.

Achievement of the strategic targets was assessed against the CCMA scorecard for Siyaphambili, which is comprised of three (3) strategic goals and six (6) strategic objectives. The three goals (3) and their concomitant objectives are as follows:

Goal 1: We will position the CCMA to impartially promote social justice and economic development in the world of work.

SO1 Enrich the role of the CCMA in the labour market.

## Accounting Authority's Report

### 2. Performance information (continued)

- Goal 2: We will deliver professional, userfriendly, quality services with speed.
- SO2 Build skills to achieve professionalism.
- SO3 Deliver excellent service rooted in social justice, ensuring a balance between quality and quantity.
- Goal 3: We will maintain organisational effectiveness and strive for continuous improvement.
- SO4 Enhance and entrench internal processes and systems for optimal deployment of resources.
- SO5 Align the structure that will enable optimal implementation of the strategy.
- SO6 Entrench an organisational culture that supports the delivery of our mandate.

#### 3. Review of activities

#### Main business and operations

### 3.1 Dispute resolution operations review

The 2014/2015 financial year saw the continued stabilisation of operational performance with all twenty one (21) regional offices exceeding their set service delivery efficiency targets. The decision to open two new offices in Welkom and the Vaal in the last financial year has proven to be well considered with a referral increase rate of 84% and 90% respectively. All comparisons are against the previous (2013/2014) financial year.

#### 3.1.1 Referrals

The case referral rate and in jurisdiction cases increased by 1% and 2% respectively, indicating a continued stabilisation of the number of referrals. A total of 171 854 referrals were received which translates to an average of 687 (680 for the previous year) new cases referred every working day. Nonjurisdictional cases decreased by 4%.

The Vaal office experienced the highest increase in caseload with a growth of 90%. Bloemfontein office had the largest decrease in caseload with a reduction of 55%. This was not unexpected with the opening of the Welkom office in the previous financial year.

#### 3.1.2 Preconciliations

The actual number of preconciliations heard decreased by 10%, significantly however the number of preconciliations settled increased by 5%. All offices, bar one consistently met this target throughout the period under review.

The Ekurhuleni office achieved the highest settlement for preconciliations of their jurisdictional cases at 16%.

Annual Financial Statements for the year ended 31 March 2015

## Accounting Authority's Report

#### 3.1.3 Con/arbs

Con/arbs heard increased by 0.2% year on year with a total of 59 268 con/arbs heard in this reporting period. The number of cases finalised in one event (the primary objective of the con/arb process) decreased by 1%. Total objections to the con/arb process decreased by 3%, while objections by the employer decreased by 4% and increased by 19% by the employee.

The Bloemfontein office finalised the highest number of cases (54%) in a single event. The East London office improved the finalisation of cases in one event by a notable 24%.

#### 3.1.4 Conciliations

Some 127 997 conciliations were heard of which only 187 were scheduled outside the statutory 30 day period.

The finalisation of conciliation cases (those that were heard and closed) decreased by 2%. Cases withdrawn and settled by the parties decreased by %%. Cases settled by parties decreased by 7%, while commissioners settled an additional 3% compared to the previous year.

The George office achieved the highest improvement of settling cases (11%) at the conciliation phase.

#### 3.1.5 Settlement rate

The actual number of cases settled increased by 1%. The final settlement rate stands at 76%, a 1% improvement over the previous year.

The Port Elizabeth office achieved the highest settlement rate at 83%, while the office that most improved its settlement rate was both Limpopo and Mpumalanga by 4%.

### 3.1.6 Arbitrations

The number of arbitrations heard increased from the previous year by 2%, with a total of 43 975 arbitrations heard. The late awards (submitted by commissioners) decreased by a noteworthy 54%- a result of the continued tight management of this area nationally. Of the total 17 103 awards rendered, just 24 were submitted late. The late awards sent to parties has also been reduced by a significant 20%.

The use of Heads of Argument also reduced by 4%. Applications for award extensions decreased by a significant 40%.

#### 3.1.7 Employment Laws Amendments

The long awaited amendments to the 3 acts, the Labour Relations Act, The Employment Equity Act and the Basic Conditions of Employment Act were promulgated during the year. The preparations over the preceding years were implemented with constant monitoring, evaluation and revisions to plans where necessary. It is anticipated that the full impact of the labour laws amendments on the CCMA's workload will manifest in the coming years albeit it that a modest increase in cases arising out of the amendments was recorded in the period under review. Of particular importance, in respect of the CCMA's mandate of delivering social justice at the workplace, 1 086 Employment matters was recorded in this reporting period.

## Accounting Authority's Report

#### 3.1.8 Other

CCMAs143 certifications decreased by 2% while bargaining council certifications increase of 26%. Postponements and rework of cases were well managed in the regions and were respectively reduced by 4% and 5%. The Call Centre continues to add value in terms of providing a real time query to the public, receiving 156 140 calls during this reporting period. On average each call lasted 4 minutes and the average number of calls per agent was 47. The 'email query' facility continued to experience high traffic with 18 360 emails responded to during the course of the financial year.

#### 3.2 Grant income

Government grant income allocated to the CCMA for the financial year under review has increased by 15.5% from the 2013/14 base financial year to R687 million.

#### 3.2.1 Case disbursements

Case disbursement expenditure grew by 12 percent, yearonyear, from R243 million to R272 million due to the appointment of additional commissioners, annual commissioner fee increases and increased use of commissioners to meet the increased inflow of cases. The case referral rate and jurisdiction cases both increased, translating to an average of 687 new cases referred every working day, an increase of 1 percent from the previous year.

The newer offices opened in Welkom and the Vaal saw their referral increase on 84% and 90% respectively. The George office also experienced an increased caseload of 15%. The medium to small size offices of Port Elizabeth, Port Shepstone, Limpopo and Mpumalanga experienced increases of between 2% - 7%. This augurs well for the CCMA's accessibility programme."

#### 3.2.2 Employee costs

The multiyear agreement with the Commission Staff Association (CSA) for the year was a 5 percent acrosstheboard (ATB) increase with a performance based salary increase of 0,5 percent, for a performance rating of 3, 1,5 percent for a performance rating of 4 and three percent for a performance rating of 5. The agreement has assisted in stabilizing and giving certainty to existing staff costs.

The intake of additional staff for new offices and support staff for projects, ATB and performancebased salary increases contributed to a 16.5 % yearonyear increase in employee costs.

#### 3.2.3 Administrative expenses

Administration expenditure increased by 12.5 percent, yearonyear, which is a result of annual inflationary increases and the five projects undertaken by the CCMA namely ensuring Labour Law Amendments readiness, roll-out of the web-enabled Case Management System, establishment of the Employment Security Unit, and the opening of new offices in the Vaal and Welkom.

#### 3.3 Legal Services

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

Annual Financial Statements for the year ended 31 March 2015

## Accounting Authority's Report

## 3.3 Legal Services (continued)

Litigation and Contracts Department is tasked with instituting and/or defending litigation for and against the CCMA, as well as ensuring that all contracts entered into are compliant with relevant legislation, treasury regulations and policy. It also provides legal advice and support to the CCMA, when required. During the year under review 27 litigation matters were dealt with and 12 matters remain active. A case worth noting is the **CCMA v Milestone and others**, wherein the CCMA has approached the high court to review and set aside the awarded Cape Town lease to Milestone Properties then known as Potlako Investments. During the financial year 15 litigation matters were finalised with 6 being withdrawn, 4 settled, 5 orders in favour of the CCMA. R563 835 worth of costs were awarded in favour of the CCMA with R174 390 in the process of being recovered. Approximately R3 415 000 was paid in legal fees. 757 contracts were reviewed during this reporting period. 1 168 reviews were filed in the year under review in relation to arbitration awards rendered.

Arbitration and Posthearing section is responsible for dispute resolution in general and certification of awards from bargaining councils, support and assists CCMA Commissioners in keeping abreast of recent jurisprudential developments as well as updating the Practice and Procedure Manual, the Case Law Monitor for Commissioners and distributing Practice Notes. Members of the Department participate in annual law conferences, case law monitor sessions and other information sharing workshops. New CCMA Rules and Arbitration Guidelines were amended and promulgated by this department. A 96% of arbitration awards perused complied with the established quality criteria, well above the targeted 75%.

Councils and Agencies section is tasked with implementing the accreditation and subsidy function of the Governing Body. This includes accreditation of Bargaining Councils and Private agencies, and panelist as well as ongoing monitoring in relation to accredited entities compliance with the accreditation criteria. The department also evaluates and pays out subsidies to agencies that meet the subsidy policy. In the period under review, there was an improvement of 44% across the financial year by private sector Bargaining Councils in meeting and exceeding set performance efficiencies. There was an improvement of 58% across the financial year by public sector Bargaining Councils in meeting and exceeding performance efficiencies The uptake in the utilisation of accredited private agencies has been slow, and a recommendation report has been drafted in this regard.

Essential Services Committee (ESC) is tasked with designating services which are considered essential with reference to the definition provided in Section 213. The Essential Services Committee currently consists of the Chairperson, Mr. Luvuyo Bono and nominated members from the respective social partners. In this reporting period, the CCMA is required to supply administrative support to the committee however this role will change to an accounting officer under the Labour Laws Amendments. 31 referrals and inquiries were received and/or dealt with in 2014/15. In addition highlights for the period under review include; ESC regulations were promulgated, training for CCMA Commissioners and case management officers was provided, a Communication Campaign Plan has been developed, PSCBC and SALGBC Intervention conducted with a proposed framework agreements at bargaining council level.

The Employment Equity and Amendments departments have been operating as one department and ensure that all commissioners were prepared and updated with the Employment Equity and Employment Laws Amendments. A total of 387 Commissioners underwent training during this reporting period as well as four training interventions were conducted for Labour Court staff. Communication was a focal area for this department during this period having participated in the CCMA/ DOL roadshows as well as establishing a quarterly internal newsletter in collaboration with the Communications Unit.

## Accounting Authority's Report

## 3.4 Capacity Building and Outreach

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

The ETD responsible for the development of staff at all levels played a strategic role in addressing organizational training needs. During the 2014/15 financial year, 62 training interventions involving 1 988 CCMA employees were delivered. Nighty-three candidate commissioners started the 2014/15 training programme with 76 candidates having successfully completed all eight modules and proceeding to the mentorship programme. Specialist commissioner and labour law amendments courses were delivered. A total of 39 women in middle management positions participated in women's empowerment development programmes. A total of 27 soft skills training interventions for staff members were delivered. Seventeen managers in middle-management positions attended the Management Development programme. Fifty-two bursary applications and one study loan were approved for payment.

The TDU which designs and develops training materials for both internal and external capacity, made significant progress in the delivery of the Labour Dispute Resolution Practice programme with the successful culmination of the first transitional phase of the initiative. Three partner universities delivered their first full programmes of the LDRP qualification, namely: Stellenbosch University, Nelson Mandela Metropolitan University and the University of the Witwatersrand. In the year under review, negotiations commenced with the University of KwaZulu-Natal (UKZN) to join the initiative. Eight new training materials were developed, assistance was provided with the development of five training material and training initiatives and nine training course materials were updated and aligned with the statutory labour law amendments. A total of approximately 31 assessments were developed during 2014/15 for the various assessment-based training courses.

The focus over the last year has been to launch the Employment Security Unit (ESU) in all CCMA regions to ensure consistent implementation of guidelines and reporting mechanisms, along with building capacity in dealing with section 189A facilitation processes in line with the strategy and operational plans. The CCMA received 519 section 189A referrals in the year compared with 517 referrals last year. The high number of referrals reflects continued job loss. However, the significant increase also indicates growing faith by users in the CCMA section 189A facilitation process. Section 189 referrals increased by 2,9% from 6 416 to 6 604, compared to the same period last year. During the 2014/15 financial year, the CCMA assisted in saving 22% (12 496) of jobs of those workers likely to be retrenched (57 788). Job saving statistics are down on last year (33 694 jobs saved out of 74 983: 45%). This demonstrates that job saving statistics can vary significantly from one year to the next, simply because of the type (size) of cases. The ESU continues to build partnerships with government departments and institutions that are able to assist in relieving business distress and providing support and survival mechanisms to retrenched workers. The ESU delivered training for commissioners on Facilitating Section 189A Retrenchment Consultations, along with pilot training for union officials on dealing with operational requirements dismissals. The CCMA has implemented the Governing Body decision that the CCMA should no longer actively promote the TLS while current implementation challenges prevail, and the matter should be referred back to NEDLAC for reconsideration; this has seen a 55% drop in TLS cases.

The DM&P Department responsible for the proactive management of workplace disputes from the workplace to the hearing rooms through capacity building, problem solving and awareness raising. During the period under review an increased emphasis continued to be placed on the CCMA outreach work and, in particular, on engaging with workplace relations and the associated factors.

Annual Financial Statements for the year ended 31 March 2015

## Accounting Authority's Report

## 3.4 Capacity Building and Outreach (continued)

Capacity building on the new employment law amendments was also an important focus. Consequently, in this reporting period a total 2 140 activities were held nationally with priority placed on rural and vulnerable sectors. Activities conducted ranged across user and sector forum meetings, summits, stakeholder and social partner events, radio talk shows, roadshows, izimbizo meetings, best practice workshops, short-session presentations, breakfast and labour law seminars, facilitated building workplace relations exercises, managing conflict in the workplace training and capacity building on dealing with unfair discrimination in the workplace. A key highlight for the year was that all twelve CCMA regions met or exceeded their targeted performance rating, with three regions having significantly exceeded the set target. One of the key, interventions over this reporting period was capacity building on the employment laws amendments. An important aspect of this was the joint CCMA and Department of Labour's (DoL) Amendments Communication Campaign. A total of 8 221 CCMA and DoL users attended the sessions across the country. The CCMA's Building Workplace Relations facilitation service continued to be a key mechanism in applying its focus on transformation of workplace relations

### 3.5 Mediation and Collective Bargaining

The Mediation & Collective Bargaining department provides support and guidance for all conciliation and mediation processes and promotes, supports and assists in collective bargaining matters. The department supports the organisational strategy by contributing to Strategic Objective 1 'Enrich the role of the CCMA in the Labour Market' and Strategic Objective 3 'Deliver excellent service rooted in social justice ensuring a balance between quality and quantity'.

All nine operating targets were achieved or exceeded for the period under review. The Conciliation Settlement Rate (70.5%) was marginally exceeded and also reflected an improvement over the previous financial year. Dedicated efforts to enhance front- end processes underpinned the organisation's overall Settlement Rate. A 68,6% Mutual Interest Settlement Rate was achieved; emulating the previous financial year. A total of 4,932 matters were dealt with nationally, representing 11% increase over the last financial year. The 75% target for acceptance of offers made in terms of section 150 was comfortably surpassed with a Section 150 Settlement Rate of 95% being achieved in the 174 offers made in public interest matters accepted. The target for resolution of public interest disputes was exceeded, with a Section 150 Settlement rate of 88,1% achieved, six percentage points higher than previous financial year. The 55,1% result achieved in the Arbitration Settlement Rate, also represents an improvement over the previous financial year. The Settlement Quality Index target was achieved, reflecting that 97,7% of the agreements perused complied with established quality criteria. The target to achieve 15% reinstatement and re-employment (Return to Work Index) outcomes in settlement agreements was exceeded, with 16,2% of all outcomes resulted in reinstatement or re-employment. The Conciliation Quality Index target was exceeded and reflected that 9,8% of all conciliation processes assessed complied with established quality criteria. Additional highlights for the period under review included hosting the annual Collective Bargaining Season Briefing, a successful pilot of the Collective Bargaining Improvement Process, which that commenced in the previous financial year, was concluded in the National Bargaining Council for the Civil Engineering sector. The demand for the collective bargaining support services has grown significantly. These included the conducting of verification exercises, facilitation of the establishment of collective bargaining structures and the facilitation of working groups to deal with outstanding collective bargaining issues.

## Accounting Authority's Report

### 3.6 Corporate Service Areas

#### 3.6.1 Human Resources

The past financial year has seen bold steps being implemented to align organisational Human Resources practices to best practice. This has included the adoption by the Human Resources Committee of an Annual Policy Review Plan, the undertaking and implementation of a Salaries and Remuneration Benchmark, finalisation of an Organisational Structure Review proposal to the Governing Body, progress in the finalisation of the Talent Management Framework and Succession Plan initiative and a Job Profiling and Job Grading initiative was approved for implementation in the next financial year. Though there was no commissioner recruitment during this financial year, the commissioner advertisement for the 2015/2016 financial year was developed and placed with a particular empahsise on employment equity considerations generally, and preferential employment of African women in particular.

There has been continual monitoring and benchmarking of the employee basket of benefits. Enhancing the retirement savings vehicle and negotiating competitive administrative charges has, resulted in enhanced improved retirement savings for employees. Efforts to maintain the current healthy workplace relations between management and the staff representative association were intensified, typified by continuous engagement to resolve outstanding issues and the conclusion and implementation of a new multi-term Substantive and Wage Agreement. Overall staff turnover for the period under review is 0.5% - well below the benchmark 10 %. The annual Employment Equity plan as defined in the fiveyear Employment Equity Plan (20112016) was successfully implemented with targets being met or exceeded in all categories.

#### 3.6.2 Facilities

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

The focus area for the period under review was on improving user accessibility to the CCMA infrastructure. Areview and assessment of user accessibility across all CCMA offices nationally was conducted with recommendations. These user accessibility improvement processes have informed the improvement of accessibility strategy that includes multiple projects which have been approved for implementation in the next financial year.

### 3.7 Office of Strategic Management

This department consists of four units namely Research and Library Services, Communications, Planning & Performance Monitoring and CSR Planning and Performance Monitoring Unit is responsible for strategy development and embedding into the organisation, performance planning and performance monitoring, policy management and governance compliance reporting. This unit had a significantly successful year having developed the 2015 – 2020 vision as part of the 2015/16 - 2019/2020 Strategic Platform. Extensive stakeholder engagement was conducted throughout the organisation on the 2015/16 - 2019/2020 strategic platform. The CCMA 2015/16 - 2019/2020 Strategic Platform was approved by the Governing Body. The CCMA 2015/16 - 2019/2020 Strategic Platform formed the nucleus of the CCMA 2015/16 - 2019/2020 Strategy and the APP 2015-2016, both of which was approved internally by the GB, submitted to DOL, National Treasury and Parliament.

Annual Financial Statements for the year ended 31 March 2015

## Accounting Authority's Report

### 3.7 Office of Strategic Management (continued)

The unit was significantly responsible for ensuring drafting, updating, monitoring, and developing of the quarterly and annual scorecard and delivery of the requirements of the Siyaphambili strategy. The focus on the alignment of planning, budgeting and reporting has resulted in a further strengthening of the institutional strategic management, governance compliance and performance reporting as commended by the AG. A highlight of the year has been the Siyaphambili Strategy was fully implemented with all targets achieved. The long time clean compliance submission record held by the CCMA was continued with the Annual Performance Plan, Strategic Plan and Annual Report requirements timeous delivery prior to the respective submission dates as determined by the National Treasury. The policy management programme was further implemented enhancing the policy adoption process and building on the policy administration systems. This has resulted in 21 policies being adopted or updated during this year an increase from the previous year's 17.

The Research Unit is the gateway of innovative knowledge building in the organisation, providing research, analysis and assessment services internally as well as providing information to external stakeholders on request. In this reporting period the Research Unit delivered 21 research papers, which marks a 23% increase when compared to the previous year. Since the introduction of qualitative research into the Unit, the Unit has been in the process of employing further means to advance its pool of expertise in the CCMA. Amongst the identified skills improvement strategies, the establishment of mutually beneficial networks with strategic labour and research institutions has been prioritised as one of the Unit's key focal areas.

Communications Unit is responsible for internal communications and media liaison. Significant progress was made in strengthening the communication function in the CCMA to be both responsive and proactive. Highlights in this reporting period included the delivery of phase 1 and phase 2 of the Media Training for Executives, the editing of the Understanding CCMA Processes book for printing in the next financial year, publications and advocacy materials was produced, campaigns delivered including "20 year anniversary-18 years of delivering social justice" campaign, implementation of a print, audio and visual media platform monitoring service, a service delivery bulk media MOU was signed with GCIS, the Case Law / Practice and Procedure Manual was printed and distributed, the website revamping process is at an advanced stage and the SharePoint landing page updated, media statements have been issued on all major matters, all media queries were responded to in less than 12 hours unless due to complexity of issue and the Labour Law Amendments Campaign key messages were developed.

CSR, is the Community Social Responsibility Unit of the CCMA which delivers on the 4 - pillars of good citizenship namely promoting volunteerism, inculcating environmental sustainability at work and at home, celebrating community social initiatives and encouraging partnerships through exchange. In this financial year the CSR unit evolved from a Directors Special Project into a fully-fledged unit, regional volunteer committees were established, a delivery plan was developed, adopted and implemented. Highlights of this implementation include the hosting of 13 commemorative events including the inauguration of the Nelson Mandela Commissioner Indaba Community Development Legacy Project.

## 4. Subsequent events

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

## Accounting Authority's Report

## 5. Accounting policies

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

#### 6. Non-current assets

The non-current assets policy has been updated in line with National Treasury asset framework in recognition of non-current assets with a cost of R5000 and less. The result of implementing this policy was to de-recognize total assets amounting to R7.3 million as non-current assets and recognizing them as minor assets under expenditure.

Capital expenditure for the year amounted to R25 719 thousand (2014: R28 758 thousand). Full details of the non-current assets are contained in notes 13 and 14 to the financial statements.

## 7. Accounting Authority

The members of the entity during the year, and to the date of this report, are contained in the Governance Report.

Name	Nationality
Mr. Daniel Dube Chairperson of the Governing Body	South African
Ms. Nerine Kahn Director	South African
Mr. Thembinkosi Mkalipi	South African
Mr. Ian Macun	South African
Ms. Ntsoaki Mamashela	South African
Mr. Elias Monage(to October 2014)	South African
Mr. Kaizer Moyane	South African
Ms. Aruna Ranchod(October 2014)	South African
Mr. Narius Moloto	South African
Mr. Bheki Ntshalintshali	South African
Mr. Leon Grobler	South African
Mr.Sifiso Lukhele( from November 2014)	South African
Ms.Tumi Dlamini( from November 2014)	South African

## 8. Corporate governance

## General

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

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

Annual Financial Statements for the year ended 31 March 2015

## Accounting Authority's Report

## 8. Corporate governance (continued)

## Chairperson and chief executive

The Chairperson is a nonexecutive and independent chairperson, as defined by the Code and the Labour Relations Act.

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

#### Remuneration

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

## **Executive meetings**

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

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

## **Audit committee**

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

Adv. Shami Kholong Chairperson (Independent)

Mr. Velile Pangwa Member of the Committee (Independent)

Mr. Freddie Petersen Member of the Committee (Government)

Mr. Jim Wilson Member of the Committee (Organised Business)

Ms. Ramona Clark Member of the Committee (Organised Labour)

## 9. Auditors

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

The annual financial statements set out on pages 146 to 183, which have been prepared on the 'going concern' basis, were approved by the Accounting Authority on 31 July 2015 and were signed on its behalf by:

Mr Daniel Dube
Chairperson of Governing Body
31 July 2015

Ms Nerine Kahn
Director

## Statement of Financial Position as at 31 March 2015

		2015	2014
	Note(s)	R'000	R'000
Assets			
Non-Current Assets			
Property, plant and equipment	12	41 340	34 453
Intangible assets	13	4 930	7 233
		46 270	41 686
Current Assets			
Inventories	14	1 171	1 138
Trade and other receivables from exchange transactions	15	517	114
Receivables from non-exchange transactions	16	143	-
Prepayments	17	5 947	4 967
Cash and cash equivalents	18	94 167	79 921
		101 945	86 140
Total Assets		148 215	127 826
Liabilities			
Non-Current Liabilities			
Operating lease liability	19	15 001	14 369
Current Liabilities			
Operating lease liability	19	723	1 111
Trade and other payables from exchange transactions	20	55 065	62 596
Provisions	21	18 875	15 196
		74 663	78 903
Total Liabilities		89 664	93 272
Net Assets		58 551	34 554
Net Assets			
Accumulated surplus		58 551	34 554

## Statement of Financial Performance

		2015	2014
	Note(s)	R'000	R'000
Revenue from non-exchange transactions			
Government grant	2	687 096	595 000
Revenue from exchange transactions			
Income from investments	4	14 482	7 184
Rendering of services	3	3 276	2 741
Other income	5	906	3 755
		18 664	13 680
Total revenue		705 760	608 680
Expenditure			
Employee related costs	6	(218 030)	(187 139)
Administration	7	(131 495)	(116 932)
Depreciation and amortisation	8	(13 437)	(11 223)
Subsidies	9	(4 722)	(4 661)
Operating expenses	10	(314 079)	(263 104)
Total expenditure		(681 763)	(583 059)
Surplus for the year		23 997	25 621

## Statement of Changes in Net Assets

	Accumulated surplus
	R'000
Balance at 31 March 2013	8 933
Surplus for the year as previously reported	25 621
Balance at 31 March 2014	34 554
Surplus for the year	23 997
Balance at 31 March 2015	58 551

## **Cash Flow Statement**

		2015	2014
	Note(s)	R'000	R'000
Cash flows from operating activities			
Cash receipts			
Government grant	2	687 096	595 000
Interest income	4	14 482	7 184
Services and other receipts		4 182	4 608
		705 760	606 792
Payments			
Employee costs		(221 867)	(178 341)
Suppliers		(446 904)	(387 379)
Subsidies	9	(4 722)	(4 661)
		(673 493)	(570 381)
Net cash flows from operating activities	22	32 267	36 411
Cash flows from investing activities			
cast near near manageming activities			
Purchase of property, plant and equipment	12	(25 714)	(25 158)
Disposal of property, plant and equipment	12	7 658	433
Purchase of other intangible assets	13	(5)	(3 600)
Proceeds from sale of other intangible assets	13	40	-
Proceeds from sale of other assets		-	133
Net cash flows from investing activities		(18 021)	(28 192)
Net increase in cash and cash equivalents		14 246	8 219
Cash and cash equivalents at the beginning of the year		79 921	71 702
Cash and cash equivalents at the end of the year	18	94 167	79 921

## Statement of Comparison of Budget and Actual Amounts

	Approved budget	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Note
	R'000	R'000	R'000	R'000	
Statement of Financial Performance					
Revenue					
Revenue from exchange transactions					
Rendering of services	4 449	4 449	3 276	(1 173)	28
Income from investments	14 150	14 150	14 482	332	28
Other income	1 000	1 000	906	(94)	28
Total revenue from exchange transactions	19 599	19 599	18 664	(935)	
Transfer revenue					_
Government grant	656 909 676 508	656 909	687 096	30 187	28
Government grant	656 909 <b>676 508</b>	656 909 676 508	687 096 <b>705 760</b>	30 187 29 252	28
Government grant  Total revenue  Expenditure					28
Government grant  Total revenue					
Government grant  Total revenue  Expenditure	676 508	676 508	705 760	29 252	28
Government grant  Total revenue  Expenditure  Employee related costs  Administration	<b>676 508</b> (215 354)	676 508 (215 354)	<b>705 760</b> (218 030)	29 252	28
Government grant  Total revenue  Expenditure  Employee related costs  Administration  Depreciation and amortisation	(215 354) (132 237)	(215 354) (132 237)	<b>705 760</b> (218 030) (131 495)	29 252 (2 676) 742	29 29 29
Government grant  Total revenue  Expenditure  Employee related costs	(215 354) (132 237) (13 675)	(215 354) (132 237) (13 675)	(218 030) (131 495) (13 437)	29 252 (2 676) 742 238	28 28 28
Government grant  Total revenue  Expenditure  Employee related costs  Administration  Depreciation and amortisation  Subsidies	(215 354) (132 237) (13 675) (3 500)	(215 354) (132 237) (13 675) (3 500)	705 760 (218 030) (131 495) (13 437) (4 722)	29 252 (2 676) 742 238 (1 222)	28 28 28
Government grant  Total revenue  Expenditure  Employee related costs  Administration  Depreciation and amortisation  Subsidies	(215 354) (132 237) (13 675) (3 500)	(215 354) (132 237) (13 675) (3 500)	705 760 (218 030) (131 495) (13 437) (4 722)	29 252 (2 676) 742 238 (1 222)	28 28 28 28

Annual Financial Statements for the year ended 31 March 2015

## **Accounting Policies**

#### 1. Presentation of Annual Financial Statements

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

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

These accounting policies are consistent with the previous period.

## 1.1 Expenditure

Expenditure is recognised on the accrual basis.

## 1.2 Property, plant and equipment

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

## **Accounting Policies**

## 1.2 Property, plant and equipment (continued)

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.

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 fittings	3 to 30 years
Motor vehicles	3 to 10 years
Office equipment	2 to 30 years
IT equipment	3 to 20 years

Leasehold improvements Over shorter of useful life and building lease period

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

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

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

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

Annual Financial Statements for the year ended 31 March 2015

## **Accounting Policies**

## 1.2 Property, plant and equipment (continued)

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

## 1.3 Intangible assets

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

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

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

An intangible asset is recognised when:

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

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

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

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

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

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

Item Useful life

Computer software, internally generated 3 to 20 years

Computer software 3 to 20 years

Intangible assets are derecognised:

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

## **Accounting Policies**

#### 1.4 Financial instruments

#### Classification

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

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

## Initial recognition and measurement

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

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

## Subsequent measurement

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

#### Trade and other receivables

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

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

Trade and other receivables are classified as loans and receivables.

#### Trade and other payables

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

Annual Financial Statements for the year ended 31 March 2015

## **Accounting Policies**

## 1.4 Financial instruments (continued)

## Cash and cash equivalents

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

## Leave pay accrual

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

#### 1.5 Tax

#### Current tax assets and liabilities

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

#### 1.6 Leases

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

#### Operating leases - lessee

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

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

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

#### 1.7 Inventories

Inventories consisting of consumables are stated at the lower of cost and net realisable value. Inventories are valued on the weighted average cost basis.

## **Accounting Policies**

## 1.8 Employee benefits

## Short-term employee benefits

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

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

## **Defined contribution plans**

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

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

## 1.9 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.

Annual Financial Statements for the year ended 31 March 2015

## **Accounting Policies**

## 1.9 Provisions and contingencies (continued)

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

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

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

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

Contingent liability

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

#### Provisions and accruals

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

## Litigation

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

### Cases in process

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

#### **Bonuses**

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

## 1.10 Revenue from exchange transactions

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

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

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

## **Accounting Policies**

## 1.10 Revenue from exchange transactions (continued)

## 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
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

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

#### Investment income

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

#### 1.11 Revenue from non-exchange transactions

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

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

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

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

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

Annual Financial Statements for the year ended 31 March 2015

## **Accounting Policies**

## 1.11 Revenue from non-exchange transactions (continued)

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

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

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

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

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

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

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

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

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

#### Deferred income

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

#### 1.12 Events after the reporting date

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

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

## **Accounting Policies**

## 1.13 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.

## 1.14 Fruitless and wasteful expenditure

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

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

## 1.15 Irregular expenditure

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

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

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

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements 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.

Annual Financial Statements for the year ended 31 March 2015

## **Accounting Policies**

## 1.15 Irregular expenditure (continued)

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

## 1.16 Significant judgements and sources of estimation uncertainty

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

#### Trade and other receivables

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

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

#### **Provisions**

Provision shall be recognised when:

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

Additional disclosure of these provisions are included in note 21.

#### Property, plant and equipment

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

## **Accounting Policies**

## 1.16 Significant judgements and sources of estimation uncertainty (continued)

## Intangible assets

The entity estimates that the useful life of intangible assets is 11 years, based on projected levels of usage of the software.

## Leave pay

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

#### Litigation Costs

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

#### Cases in Process

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

#### Commitments

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

## 1.17 Budget information

The approved budget is prepared on a accrual basis and presented by functional classification. The approved budget covers the fiscal period from 01/04/2014 to 31/03/2015.

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

## 1.18 New standards and interpretations

#### Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 1 April 2015 or later periods:

Annual Financial Statements for the year ended 31 March 2015

## **Accounting Policies**

## 1.18 New standards and interpretations (continued)

## **GRAP 18: Segment Reporting**

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the entity. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the entity's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

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.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, states that no comparative segment information need to be presented on initial adoption of this Standard.

The effective date of the standard has not been set by the Minister of Finance.

### **GRAP 20: Related party disclosures**

The objective of this Standard is to ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this Standard referred to as the reporting entity) shall apply this Standard in:

- (a) identifying related party relationships and transactions;
- (b) identifying outstanding balances, including commitments, between an entity and its related parties;
- (c) identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- (d) determining the disclosures to be made about those items.

This Standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This Standard also applies to individual financial statements.

The effective date of the standard has not been set by the Minister of Finance.

## **Accounting Policies**

## 1.18 New standards and interpretations (continued)

#### GRAP 105: Transfer of functions between entities under common control

The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. An acquirer and a transferor that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard to a transaction or event that meets the definition of a transfer of functions.

This Standard does not apply to:

- transfers of individual or groups of assets and/or liabilities that do not meet the definition of a transfer of functions;
- a transfer of functions between entities not under common control; and
- a merger

The effective date of the standard has not been set by the Minister of Finance.

#### GRAP 106: Transfer of functions between entities not under common control

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard to a transaction or other event that meets the definition of a transfer of functions.

This Standard does not apply to:

- transfers of individual or groups of assets and/or liabilities that do not meet the definition of a transfer of functions.
- a transfer of functions undertaken between entities under common control;
- · a merger; and
- · the formation of a joint venture

A transfer of functions undertaken between entities not under common control could involve an acquisition or transfer of another entity or the acquisition or transfer of another entity.

The effective date of the standard has not been set by the Minister of Finance.

#### **GRAP 107: Mergers**

The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger. A combined entity and combining entities that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard to a transaction or event that meets the definition of a merger where no acquirer can be identified.

This Standard does not apply to:

 a transfer of functions between entities under common control (see the Standard of GRAP on Transfer of Functions Between Entities Under Common Control); and

Annual Financial Statements for the year ended 31 March 2015

## **Accounting Policies**

## 1.18 New standards and interpretations (continued)

 a transfer of functions between entities not under common control (see the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control).

A transaction or event for where no acquirer can be identified falls within the scope of this Standard. A merger is the establishment of a new combined entity in which none of the former entities obtains control over any other and no acquirer can be identified. Determining whether an acquirer can be identified includes a consideration of, amongst other things, which of the combining entities initiated the transaction or event, the relative size of the combining entities, as well as whether the assets or revenue of one of the entities involved in the transaction or event significantly exceed those of the other entities. A merger can either involve the combination of two or more entities in which one of the combining entities continued to become the new reporting entity, or a new reporting entity is established from the combining entities. The concept of control and a function is not relevant in a transaction or event that meets the definition of a merger. A transaction or event in which an acquirer can be identified and that involves control should be accounted for in terms of the Standards of GRAP on Transfer of Functions Between Entities Under Common Control or Transfer of Functions Between Entities Not Under Common Control.

The effective date of the standard has not been set by the Minister of Finance.

## Notes to the Annual Financial Statements

	2015	2014
	R'000	R'000
2. Government grant		
Grant income from non-exchange transactions	687 096	595 000
3. Rendering of services		

#### 4. Investment income

Total interest income was calculated using the effective interest rate on financial instruments, not at fair value, through surplus or deficit amounted to R14,482 (2014: R7,184).

14 482

7 184

# Interest income Bank deposits

<u> </u>		
5. Other income		
EPP Project	-	1 569
Seminars and other sundry income	707	2 053
Insurance recoveries	199	133
	906	3 755

## 6. Employee-related costs

Basic salaries	169 603	147 972
13th cheque election	1 007	1 224
Temporary staff	73	572
Leave pay provision charge	3 609	2 143
Provident fund	26 021	21 802
Medical aid - company contributions	14 107	10 062
UIF	798	759
WCA	723	895
SDL	1 884	1 535
Other salary related costs	205	175
	218 030	187 139

## Notes to the Annual Financial Statements

2015	2014
R'000	R'000

## 7. Administrative expenditure

	131 495	116 932
- Vehicles	626	659
- Fixtures and equipment	4 508	7 227
- Buildings	42 910	31 685
Rentals in respect of operating leases		
Travel and subsistence	21 022	16 460
Auditors' remuneration	2 918	2 629
Governing Body	2 685	1 772
General and administrative expenses	56 826	56 500

## 8. Depreciation and amortisation

	13 437	11 223
Computer software	2 268	1 427
IT equipment	8 461	5 199
Office equipment	619	1 327
Furniture and fittings	870	1 649
Motor vehicles	10	10
Leasehold improvements	1 209	1 611

## 9. Subsidies

CCMA Accredited Bargaining Councils - subsidy payments	4 722	4 661
Collin Accredited Bargaining Councils - Subsidy payments	4122	4 00 1

## Notes to the Annual Financial Statements

2015	2014
R'000	R'000

## 10. Operating expenses

	314 078	263 104
Research & Development - Projects	3 924	-
Training	7 744	5 843
Maintenance, repairs and running costs	9 682	8 062
Loss on sales of non-current assets	7 697	222
Legal expenses	3 389	-
EPP research expenses	112	1 845
Consulting costs	9 673	4 254
Case disbursements - part-time fees	177 554	162 566
Case disbursements - other expenses	94 303	80 312

## 11. Auditors' remuneration

Current year 2 918 2 629

## 12. Property, plant and equipment

		2015			2014	
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fittings	9 561	(3 494)	6 067	21 312	(9 255)	12 057
Motor vehicles	50	(20)	30	50	(10)	40
Office equipment	4 523	(3 556)	967	5 701	(4 147)	1 554
IT equipment	44 717	(15 675)	29 042	24 840	(8 754)	16 086
Leasehold improvements	14 521	(9 287)	5 234	13 432	(8 716)	4 716
Total	73 372	(32 032)	41 340	65 335	(30 882)	34 453

Annual Financial Statements for the year ended 31 March 2015

## Notes to the Annual Financial Statements

2015	2014
R'000	R'000

## 12. Property, plant and equipment (continued)

## Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals *	Depreciation	Total
Furniture and fittings	12 057	814	(5 934)	(870)	6 067
Motor vehicles	40	-	-	(10)	30
Office equipment	1 554	339	(307)	(619)	967
IT equipment	16 086	22 834	(1 417)	(8 461)	29 042
Leasehold improvements	4 716	1 727	-	(1 209)	5 234
	34 453	25 714	(7 658)	(11 169)	41 340

## Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Other changes and movements	Depreciation	Total
Furniture and fittings	9 637	4 232	(163)	-	(1 649)	12 057
Motor vehicles	-	50	-	-	(10)	40
Office equipment	1 888	1 019	(26)	-	(1 327)	1 554
IT equipment	4 247	17 244	(244)	38	(5 199)	16 086
Leasehold improvements	3 714	2 613	-	-	(1 611)	4 716
	19 486	25 158	(433)	38	(9 796)	34 453

Disposals relates mainly to assets with a cost of less than R5 000 that were reclassified as minor assets in line with National Treasury Asset Management Framework.

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

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

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Notes to the Annual Financial Sta	tements					
					2015	2014
					R'000	R'000
13. Intangible assets						
		2015			2014	
	Cost	Accumulate amortisatio and accumulate impairmen	n value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	13 475	5 (8 54	5) 4 930	0 13 562	(6 329)	7 233
Reconciliation of intangible assets - 20	_	Opening balance	Additions	Disposals	Amortisation	Total
Computer software		7 233	5	(40)	(2 268)	4 930
Reconciliation of intangible assets - 20	14					
		Opening balance	Additions	Other changes and movements	Amortisation	Total
Computer software		5 098	3 600	(38)	(1 427)	7 233
14. Inventories						
Consumable stores					1 171	1 138
Inventories recognised as an expense dur						

Annual Financial Statements for the year ended 31 March 2015

## Notes to the Annual Financial Statements

2015	2014
R'000	R'000

## 15. Trade and other receivables from exchange transactions

	517	114
Other receivables	417	-
Trade receivables	100	114

#### Trade receivables from exchange transactions past due but not impaired

Trade receivables which are less than three months past due are not considered to be impaired. At 31 March 2015, R10 thousand (2014: R0 thousand) were past due but not impaired. Trade receivables which have not been impaired are considered to be collectable.

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

One month past due	4	30
Two months past due	1	4
Three months past due	10	-

#### Other receivables from exchange transactions

Other receivables which are less than three months past due are not considered to be impaired. At 31 March, 2015, R0 thousand (2014: R0 thousand) were past due but not impaired.

## 16. Receivables from non-exchange transactions

Other receivables from non-exchange transactions	143	-
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## Other receivables from non-exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 31 March 2015, R0 - (2014: R0 -) were past due but not impaired.

Annual Financial Statements for the year ended 31 March 2015

## Notes to the Annual Financial Statements

R'000 R'000	2015	2014
	R'000	R'000

## 17. Prepayments

	5 947	4 967
Licences	5 363	4 476
Payroll - Post pay date salaries	168	75
Refundable deposits	416	416

## 18. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	44	36
Pledged funds	2 015	1 181
	94 167	79 921

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

The total amount of undrawn facilities available for future 1 015 1 899 operating activities and commitments

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

## 19. Operating lease liability

	(15 724)	(15 480)
Short-term lease obligation	(723)	(1 111)
Long-term lease obligation	(15 001)	(14 369)

Annual Financial Statements for the year ended 31 March 2015

## Notes to the Annual Financial Statements

2015	2014
R'000	R'000

## 20. Trade and other payables from exchange transactions

Trade payables	6 609	10 620
Accruals: general expenses, bargaining councils and case disbursements	42 342	39 464
Learnership and project funds	-	80
Payroll creditors	4 642	10 709
Skills development levy	-	315
Workmen compensation	1 472	1 408
	55 065	62 596

## 21. Provisions

### Reconciliation of provisions - 2015

	Opening Balance	Additions	Utilised during the year	Total
Cases in process	15 196	18 320	(15 196)	18 320
Court Litigation	-	555	-	555
	15 196	18 875	(15 196)	18 875

#### Reconciliation of provisions - 2014

	Opening Balance	Additions	Utilised during the year	Total
Cases in process	12 339	15 196	(12 339)	15 196
Court Litigation	3 500	-	(3 500)	-
	15 839	15 196	(15 839)	15 196

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

The provision for court litigation refers to legal expenses to be incurred on cases that have not been finalised at year-end. There is no expected reimbursement in respect of this provision.

Annual Financial Statements for the year ended 31 March 2015

## Notes to the Annual Financial Statements

2015	2014
R'000	R'000

## 22. Cash generated from operations

Surplus	23 997	25 621
Adjustments for:		
Depreciation and amortisation	13 437	11 223
Income from investments	(14 482)	(7 184)
Movements in operating lease liability	632	(1 662)
Movements in provisions	3 678	(643)
Changes in working capital:		
Inventories	(33)	3
Trade and other receivables	(546)	135
Prepayments	(980)	(4 111)
Trade and other payables from exchange transactions	(7 918)	5 978
Income from investments	14 482	7 184
Surplus on sale of assets and Liabilities	-	(133)
	32 267	36 411

## 23. Commitments

Other commitments

## Capital expenditure

## Approved and contracted for

•	Property, plant and equipment	20 056	17 501
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The capital expenditure was financed by government grants received from National Treasury through the Department of Labour. The commitments represent approved orders and contracts that are placed before year-end, invoiced and delivered in the new financial year.



Annual Financial Statements for the year ended 31 March 2015

## Notes to the Annual Financial Statements

2015	2014
R'000	R'000

## 23. Commitments (continued)

#### **Operational expenditure**

- within one year	5 034	1 346
- in second to fifth year, inclusive	780	1 351
	5 814	2 697

The operational expenditure was financed by government grants received from National Treasury through the Department of Labour. The commitments represent approved orders and contracts that are placed before year-end, invoiced and service provided in the new financial year.

#### Operating leases - Buildings

## Minimum lease payments due

• •		
- within one year	50 881	41 185
- in second to fifth year, inclusive	153 149	164 841
- later than five years	106 945	128 269
- Building leases approved and not contracted for	-	8 692
	310 975	342 987
Operating leases – Vehicles		
Minimum lease payments due		
- within one year	501	596
- in second to fifth year, inclusive	857	1 044
	1 358	1 640
Operating lease - Fixtures and Equipment		
- within one year	7 169	6 375
- in second to fifth year, inclusive	5 974	12 521
	13 143	18 896

Operating lease payments represent rentals payable by the CCMA for 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.

## Notes to the Annual Financial Statements

## 24. Financial assets by category

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

#### 2015

	Loans and receivables	Total
Trade and other receivables	517	517
Other receivables from non-exchange transactions	143	143
Cash and cash equivalents	94 167	94 167
	94 827	94 827

	Loans and receivables	Total
Trade and other receivables	114	114
Cash and cash equivalents	79 921	79 921
	80 035	80 035

Annual Financial Statements for the year ended 31 March 2015

## Notes to the Annual Financial Statements

#### 25. Members' emoluments

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

#### **Executive**

## 2015

	Salary	Pension paid or receivable	Expense allowances	Performance bonus	Total
Director: N Kahn	2 211	343	71	-	2 625
CFO: N Boikhutso	1 676	257	2	-	1 935
NSC: Operations: R Bernickow	1 749	257	31	-	2 037
GM: Operations: N Govender	1 675	257	33	-	1 965
NSC: CBO: J Daphne	1 894	42	11	-	1 947
NSC: Mediation: A Soobedaar	1 677	257	45	-	1 979
CAE: S Hlalele	1 947	-	-	-	1 947
NSC: Dispute resolution & Legal: C Morajane	1 662	253	18	-	1 933
	14 491	1 666	211	-	16 368

	Salary	Pension paid or receivable	Expense allowances	Performance bonus	Total
Director: N Kahn	1 445	223	100	302	2 070
CFO: N Boikhutso	1 126	172	1	137	1 436
NSC: Operations: R Bernickow	1 365	187	44	153	1 749
GM: Operations: N Govender	1 221	186	52	153	1 612
NSC: Dispute resolution & legal: E Zuydam	1 220	-	159	132	1 511
NSC: CBO: J Daphne	1 102	168	-	138	1 408
GM: Corporate services: I Masege	1 068	93	6	132	1 299
NSC: Mediation: A Soobedaar	1 049	160	6	131	1 346
CAE: S Hlalele	1 178	-	-	128	1 306
Acting NSC: Dispute resolution & Legal: C Morajane (Appointed 1 Sep 2013)	538	68	1	91	698
	11 312	1 257	369	1 497	14 435

## Notes to the Annual Financial Statements

## 25. Members' emoluments (continued)

#### Non-executive

2015

	Emoluments	Pension paid or receivable	Expense allowances	Gain on exercise of options	Total
Chairperson:D Dube	-	-	329	-	329
Business representatives on Governing Body	-	-	351	-	351
Labour representatives on Governing Body	-	-	355	-	355
Government representatives on Governing Body (*)	-	-	-	-	-
	-	-	1 035	-	1 035

	Emoluments	Pension paid or receivable	Expense allowances	Gain on exercise of options	Total
Chairperson: T Cohen (Term of office expired 31 May 2013)	-	-	18	-	18
Acting chairperson: E Monage (1 Jun to 30 Sep 2013)	-	-	43	-	43
Chairperson: D Dube (Appointed 1 Oct 2013)	-	-	120	-	120
Business representatives on Governing Body	-	-	287	-	287
Labour representatives on Governing Body	-	-	198	-	198
Government representatives on Governing Body (*)	-	-	-	-	-
	-	-	666	-	666

<sup>\*</sup> No expense allowances were paid to government representatives on the Governing Body.

Annual Financial Statements for the year ended 31 March 2015

## Notes to the Annual Financial Statements

#### 26. Financial instruments

#### Fair values

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

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

## Credit risk

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

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

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

#### 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.

Annual Financial Statements for the year ended 31 March 2015

## Notes to the Annual Financial Statements

2015	2014
R'000	R'000

#### 27. Related parties

Relationships

Controlling entity Department of Labour

Entities with common control **Unemployment Insurance Fund** Workmen's Compensation Fund

Related party balances

**Trading transactions** 

#### **Government grant**

Department of Labour	687 096	595 000
Purchases from related parties		
Unemployment Insurance Fund	798	759
Workmen's Compensation Fund	723	895
South African Post office Ltd	18	15
Telkom SA Ltd	8 580	6 216
Government Printing	78	62
Payable by CCMA		
South African Post office Ltd	2	2
Telkom SA Ltd	685	4
Unemployment Insurance Fund	-	167
Workmen's Compensation Fund	1 472	1 408

The above listed entities are all related parties through a common listing under the PFMA as listed public entities.

Mr. David Lakay (member of FRC) 51 89

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

## Key management information

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

Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

## 28. Statement of comparison of budget and actual amounts

#### Revenue

Government grant actuals exceeded budget mainly due to deferred government grant that was retained for CAPEX budget spending and only released to government grant income at year-end.

Income from rendering of services and other income was R1.3 million under budget mainly due to rendering of services income been demand based and varies year on year.

## **Expenditure**

Employee related costs overspend of R2.7 million was mainly due to leave pay provision which the organisation does not budget for.

Depreciation actuals was closely within budget with a budget savings of R238k.

Subsidies paid during the year was over budget by R1.2 million due to higher than anticipated inflow of claims from bargaining councils.

Administration and Operating expenditure closed with a budget saving of R8.7 million mainly due to delays in the promulgation of Labour law amendments and roll out of web-enabled case management system project.

#### Income from investments

Income from investments was R332k over budget expectations mainly due to interest rates actually achieved been higher than budgeted for.

## Surplus

The reported surplus of R24 million will be utilised in the 2015/16 financial year for the implementation of Labour law amendments and roll out of the web based Case management system.

Annual Financial Statements for the year ended 31 March 2015

## Notes to the Annual Financial Statements

	2015	2014
	R'000	R'000
29. Irregular expenditure		
Reconciliation of irregular expenditure		
Opening balance	2 002	1 752
Add: Irregular expenditure - relating to prior years	6 737	3 695
Add: Irregular expenditure - relating to current year	2 815	2 002
Less: Prior years - Amounts condoned	(5 307)	(823)
Less: Amounts not Recoverable (not condoned)	(1 460)	(4 624)
Irregular expenditure	4 787	2 002

#### Details of irregular expenditure not condoned

Item	Not condoned by National Treasury	
Misinterpretation of PPPF Act 2011	Eleven contracts amounting to R8,063m were awarded during the year as a result of SCM policy on thresholds not aligned to National Treasury Practice Note 8 of 2007/08.	1 430
Supply Chain Management processes were not followed	Appointment of attorneys without following SCM processes. (2014: R1 971)	2 815
		4 245

## 30. Deviation from supply chain management regulations

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

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

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

Analysis of deviations approved and condoned during the year under review

5 435



## Notes to the Annual Financial Statements

## 31. Financial liabilities by category

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

	Amortised cost	Total
Trade payables	6 609	6 609
2014		
	Amortised cost	Total
	Amortised cost	iotai
Trade payables	10 620	10 620

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CCMA





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