CCMA

COMMISSION FOR CONCILIATION, MEDIATION & ARBITRATION

# Annual Report 2010 - 2011

*'Revolutionising Workplace Relations'*

labour

Department:
Labour
REPUBLIC OF SOUTH AFRICA

RP:58/2011
ISBN:978-0-621-40019-9

CCMA

COMMISSION FOR CONCILIATION, MEDIATION & ARBITRATION

Call Centre: 0861 16 16 16

Website: www.ccma.org.za

# Contents

# Vision, Mission and Values

## Vision

To be the premier dispute prevention, 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

| | |
|---|---|
| Integrity | *We are honest and ethical in everything that we do*<br>*We deliver on our commitments*<br>*We are accountable and responsible for our performance.* |
| Diversity | *We are a team of highly qualified individuals that is representative, at all levels, of our country's diversity.* |
| Transparency | *We work in a manner that is open and transparent, guided by our statutory obligations and commitment.* |
| Excellence | *We are committed to excellence*<br>*We continuously strive to deliver quality work*<br>*We always seek to improve our processes and services to better serve the citizens of South Africa.* |
| Accountability | *We constantly measure ourselves against our commitments and we hold ourselves responsible for our actions and the outcomes of our work*<br>*We are committed to each other and all we do.* |
| Respect | *We value differences in people and ideas and we treat others with fairness, dignity and respect0*<br>*We foster a culture of trust, respect, teamwork, communication, creativity, equal opportunity and empowerment.* |

# Functional Purpose

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

The CCMA's mandatory 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
- Consider accreditation and subsidy of bargaining councils and private agencies
- Provide support for the Essential Services Committee.

The CCMA's discretionary functions are to:

- Supervise ballots by unions and employer organisations
- Provide training and information relating to the primary objective of the LRA
- Advise parties to a dispute about the procedures to follow
- Offer to resolve a dispute that has not been referred to the CCMA
- Publish guidelines on any aspect of the LRA, and to make rules.

# Message from the Governing Body Chairperson

Ms Tanya Cohen
**Governing Body Chairperson**

The annual responsibility of reporting on the CCMA's performance gives me an excellent opportunity to reflect on the past year's challenges and achievements and to look forward to the responsibilities and opportunities that lie ahead. The past year has seen a continued increase in efficiencies and good governance, with a strong improvement in the organisation's financial situation, allowing the previous three-year deficit to be considerably reduced, with the probability of it being eliminated in the coming year. This has resulted in a greater opportunity to deliver on our mandate.

It is not generally realised that the CCMA is the largest dispute resolution body in the world, and there is an internationally recognised level of respect for our case management system, considered to be one of the very best. The CCMA plays a lead role in dispute management and resolution systems, training and support within the SADC region. This international recognition has helped strengthen the relationship with the International Labour Organisation (ILO) and increased involvement with other international agencies. The success and reputation of the CCMA has had a beneficial effect through attracting research and development opportunities, as well as drawing a higher calibre of candidates for commissioner posts. It is gratifying that the CCMA is increasingly regarded as an aspirational organisation and employer.

Major focus in the past year was placed on implementing measures to address irregularities raised by the Auditor-General. This necessitated a demanding four visits to Parliament to report on progress to the Portfolio Committee. By the October 2010 Parliamentary Briefing, all matters that were capable of closure had been addressed, with the entire process required extensive Governing Body and management time and attention. In retrospect, it is gratifying to realise that the solid ethical and governance framework that exists throughout the CCMA has been recognised and that there was never any indication of misconduct. The outcome was an improvement in a number of CCMA systems and processes, which will, of course, require continued focus. A further unqualified audit by the Auditor-General confirms that the CCMA is in good hands.

A requirement of the global trend towards integrated reporting is identifying any risk that may threaten the long-term sustainability of the CCMA. One that has always been apparent is the funding model without which the CCMA could not operate as an independent public entity, providing a free public service. The ILO has recently committed to supporting the CCMA in developing a more sustainable model, based on caseload and comparison with other international examples.

Accessibility to CCMA services has continued to receive attention. In the past year, the opening of the George and Newcastle offices and the integration of the case management system with that of the Department of Labour will provide further opportunities for greater accessibility to the CCMA's services.

The CCMA proved to be a lead indicator of the economic crisis in South Africa through the identification of the growth in caseload. It proactively responded to the impact of the crisis by initiating training layoff dispute resolution. There are now indications of the stabilisation of the labour market, although there is some uncertainty regarding the impact on the CCMA of the outcome of the Labour Law amendment process. The CCMA is committed to continuing to play its part in supporting job creation and poverty alleviation.

It may well be considered that the CCMA is entering its next level of maturity. Energies under the previous strategy have largely been expended on refining the core business processes, building support structures and creating robust governance systems. With the Siyaphambili Strategy now firmly in place, the CCMA can become more forward looking and embed its vision of being the premier dispute management and resolution organisation. More emphasis can be placed on research, communication, development and innovation. We are ideally positioned to consolidate learnings and take the lead in labour relations innovation in relation to dispute management and resolution, further extending South Africa's pre-eminent position in labour dispute processes.

## Message from the Governing Body Chairperson

It has been a privilege to have worked with the members of the Governing Body, who have demonstrated an exceptional level of commitment to the purpose and objectives of the CCMA. This has never been more clearly demonstrated than in the past year’s parliamentary reporting, when a willingness to attend extra meetings, their understanding of issues and support of the institution extended far beyond their appointed role. Involvement at this level gives me great confidence in the future of the CCMA. The Governing Body’s committees and subcommittees also bore an unusually heavy load in the past year and I would like to thank their members for their participation, commitment and experience. In particular, my sincere thanks are extended to the chairpersons of these committees: Ma’ Mary Malete, Elias Monage, Lucio Trentini and Mary Vilakazi.

I would like to congratulate our Minister, Nelisiwe Oliphant, on her appointment and to thank her for demonstrating her support of the CCMA by making her first official engagement the opening of our new office in George. Without the committed support of her ministry, the institution would simply not be able to fulfil its mandate.

No organisation could have gone through the CCMA’s experiences during the past five years and emerged a stronger, more focused entity without exceptional leadership. On behalf of the Governing Body, I would like to thank our Director, Nerine Kahn, for all that she has contributed. Confidence in her abilities permeates throughout the CCMA and she undoubtedly deserves recognition for the strong position in which the CCMA now finds itself. The Governing Body has absolute confidence in her abilities and made a unanimous decision to appoint Nerine for a further five-year term as Director.

Recognition does, of course, extend beyond the leader to the team members. The CCMA is fortunate in having a highly capable executive management team and a depth of skills and experience throughout the organisation. Special thanks are extended to outgoing Chief Financial Officer, Ngoako Obed Sekgololo, who has been instrumental in ensuring that the CCMA’s financial systems and processes are in good order.

It is my pleasure to comment that the future for the CCMA, and consequently labour dispute processes within the South African labour market, looks very positive.

Ms Tanya Cohen
Governing Body Chairperson

# Director's Report

Ms Nerine Kahn
**CCMA Director**

The Commission for Conciliation, Mediation and Arbitration's (CCMA's) role to promote social justice, labour peace and fairness in the workplace is core to the thrust to provide equitable opportunity and shared prosperity for everyone in South Africa.

From an external perspective, the past year has seen an extension of the extreme pressures on the organisation that resulted from the global economic crisis, resulting in an inevitable continuation of the increased caseload. Internally, the year has seen an intensification of our focus on enhancing governance structures and compliance levels. This has focused our attention on the need to refine our short- to medium-term strategy on the one hand, and concentrate on operational optimisation on the other.

The CCMA is maturing as an organisation, with the successful completion of the three-year 'Tsoso Strategy' (to revive or re-awaken in Sesotho). Last year we enthusiastically embarked on delivering the goals of the first year of the new five-year 'Siyaphambili Strategy' (we are moving forward) and the organisational structure was re-examined to begin the process of further aligning it to this new strategy. This builds on the previous strategy and advances the organisation's core responsibility for dealing with workplace disputes as effectively and efficiently as possible.

In consultation with the Governing Body, and in furtherance of our stated governance goals, I took the decision to start introducing the principles of inclusive reporting in this annual report. It is a process that requires a change in the approach to reporting and one that will take a few years to be fully implemented. Other implications include the application of the code of corporate practices and conduct, contained in the Labour Relations Act, the King III report and the protocol on corporate governance in the public sector.

A distressing occurrence in the past year was the allegation of fraud and corruption within the CCMA, resulting in a special investigation by the Auditor-General, our auditing authority. At the conclusion of the scrutiny, the Auditor-General reported to parliament that no fraud or corruption had been detected and that the CCMA's governance and processes were sound.

However, the investigation did identify some areas of housekeeping that required attention, particularly the lack of adequate controls in the supply chain and procurement process. Most of these concerns were addressed through the adoption of a new supply chain management policy, which introduced more structured processes and controls and a review oversight by the various Governing Body subcommittees and the Governing Body itself. Additionally, attention was focused on improved risk identification, assessment and mitigation, and these combined endeavours have resulted in a meaningful improvement in our internal governance processes.

At the end of the previous financial year, the CCMA reported an operating deficit of R44 million and a major financial objective for the period under review was a meaningful reduction in this deficit. A 'going concern' strategy was adopted to proactively address the funding deficit through the effective management of working capital and this resulted in a surplus of R30 million for the year, reducing the deficit to R14 million; it is our objective to completely eliminate this deficit in the forthcoming year.

A major role in the CCMA's operations has been the way in which it has been able to demonstrate its ability to facilitate effective alternatives to retrenchment, as exhibited by the steady progress in our job security project, most notably through its involvement in the Training Layoff Scheme. The scheme, formulated by the social partners as part of the national response to the economic crisis, was driven by the Minister of Economic Development, and the CCMA was appointed as the main implementing agency. As it was an unforeseen and unfunded function, it did add to our financial pressures, already adversely affected by the global economic crisis.

Despite the caseload pressures, the CCMA met and often exceeded its performance targets in the past year. For instance, the number of pre-conciliations increased by four percent, with a significant nine percent increase in the number settled. Furthermore, the total number of conciliations scheduled outside the 30-day period decreased by a remarkable 72 percent.

The actual number of cases settled increased by nine percent, with the final settlement rate standing at 69 percent, the highest it has been in years. For the first time since the process was introduced in 2002, con/arbs cases settled increased by 19 percent, while the number of awards decreased by 19 percent: a really encouraging result. Our focus on bargaining council efficiencies has also shown dividends, with generally improved dispute resolution functions across all such bodies.

An area that will require stringent attention in the following year is that of notifying parties of awards within the statutory 14-day period, as some 47 percent of awards did not meet this requirement. Also requiring management will be the number of award extensions granted by the Director's office, as these increased by 23 percent. The use of 'heads of argument', which increased by 28 percent, will also need management attention. The final evaluation of the scorecard for the first year of the Siyaphambili Strategy resoundingly demonstrates positive achievements in almost every targeted area. Significant progress has been made in areas where room for improvement was identified.

The organisation's 'behind-the-scenes' interventions to ensure a dispute-free labour component for the 2010 FIFA World Cup were notable achievements. A specialised team was tasked with the responsibility of rapid response to the slightest hint or threat of using the World Cup as a 'bargaining chip' by any sector of the labour force. While this function was, of necessity, low key, its success was (happily and proudly) apparent through the lack of any major disruptive workplace interventions in a tournament that brought great international kudos to our country.

This was but one example of the increased confidence that users of our services have demonstrated in us, especially when they turned to us during collective bargaining events in big industrial relations matters. This was also particularly visible when our involvement was requested in disputes of national concern and visibility, showing a significant improvement in take-up of these services.

A cornerstone responsibility of the CCMA is to provide the facility for any employee to lodge a complaint against workplace injustice, which is particularly important in South Africa, where labour abuse was historically rampant. The knowledge and confidence that any individual has this right is as important as the outcome of a dispute. Some 75 to 80 percent of cases with which the CCMA deals revolve around individual dismissals and, although only seven percent of cases involve strike actions, these are the high-profile instances that receive the vast majority of media attention. In perspective, some 156 000 cases were dealt with by the CCMA in the past year.

Raising awareness of the organisation's services, and making them accessible to the population in general (domestic worker and executive alike), across the country, is an essential requirement for the CCMA. As users range from urban centres to the most remote, rural communities, extending the availability of our services has been an essential imperative and in the past year new offices were opened in Ekurhuleni and George.

Increased accessibility inevitably leads to an increase in caseload, which, on the one hand may be considered to be an additional operational cost, while more importantly, it results in a more comprehensive delivery against our mandate.

I feel strongly that one of my roles, as National Director, is to address issues of staff morale and motivation. This prompted me to introduce the 'Director's Award' last year, with the presentation of a certificate to award winners, recognising their special achievement. The first winners, presented in December 2010, were the members of the National Response Team for their outstanding work in helping to turn around several regions that were performing below the required levels of efficiency, assisting some offices to achieve significant improvements in performance.

Director giving the inaugural Director's Award to (from left), Shawn Christiansen, Nazeema Teladia, Arnause Mohlala and Nonzame Jaxa

The success of the CCMA revolves around its ability to identify and recruit befitting commissioners. It is an elaborate and lengthy process and one that, according to law, cannot be devolved from the direct involvement and responsibility of the Governing Body. This principle is rigorously applied in the proven belief that the only way for the CCMA to succeed is by recruiting the right people.

There is no doubt that the exhaustive selection, training and mentorship processes for commissioners have been a major contributor to the successes of the CCMA and the respect in which the organisation is now held. It has taken five years of continual attention to attain the current recruitment process and ongoing refinement can only lead to its improvement.

It is with great pride that I rate the effectiveness and efficiency of our commissioners. The demands on them are rigorous, while the expectation of their providing quality service remains constant. Apart from a committed work ethos, this also demands that commissioners demonstrate exceptional ethical standards.

Research will grow in importance for the CCMA and, to this end, the Research Unit's capabilities were enhanced with a number of new appointments, including the establishment of a Research Steering Committee to provide guidance to the section. Significant participation in research, funded by the Employment Promotion Programme (EPP), has contributed to labour market debates and information provision improvement.

Research topics are undoubtedly the most exciting of the CCMA's areas of growth potential, presenting very real opportunities to develop new and innovative techniques and solutions to dispute resolution. We are already acknowledged as world leaders in our field, and research will enable us to maintain this reputation and further enhance our pre-eminent position.

The past year has seen the installation and implementation of a sophisticated, computer-based, human resources system. Among the many reasons for such an investment was the need to better manage staff, and the process of recruiting appropriate commissioners.


Awareness of the consequences of climate change is widespread and many of us try to contribute to its reversal in our private lives. The CCMA has introduced a number of energy-saving initiatives, but without a formal programme or reporting structure. In line with the general move to adopt the 'environmental' component of the Global Reporting Initiative, it is my resolve that our organisation will formalise a programme in this regard in the 2011/12 reporting period.

A sure-fire measurement of government's confidence in the CCMA was the presentation of a silver Public Service Excellence Award. This makes us the only organisation ever to have been recognised in this way for two consecutive years, and it is a wonderful acknowledgement of the way in which we are performing, directly for all South Africans, as a team and across the board.

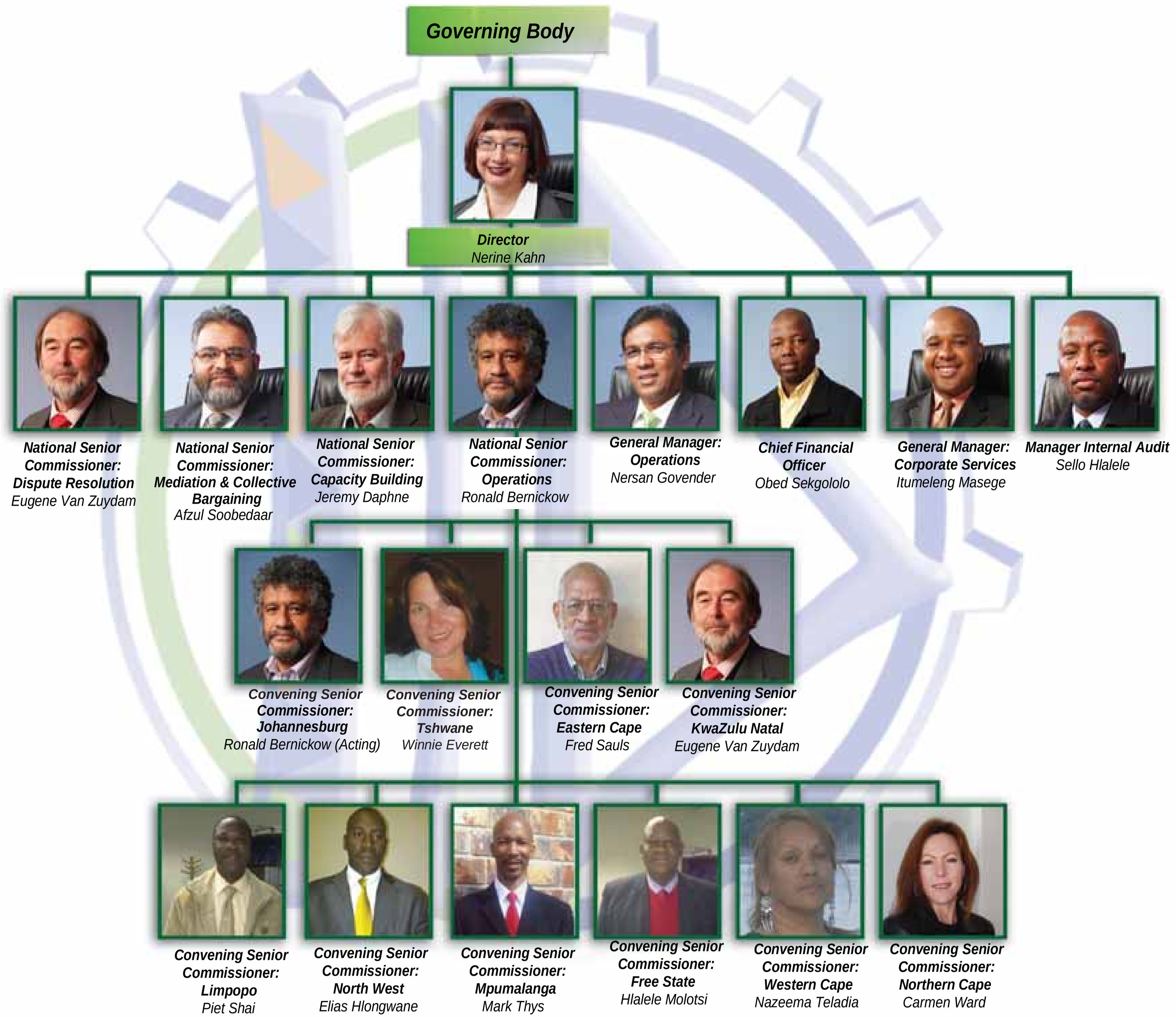
The Siyaphambili Strategy will be key in driving the organisation forward in the labour market, generating ever-greater international recognition. The CCMA is already recognised as the largest dispute resolution organisation in the world and is considered as one of the world leaders in its field by the International Labour Organisation (ILO). In the past year, we continued to play a lead role in supporting other African countries and in sharing our knowledge on the international stage, and we have every intention of continuing and expanding this aspect of our activities.

The trials and tribulations of the past year could not have been so ably addressed without the unstinting and dedicated support of the Governing Body. I would like to take this opportunity of thanking them for supporting me when we rose together to the challenge of unified support of the organisation. This would not have been possible without the loyalty and dedication of the executive management team who, no matter the hour, answered the call to maintain the organisation's integrity, often at considerable personal cost. However, the resultant benefit has been the cementing of a unified team with mutual trust among its members.

We have gone through a testing two-year period and have emerged a stronger, better-managed organisation. I am confident that we are ideally positioned to extend our services, improve our efficiencies and further improve our reputation.

Ms Nerine Kahn
Director

CCMA Executive Committee Members


Governing Body
Director
Nerine Kahn
National Senior Commissioner: Dispute Resolution
Eugene Van Zuydam
National Senior Commissioner: Mediation & Collective Bargaining
Afzul Soobedaar
National Senior Commissioner: Capacity Building
Jeremy Daphne
National Senior Commissioner: Operations
Ronald Bernickow
General Manager: Operations
Nersan Govender
Chief Financial Officer
Obed Sekgololo
General Manager: Corporate Services
Itumeleng Masege
Manager Internal Audit
Sello Hlalele
Convening Senior Commissioner: Johannesburg
Ronald Bernickow (Acting)
Convening Senior Commissioner: Tshwane
Winnie Everett
Convening Senior Commissioner: Eastern Cape
Fred Sauls
Convening Senior Commissioner: KwaZulu Natal
Eugene Van Zuydam
Convening Senior Commissioner: Limpopo
Piet Shai
Convening Senior Commissioner: North West
Elias Hlongwane
Convening Senior Commissioner: Mpumalanga
Mark Thys
Convening Senior Commissioner: Free State
Hlalele Molotsi
Convening Senior Commissioner: Western Cape
Nazeema Teladia
Convening Senior Commissioner: Northern Cape
Carmen Ward

## Introduction

The year under review was the first in the CCMA's five-year Siyaphambili Strategy and marks the completion and implementation of the scorecard, against which the organisation is able to measure performance against its strategic objectives. Each objective is broken down into a number of key performance areas and the scorecard enables management of objectives by comparison of performance against targets.

The overall status for each achievement has been summarised as follows:

- Green -Target fully met.
- Orange -Target partially met or did not meet target but significant progress was made in the year.
- Red -Target not met and significant focus will need to be applied in the next year of the Siyaphambili strategy if the 2011 target is to be met.

The scorecard is already proving to be an extremely effective management tool, with an excellent example being the identification of regions that required assistance in achieving their objectives. An updated scorecard is supplied to the Governing Body on a quarterly basis.

| # | KEY PERFORMANCE AREA | TARGET 2015 | TARGET 2010/11 | ACHIEVED 2010/11 | SCORE |
|---|---|---|---|---|---|
| **STRATEGIC OBJECTIVE 1: ENRICH THE ROLE OF THE CCMA IN THE LABOUR MARKET** | | | | | |
| 1.1 | The CCMA plays a leading and dynamic role in the facilitation of social dialogue and economic development in identified labour market issues related to the CCMA's mandate, locally and internationally. | The CCMA plays a leading and dynamic role in the facilitation of social dialogue with a rising focus on social justice, economic development and labour peace in identified labour market issues related to the CCMA's mandate through published research papers, published Labour Market Review and effective participation in all relevant forums. | Topical research issue/s identified and research commissioned – in at least four areas.<br><br>A minimum of twenty social dialogue events conducted on identified topical issues.<br><br>Participate in relevant labour market events, with a minimum of six. | Six papers, presentations and research articles were commissioned on the following topical research issues: Training Layoff Scheme, agricultural sector, social justice principles, organisational rights and the CCMA pre-conciliation process.<br><br>A total of 121 social dialogue events were held in the form of user and sector forums.<br><br>National and regional offices participated in the following labour market events: Labour Law amendments bills' road shows, 23rd Annual Labour Law conference, DITSELA Symposium, COSATU Collective Bargaining workshop, Farm Workers Summit and the National Shop Stewards Conference.<br><br>Participated in International agencies meetings and SADC engagements. | ● |
| 1.2 | Provide technical case management support and assistance to local, regional and international organisations. | Case Management System fully rolled out to Department of Labour, bargaining councils and other identified agencies, and an improved shared services system maintained. | Maintain existing (eight) SLAs with current external Case Management System users. | Eight bargaining councils contracted to use Case Management System. Annual agreements reviewed and settled to provide support in line with plan to link all bargaining councils with Case Management System. | ● |

| # | KEY PERFORMANCE AREA | TARGET 2015 | TARGET 2010/11 | ACHIEVED 2010/11 | SCORE |
|---|---|---|---|---|---|
| 1.3 | Enhance the quality 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. | Maintain implemented accreditation criteria for bargaining councils.<br><br>25 percent improvement of council compliance with accreditation.<br><br>Phase 1 of review of subsidy criteria completed.<br><br>Table report on identified unaccredited bargaining councils.<br><br>Phase 1 of investigation into accreditation of private agencies completed. | Carefully monitored and maintained.<br><br>70 percent improvement.<br><br>Phase 1 in process. Interim subsidy increase granted, based on initial research.<br><br>Identified: one bargaining council.<br><br>Phase 1 in process. Strategy and implementation plan developed. | ● |
| 1.4 | User and Stakeholder empowerment capacity building. | Capacity and awareness levels for targeted sectors improved by 75 percent (with vulnerable sectors prioritised). | Minimum of two hundred awareness-raising and capacity building activities held on designated activities. | A total of 675 activities were held under this KPA: 274 activities were conducted through radio talk show sessions, road shows, imbizos and information sessions. Another 274 activities comprised of BP workshops, short session presentations, breakfast, cocktail and Labour Law seminars.<br><br>Lastly, 127 activities were held on the empowerment of targeted vulnerable sectors and constituencies. | ● |
| 1.5 | Promotion of employment security. | The CCMA is recognised as a leader in the promotion of employment security through high-level S189 interventions and dispute management interventions. | Planning and implementing of at least two-hundred publicity and capacity-building interventions on employment security, business turnaround, job saving and survival mechanisms. | 331 activities were held, focusing on the Training Layoff Scheme and employment security. These activities were conducted by making input through radio stations, seminars, BP workshops and one-day presentations on dealing with job insecurity. | ● |
| 1.6 | Participate in the process of amending CCMA-relevant employment law and policy development. | Participated in employment legislation and policy review process. | Identify potential areas of employment legislation review, including the capacity (human and financial resources) of the organisation that will facilitate CCMA operations and mandate delivery, and make relevant submissions. | Submission made on deadline to the Department of Labour on 2010 proposals. Participated in Regulatory Impact Analysis (RIA). Budget implications for proposed amendments drafted and submitted to the Department of Labour and Treasury. Essential Services amendments and committee needs identified and emphasised. | ● |

| # | KEY PERFORMANCE AREA | TARGET 2015 | TARGET 2010/11 | ACHIEVED 2010/11 | SCORE |
|---|---|---|---|---|---|
| 1.7 | Assist, support and promote collective bargaining and intervene in bargaining matters of public interest. | The CCMA is recognised as the leader in assisting, supporting and promoting collective bargaining.<br><br>70 percent settlement rate on all matters of public interest (section 150 matters).<br><br>Make high-impact offers of assistance in matters of public interest.<br><br>Three voluntary collective bargaining structures established in significant under-organised sectors. | Maintain the specialist dispute resolution service and post dispute support services.<br><br>62 percent<br><br>Relevant offers made.<br><br>Commence establishment of one bargaining structure. | A specialist dispute resolution service is in place for collective bargaining disputes, both nationally and regionally. Post dispute support services have been implemented for certain national matters.<br><br>63 percent<br><br>230 offers of assistance made nationally, including key public interest disputes, 189 (82 percent) accepted.<br><br>Engagement with stakeholders, in the provincial legislatures and parliament, for the establishment of a voluntary, centralised bargaining structure. Draft framework agreement concluded. | ● |
| **STRATEGIC OBJECTIVE 2: BUILD SKILLS TO ACHIEVE PROFESSIONALISM** | | | | | |
| 2.1 | Ensuring the development and delivery of a Conflict Resolution Practitioner occupational qualification. | Oversee the establishment of training provider to deliver Conflict Resolution Practitioner qualification, with Conflict Resolution Practitioner courses delivered. | Conflict Resolution Practitioners curriculum developed.<br><br>Preparation conducted to establish LRP professional body and training provider. | A Dispute Resolution Practitioner qualification curriculum was developed and approved by the relevant HET.<br><br>Participated in workshops facilitated by the SETA to develop a professional body model. | ● |
| 2.2 | Design and development of training materials and courses to support continuous professional development. | Training materials designed, developed and updated in terms of CCMA and user needs. | New training materials developed.<br><br>Existing materials updated. | Three new training manuals developed after evaluation, and reported to HRSC:<br><br>Advanced Mutual Interest manual<br><br>Arbitration and Award Writing Commissioner Revision manual.<br><br>CCMA Guidelines: Misconduct Arbitration manual.<br><br>11 existing training manuals were updated. | ● |
| 2.3 | To ensure continuous research and development of leading effective adult training methodology and techniques. | Quality training methodologies developed and applied. | Table a report on the review of existing training methodologies and tools. | Report compiled and existing training methodology and tools analysed. | ● |

| # | KEY PERFORMANCE AREA | TARGET 2015 | TARGET 2010/11 | ACHIEVED 2010/11 | SCORE |
|---|---|---|---|---|---|
| 2.4 | Development and updating of assessment and mentoring methods. | Quality assessment and mentorship methods developed and applied. | Assessments developed for new manuals, commissioner training and recruitment.<br><br>Review of mentorship documents conducted and report produced. | New assessments developed for all commissioner training courses, including three recruitment assessments with marking memorandums.<br><br>Mentorship documents were developed and updated in a manner that ensured that the relevant knowledge and skills of the learners were assessed in accordance with fair criteria. | |
| 2.5 | Develop and deliver effective human capital training to align with the needs of the organisation. | Effective human capital training delivered. | Conduct needs analysis to align the training programmes with the goals of the organisation. | Needs analysis conducted and report produced and tabled at the Human Resources Sub - Committee. | |
| **STRATEGIC OBJECTIVE 3: DELIVER EXCELLENT SERVICE ROOTED IN SOCIAL JUSTICE, ENSURING A BALANCE BETWEEN QUALITY AND QUANTITY** | | | | | |
| 3.1 | Entrench the mandate of the LRA (social justice, economic development and labour peace) in all CCMA services and outcomes. | All services delivered in compliance with the CCMA mandate required in four targeted areas.<br><br>80 percent improvement in the quality of settlement agreements, arbitration awards and rulings. | Review all standard operating procedures against the mandate in the LRA.<br><br>Maintain the monitoring system to continuously improve the quality of settlement agreements.<br><br>Enhance the perusal of arbitration awards and rulings by establishing a quantitative assessment tool. | Review process commenced.<br><br>Settlement agreements are routinely perused for quality. 97 percent of all agreements checked were found to be compliant with established quality criteria, representing a one percent improvement over the previous financial year.<br><br>Commenced, to be documented. | |
| 3.2 | Improve accessibility of services to users. | Ensure 20 percent improvement in the accessibility of CCMA services. | Investigate an alternative delivery model in identified areas, and other mechanisms, to improve accessibility.<br><br>Initiate roll-out of CMS services to Department of Labour offices. | In process, started to identify various models.<br><br>Implemented the Case Viewer application in all Department of Labour offices. | |
| 3.3 | Review the impact of the extended mandate. | Provide a detailed report on the impact of the extended mandate in the organisation. | Table a report on the review of the extended mandate on the organisation's capacity. | A report on the financial impact of the extended mandate, relating to the implementation of the Training Layoff Scheme and Employment Security initiatives, was tabled to the Governing Body and submitted to Treasury. This resulted in an improved grant received from Treasury. | |

| # | KEY PERFORMANCE AREA | TARGET 2015 | TARGET 2010/11 | ACHIEVED 2010/11 | SCORE |
|---|---|---|---|---|---|
| 3.4 | Transformation of workplace relations with a view to embedding economic development, industrial peace and promotion of social justice. | 20 percent improvement in workplace relations achieved in targeted constituencies.<br><br>Impact assessments conducted on Build Workplace Relations, Managing Conflict in the Workplace and Unfair Discrimination interventions. | Build Workplace Relations, Managing Conflict in the Workplace and Workplace Unfair Discrimination services reviewed, with at least fifty activities held. | A total of 70 activities was held, comprised of Building Workplace Relations, Managing Conflict in the Workplace and Unfair Discrimination initiatives. A focus group meeting was held to review the BWR initiative. | ● |
| 3.5 | Promotion of user compliance and removal of social justice blockages in the CCMA DR processes. | 50 percent improvement in the use of CCMA DR processes for identified problem areas by targeted users, along with the removal of identified social justice blockages. | Establish and deliver a project to identify social justice blockages, with a minimum of one hundred engagements. | A total of 360 activities was held. 153 activities were conducted through the identification of user dispute resolution compliance problem areas, analysing them and engaging the targeted users.<br><br>Another 130 activities were held by identifying dispute resolution social justice blockages, analysing them and addressing them with the regional management, using research findings. 77 statistical analyses were produced on non-achievement of DR efficiency targets.<br><br>A social justice presentation was developed and presented throughout the CCMA structures. | ● |
| 3.6 | Improve the quality of service delivery to ensure speedy dispute resolution. | Meet and maintain agreed efficiency targets. | Review and agree new efficiencies, with targeted improvement (two percent). | A 5.45 percent improvement was achieved with 58 percent of operational efficiencies being met or exceeded. | ● |
| **STRATEGIC OBJECTIVE 4: ENHANCE AND ENTRENCH INTERNAL PROCESSES AND SYSTEMS FOR OPTIMAL DEPLOYMENT OF RESOURCES** | | | | | |
| 4.1 | Entrench a culture that focuses on performance and service delivery excellence. | An organisation that is performance driven and rewards excellence. | Review the performance management system to ensure alignment of job profiles, agreements and assessments. | Job profiles have been drafted. Performance contracts drafted. Performance assessment system reviewed and training held throughout the organisation. | ● |

| # | KEY PERFORMANCE AREA | TARGET 2015 | TARGET 2010/11 | ACHIEVED 2010/11 | SCORE |
|---|---|---|---|---|---|
| 4.2 | Improve and strengthen organisational capacity for holistic internal communication. | Ensure effective internal communication, resulting in well-informed employees, regardless of their position in the CCMA. | Review and implement a communication strategy that focuses on improving internal communication.<br><br>Investigate mechanisms to improve communication. | The strategy was reviewed by a service provider, although the organisation still needs to engage with the service provider.<br><br>A number of different methods were implemented, with emphasis on the newsletter, regular staff meetings, reports and more structured management meetings. | ● |
| 4.3 | Top-of-mind awareness of risk management principles and consideration in all planning and decision making throughout the organisation. | Entrench risk, control and good governance values in the organisation. | Risk management culture embedded and risk mitigated to residual risk levels.<br><br>Annual risk assessments performed.<br><br>Risk-based internal audit processes implemented.<br><br>Execute key preventative, detective controls and common risk registers. | The CCMA has risk registers evaluated to residual risk level. A further control of developing action plans, where controls were not in place, was implemented.<br><br>All risk assessments have been done and incorporated in the organisation risk register.<br><br>Internal Audit used a risk-based approach for the three-year rolling plan and in the execution of its work for the year under review.<br><br>The common risk register was developed and implemented for the year under review. | ● |
| 4.4 | Best practice policies and governance structures implemented. | Review and update all policies to ensure alignment with legal and governance prescripts. | Review the organisation for best practice governance and compliance, and implement interim measures to address any shortcomings.<br><br>Maintain existing Governing Body processes and procedures. | Governance structure was enhanced with the establishment of new committees and the review of charters. | ● |
| 4.5 | Ensure public finance management compliance and that the organisation operates as a going concern. | Unqualified audit reports.<br><br>Revised funding model implemented.<br><br>Implement viable income generation models. | Manage working capital effectively to record a surplus.<br><br>Improved liquidity of the organisation (Ratio 1:1).<br><br>Reduce accumulated deficit by 50 percent to enhance going concern. | Working capital and expenditure was effectively managed. The organisation reported a R29,9 million surplus.<br><br>The CCMA improved its liquidity and closed the year with a cash surplus of R34 million. A liquidity ratio of 0,57:1 was achieved.<br><br>The accumulated deficit was reduced by 69.6 percent from R47 million to R14 million. | ● |

| # | KEY PERFORMANCE AREA | TARGET 2015 | TARGET 2010/11 | ACHIEVED 2010/11 | SCORE |
|---|---|---|---|---|---|
| 4.6 | Review the information communication technologies (ICT) application architecture to meet the strategic needs of the organisation. | Appropriate ICT systems implemented that enable effective business use. | Review the ICT infrastructure and systems. | Full review in process. Completed business continuity plan and disaster recovery plan. | ● |
| **STRATEGIC OBJECTIVE 5: ALIGN THE STRUCTURE THAT WILL ENABLE OPTIMAL IMPLEMENTATION OF THE STRATEGY** | | | | | |
| 5.1 | Source and retain the best talent for the organisation. | Skilled Human Capital plan implemented, with depth in staffing levels, as well as a fully functional Succession and Retention strategy. | Develop an integrated Human Resources strategy.<br><br>Commence process of reviewing and updating HR policies. | An HR strategy was developed and approved.<br><br>Identified five key HR policies for review and commenced process of review. | ● |
| 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. | Enhance development of agreed equity targets.<br><br>Identify specific leadership development programme. | Equity targets were drafted.<br><br>New leadership document developed. | ● |
| 5.3 | Align the organisational design that facilitates delivery of the strategy. | Optimal organisation design. | Review outstanding areas of organisational design, including structure at a national level. | The structure was reviewed, with the realignment of some functions and introduction of new positions with the aim of meeting the requirements of the strategy. | ● |
| **STRATEGIC OBJECTIVE 6: ENTRENCH AN ORGANISATIONAL CULTURE THAT SUPPORTS DELIVERY ON OUR MANDATE** | | | | | |
| 6.1 | Ensure effective development, implementation, evaluation and reporting on the strategy. | Strategy fully implemented with all targets achieved. | Quarterly reports on the evaluation of the strategy. | Quarterly reports tabled and considered. | ● |
| 6.2 | Foster a dynamic organisational culture, informed by the values of the organisation. | An organisational culture that supports a performance orientated organisation that is recognised as the employer of choice in the field of conflict resolution. | Phase 1 of the process to evaluate existing organisational culture completed. | The recommendations arising out of the internal aspects of the customer satisfaction survey were incorporated into the communication and management practice principles. | ● |

Mr Nersan Govender
**General Manager: Operations**

## Introduction

The Operations department provides technical and regional support to all CCMA offices. Some of the key responsibilities of the department are ensuring that regions are well resourced and have appropriate systems in place to provide speedy, cost-effective and efficient dispute resolution services to users. The department also measures regional operational efficiencies and maintains the CCMA's electronic case management system, call centre and electronic mail query services.

Two senior managers manage the Operations department, one being responsible for the day-to-day management of all regions and the other managing the national departments of Case Management, Research, the Call Centre and Information Technology. Both provide support to all users and regions to ensure that the CCMA mandate is delivered in terms of its broader goals and strategy.

## Strategic Objectives

Through its activities, the Operations department contributes to the organisation meeting the following strategic objectives:

- Enrich the role of the CCMA in the labour market
- Deliver excellent service rooted in social justice, ensuring a balance between quality and quantity
- Enhance and entrench internal processes and systems for optimal deployment of resources
- Align the structure that will enable optimal implementation of the strategy.

## Key Performance Areas

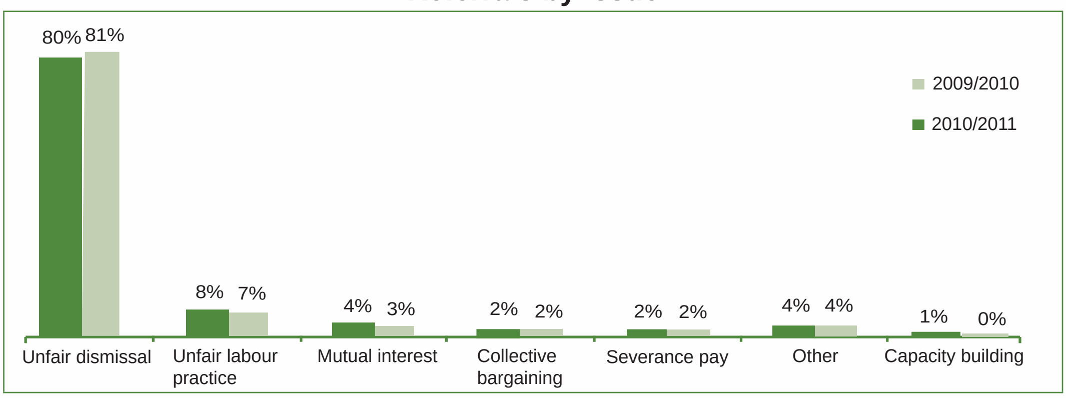
Effectiveness in meeting key performance area requirements may be measured by results achieved over the year under review.

## Referrals

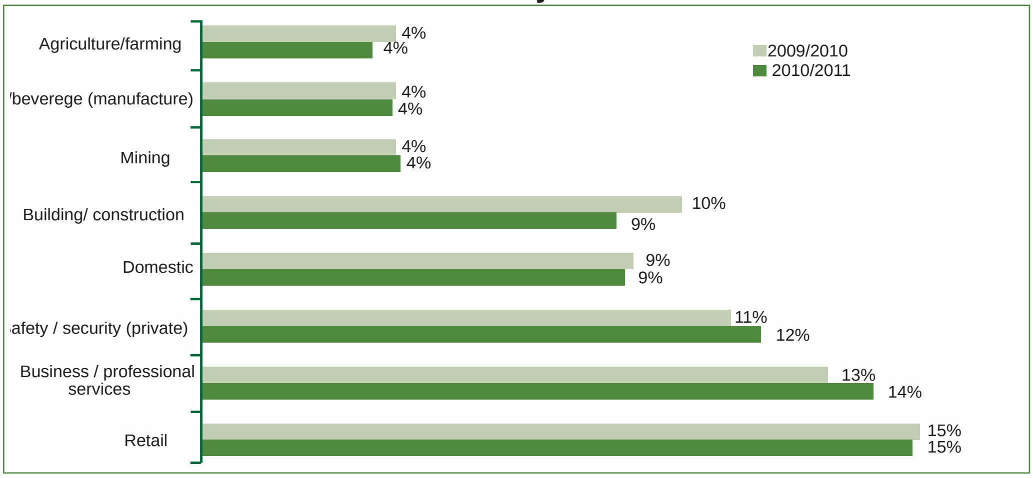
For the first time in the last three years, the total number of referrals remained stable, with just a one percent increase in jurisdictional cases. This translates to an average of 615 (617 for the previous year) new cases (jurisdiction and non-jurisdiction) referred each working day.

To effectively illustrate the issues that generate referrals, the graphic below left shows the huge proportion attributable to 'Unfair dismissal':

### Referrals by Issue



Referrals by Sector




An appreciation of the percentage of referrals generated by different business sectors also highlights areas of contentious workplace issues.

### Pre-conciliations

The actual number of pre-conciliations heard increased by four percent, and the number settled increased by a significant nine percent. Most regions consistently met this target throughout the period under review. This process provides the quickest and most cost-effective resolution of disputes.

### Con/arbs

Con/arbs heard increased by four percent, and the number of cases finalised in one event (the primary objective of the con/arb process) increased by 12 percent. For the very first time since the process was introduced in 2002, the number of cases settled increased by 19 percent, while the number of awards decreased by 19 percent. If this pattern continues in the 2011/12 period, the objective of the process could potentially be met.

Strangely, the number of objections to this process increased by 95 percent by the employee and decreased by one percent from the employer. The other significant pattern that emerged is the 37 percent of cases that were withdrawn by the applicant: a trend that is dissimilar to previous years.

### Conciliations

The total number of conciliations scheduled outside the 30-day period (excluding extensions) decreased by a remarkable 72 percent. The finalisation of conciliation cases (those that were heard and closed) improved by two percent. Of note were the increased number of cases (eight percent) that were settled and the decrease of the number settled by parties (17 percent).

### Settlement Rate

The actual number of cases settled increased by nine percent. The final settlement rate stands at 69 percent, the highest it has been in years and just one percent short of the target.

### Arbitrations

The number of arbitrations heard increased by three percent and the number finalised increased by eight percent. Commissioners also settled 12 percent more cases at arbitration.

Total awards rendered decreased by one percent. There is definitely an overall improvement in the confidence level of parties relying on the CCMA processes to settle cases. The submission of late awards by commissioners decreased by three percent. However, a core focus for the 2011/12 year will be to ensure that the awards are sent

Mr Ronald Bernickow
**National Senior Commissioner: Operations**

to the parties within 14 days, as some 47 percent of awards did not meet this statutory requirement.

The number of award extensions granted by the Director's office increased by 23 percent, while the use of 'heads of argument' increased by 28 percent. Both these areas must be monitored and managed closely in the new financial year.

### Other

Variations of awards decreased by 19 percent, and the number of reviews increased by seven percent. CCMA and bargaining council certifications increased by 11 percent and 17 percent respectively.

Full-time commissioner utilisation increased by 26 percent, while their part-time counterparts did 13 percent less work than the previous year. This tightly managed area has resulted in case disbursement cost saving. Exacting management also resulted in eight percent fewer cases re-entering the system, again complementing the cost-saving initiatives.

### Departmental Highlights

The Operations department is the engine of the organisation, providing a range of services to both internal and external users. This ranges from information technology (IT) systems, through labour market research to providing advice to the public on CCMA processes. The department also provides services to the bargaining councils and to other similar institutions in the SADC region. However, its biggest impact is within the CCMA itself, where ongoing support is provided to all areas of the CCMA business.

Relevant legislation and associated CCMA policies guide the department. Both of the department's senior managers are custodians of these principles and have to ensure that compliance is filtered down to the regions. This is achieved through the Management Committee (Manco) structure attended by all Executive Committee (Exco) members and Convening Senior Commissioners of all regions. All decisions taken by the managers are in line with the strategy of the organisation, reporting to the Exco and the Governing Body via the office of the Director.

Implementation of the 'support for non-performing regions' programme, which addressed the ten regional offices that required special focus and support, was undoubtedly the department's most significant achievement for the year. At the end of the period under review there was just one regional office that was below the 60 percent performance target. This is recognised and applauded as a huge achievement.

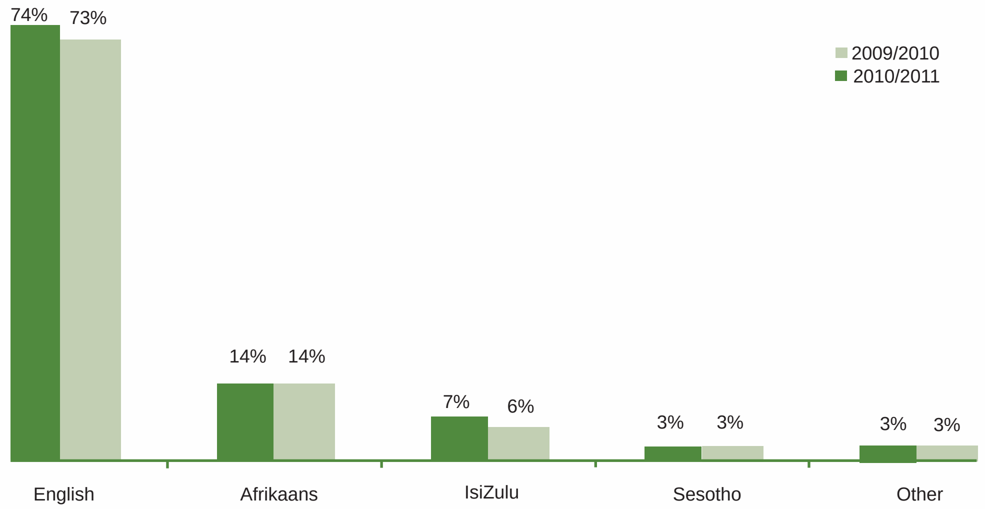
Previously unreliable IT networks were bedded-down and are now stabilised; back-up systems and disaster recovery programmes were also initiated. Implementation of newer technologies (cloud computing) is in its early stages and will ultimately result in performance improvement of critical system applications.

The Research Unit is fully staffed and has been re-positioned to look at broad labour market trends. Also, Call Centre and information management functions continue to play a valuable role in addressing the needs of all parties who use CCMA services.

The Call Centre plays a pivotal role in providing a client interface into CCMA services. In the year under review 179 661 calls were logged on the Call Centre system, averaging 716 calls every working day and a four percent increase over the previous year. The average length-of-call was three minutes and agents averaged 59 calls per day.

Examination of Call Centre statistics provides material for some interesting interpretation and projections. For instance, the predominance of English-language calls is an indicator that a high percentage of callers are from more sophisticated, urban environments. Expectations are that other language percentages will increase as CCMA services are more frequently availed in non-urban areas. The graph below demonstrates the high proportion of English language calls.

### Calls by Language




These contentions are supported by the eight percent increase in e-mail queries, totaling 12 964 in the year. This is a further indication of the rising levels of sophistication of CCMA users and points to those people, especially employees, who wish to create a record of their interaction with the CCMA for future reference.

Risks include limited budget to deliver on the department's services and, as IT is largely dependent on available funding, this hampers implementation of new technologies. In addition, structures such as Manco, have been set up to address the lack of understanding of the CCMA's business and its related operations and to provide managers with core skills.

Probably the most significant challenge to the CCMA's ongoing success is its ability to sustain performance levels. Various structures have been implemented to oversee and manage this challenge, with great reliance being placed on the sophisticated, statistical reporting system that the Operations department has perfected over the past three years.

## Capacity

The department ensures compliance with the relevant legislation around empowerment and transformation, with the goal being to empower managers and staff to become self-sufficient. The staff complement is monitored on an ongoing basis and is discussed at various structures to meet the CCMA's mandate.

Joint projects for stakeholder activities and outreach programmes are undertaken in conjunction with other departments, such as Dispute Management.

## Targets

The primary goal of the Operations department is to ensure that all regions meet a minimum of 60 percent of set targets. Key risks to achieving this goal have been identified and mitigation measures put in place to minimise them.Complacency will never be a component of the Operations department and, while a 60 percent efficiency is the current benchmark, consistent performance at this level will see it raised to 65 percent.

## Conclusion

The Operations department can reflect upon a particularly successful year, taking especial pride in the success of the support for non-performing regions programme.

The department has developed sophisticated measurement statistical tools that provide a monthly 'snap-shot' of every aspect of the CCMA's operations, immediately highlighting trends and weaknesses in any aspect of a region's performance. This management tool will continue to play a vital role in identifying, rectifying and improving performance levels across the spectrum of the organisation's operations.

# Corporate Services

Mr Itumeleng Masege

**Genaral Manager: Corporate Services**

## Introduction

The role of Corporate Services is to provide operational and strategic management in the area of organisational strategy and monitoring, human resources, national facilities and administration, office management and corporate governance in order for the organisation to achieve its objectives. The section contributes to the Siyaphambili Strategy, contributing to the following strategic objectives and key performance areas.

## Strategic Objectives

- Delivering excellent service rooted in social justice, ensuring a balance between quality and quantity
- Enhancing and entrenching internal processes and systems for optimal deployment of resources
- Aligning the structure that will enable optimal implementation of the strategy as well as entrenching an organisational culture that supports the delivery of our mandate.

## Key Performance Areas

- Improve accessibility of services to users
- Entrench a culture that focuses on performance and service delivery excellence
- Best practice policies and governance structures implemented
- Source and retain the best talent for the organisation
- Align the organisational design that facilitates delivery of the strategy
- Ensure effective development, implementation, evaluation and reporting on the strategy
- Foster a dynamic organisational culture informed by the values of the organisation.

The General Manager: Corporate Services takes overall responsibility for the performance of the sections and is accountable to the Director.

The section met all its targets for the financial year under review and in some instances exceeded the requirements. The following is a detailed description of the achievement of the section according to the relevant KPA.

## Improve accessibility of services to users

The CCMA has an extensive footprint throughout the country. This is borne from the fact that in addition to the organisation having offices in all provinces, and more than one in some, the organisation also uses other venues as provided by different partners such as the Department of Labour. An indication of the national footprint of the CCMA is provided in the table below.

| Province | Location |
|---|---|
| Eastern Cape | East London, Port Elizabeth |
| Gauteng | Head Office, Johannesburg, Tshwane, Ekurhuleni |
| Free State | Bloemfontein, Welkom |
| KwaZulu-Natal | Durban, Port Shepstone, Richards Bay<br>Pietermaritzburg, Newcastle |
| Limpopo | Polokwane, Tzaneen |
| Mpumalanga | Witbank, Nelspruit |
| Northern Cape | Kimberley |
| North West | Klerksdorp, Rustenburg |
| Western Cape | Cape Town, George |

Official opening of CCMA George Office in Western Cape - 11 November 2010

Minister of Labour, Nelisiwe Mildred Oliphant, officially unveiling the plaque

Over and above the list above, approximately 200 venues are used nationally, which includes venues such as churches, community and school halls, as well as Labour Centres.

The year under review was a challenging year for National Facilities. The CCMA has a total of twenty-two regional operating leases of which five required renewal: National Office, Northern Cape (Kimberley), Eastern Cape (Port Elizabeth), Limpopo and Mpumalanga.

The Head Office and Northern Cape leases (these were renegotiated with new terms) were renewed and they will remain in the current buildings. The Limpopo lease was finalised through a competitive open bidding process in the Government Tender Bulletin, this office will not be relocating.

The Mpumalanga and Eastern Cape (Port Elizabeth) office leases have also gone through a competitive bidding process in the Government Tender Bulletin. Both offices will be relocating to new premises in the new financial year. The relocation has afforded us the opportunity to upgrade these offices to the national standard in terms of workflow, image, security and accessibility.

One of the most important functions of the CCMA is to ensure that its services are accessible to all people of South Africa. In order to achieve this requirement, the Governing Body had, late in 2009, approved the opening of a new office in Ekurhuleni. This was reinforced by the need to relieve the caseload of the Johannesburg office, which was stretched to capacity. The Ekurhuleni office is situated in Benoni and opened its doors to the public on 1 June 2010. This office was designed as a CCMA model office for the future and all new offices, as well as newly leased buildings, will be modelled on the Ekurhuleni office.

## Building Alterations

The caseload and non-compliance to certain building regulation in the Rustenburg area has given rise to the relocation of the Rustenburg office within the same building. Lease negotiations are in process and the new office will be in a position to meet the requirements in terms of space, service to the public and disability compliance.

Eastern Cape (East London) underwent refurbishment in order to create additional three hearing rooms and a training room. The alterations were completed at the end of June 2010.

### Security (Access Control Systems)

All new offices relocating will have cutting-edge access control systems installed. CCTV surveillance and physical security and alarm systems will be project managed and phased-in over the next two years. The organisation is also improving its security protocol by undertaking a comprehensive security audit in the new financial year.

### Fleet Management

During the year under review the organisation operated a fleet of thirteen vehicles nationally, which are leased and strictly managed and controlled. The regions generate monthly reports on usage through the vehicle logbooks. These are checked to ensure that there is no abuse of vehicles and also that the vehicles are always in good condition. Furthermore, on a monthly basis, the organisation receives statements from the financing institutions and these are crosschecked against the monthly vehicle usage reports that are produced internally.

### Travel Management

The organisation has adopted stringent steps to ensure that travel costs were reduced. The CCMA has a service provider that provides in-house travel services. The contract for the current in-house travel office will be expiring during the year under review and an open bidding process is currently in process. Emphasis will be placed on relationship building with suppliers in rural areas (bed & breakfast), corporate deals, low-cost carriers and changing traveller habits.

### Events Management

The organisation holds an annual function to celebrate the achievement of commissioners from across the country. The Commissioner Indaba for the year under review was held in Cape Town from 2 to 4 December 2010 and hosted approximately 300 delegates. The event was attended by full time and part-time commissioners, the Acting Director General of the Department of Labour, the Minister of Public Enterprises, the Honourable Judge President and Governing Body members, as well as many prominent academics and figures in the labour market. All logistical arrangements are made in-house and the resources expended in this regard are all from within the organisation; the Facilities section was involved in overseeing the logistical arrangements for the event.

**2010 CCMA Commissioner Indaba Performance Awards**

Best Performing Region: Western Cape
From left: Shurainah Harris, Mark Thys, Nazeema Teladia, Nokanyo Madiyibi and Carlton Johnson with Director - Nerine Kahn

Most Improved Region: KwaZulu Natal
Fom left: Eugene van Zuydam,Merlie Benjamin, Raj Shanker, Jobe Sithole with Director - Nerine Kahn

Best Performing full-time Commissioner : Thenjiwe Nhliziyo with Director - Nerine Kahn

Best Performing Dispute Management & Prevention Region: KwaZulu Natal Eugene van Zuydam and Urmilla Patel with Director - Nerine Kahn

Best Performing part-time Commissioner : Caren Lee Small with Director - Nerine Kahn

Best Performing Mediation Region: Western Cape Director - Nerine Kahn with Commissioner Leon Levy and Nazeema Teladia

### Telephone Management

The Information Technology department launched a project for Voice Over Internet Protocol (VOIP) to curb telephone costs and, in addition to this, Facilities has implemented departmental thresholds to monitor telephone usage. Telephone use and abuse is closely monitored through monthly departmental reports being generated by the Telephone Management System. Managers check reports and abuse is recovered through payroll.

### Occupational Health and Safety

Regional Occupational Health and Safety committees meet and report on a monthly basis to National Office. All lease and building non-compliance is channelled through the National Office to ensure compliance issues are resolved by landlords.

### Green Projects

The CCMA National Office has been a proud partner in the Mondi Recycling project, and supporter of the SPCA and Hospice Partnership and will be implementing these projects nationally in the upcoming financial year.

## Entrench a culture that focuses on performance and service delivery excellence

The organisation revised its employee performance management system to ensure that staff performance is correctly measured and improved where necessary. In order to ensure that performance measurement was entrenched in the organisation, road shows were held throughout the country. The road shows managed to disseminate a common understanding of performance management in the organisation and how the measurement thereof will be conducted. The CCMA places improved performance at the core of all its offerings and the processes were upgraded to enhance improved organisational performance.

The organisation met and exceeded most of its targets for the year under review, with only one KPA being partially achieved.In essence, the organisation worked diligently in meeting its planned targets and, where relevant, put in the extra effort.

## Best practice policies and governance structures implemented

The CCMA is a public entity listed under Schedule 3A of the Public Finance Management Act of 1999 as amended (PFMA). It is guided by the principles of the Code of Corporate Practices and Conduct contained in the King II Report on Corporate Governance for South Africa 2002, the King III Report, as well as the Protocol on Corporate Governance in the Public Sector 2002. Furthermore, the statutory duties, responsibilities and liabilities imposed on the Governing Body members of the CCMA are augmented by the guidelines contained in the handbook for the appointment of boards of public institutions.

The CCMA is subject to audits conducted by the Office of the Auditor-General. Failure to adhere to the legislative and policy prescripts of the organisation may have serious consequences.

The LRA has imposed a governance framework that establishes the Governing Body, which fulfils the duties of a Board of Directors. According to section 49 of the PFMA, the Governing Body is the Accounting Authority and the supreme decision making structure of the CCMA and reports to the Executive Authority, the Minister of Labour.

The Governing Body appoints a Director of the CCMA, in terms of section 118 of the LRA, who fulfils the functions of a Chief Executive Officer and is also an ex-officio member of the Governing Body.

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

### Governing Body

As the Accounting Authority of the CCMA, the responsibilities of the Governing Body are, amongst others, to take appropriate action to ensure that:

- The organisation has adopted an implementable strategy and monitors performance against the strategy
- Economic, efficient, effective and transparent systems of financial and risk management, and internal controls, are in place
- A system is maintained for properly evaluating all major capital projects prior to a final decision on each project
- The implementation of appropriate and effective measures to prevent unauthorised, irregular and or fruitless and wasteful expenditure, expenditure not complying with legislation, or losses from criminal conduct.

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

In terms of the LRA, the Governing Body has specific non-delegable functions, for instance, the appointment and termination of commissioners.

The Governing Body meets quarterly except for exceptional circumstances, when the Chairperson may call a special meeting.

Having due regard for the recommendations made by management and its subcommittees, the Governing Body determines and monitors matters relating to the implementation and or modification of policies and strategic plans, risk management and internal controls, major capital expenditure, and operating and financial budgets.

The Governing Body has a Charter that is reviewed annually and which provides an overview of the roles, functions, responsibilities and powers of the Governing Body and covers the following key aspects:

- Composition
- Membership and appointment
- Number of members
- Period of office
- Fiduciary duties
- Roles of the Chairperson and the Director
- Frequency of meetings and procedures
- Member evaluations
- Declaration of interests.

Newly appointed members of the Governing Body attend a comprehensive induction programme to provide an understanding of the CCMA, its business and the environment in which it operates. This assists members in keeping abreast of developments and trends in the CCMA's core operations and working environment.

## Composition of the Governing Body

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

The Governing Body has unrestricted access to all CCMA information, records and documents and is provided with comprehensive information and briefing documents prior to each scheduled meeting.

## Governing Body and its Subcommittees' Membership and Attendance

Certain responsibilities of the Governing Body have been delegated to the Governing Body subcommittees to assist and enable the Governing Body to properly discharge its duties and responsibilities as envisaged in section 121 of the LRA. The composition of the CCMA Governing Body and its subcommittees on 31 March 2011 was as follows:

**CCMA Governing Body and Subcommittees Members as at 31 March 2011**

| Governing Body | Human Resource Subcommittee | Audit Committee | Finance and Risk Subcommittee | Accreditation and Subsidy Subcommittee | Nomination and Governance Subcommittee |
|---|---|---|---|---|---|
| Tanya Cohen | Elias Monage | Mary Vilakazi | Mary Malete | Narius Moloto | Tanya Cohen |
| Elias Monage | Narius Moloto | David Lakay | Thembinkosi Mkalipi | Ian Macun | Elias Monage |
| David Carson | Thembinkosi Mkalipi | Moose Burger | David Lakay | Lucio Trentini | Freddie Petersen |
| Kaizer Moyane | Sifiso Lukhele | Freddie Petersen | | | |
| Narius Moloto | | | | | |
| Mary Malete | | | | | |
| Bheki Ntshalintshali | | | | | |
| Ntsoaki Mamashela | | | | | |
| Thembinkosi Mkalipi | | | | | |
| Ian Macun | | | | | |

## Governing Body Members

*CHAIRPERSON*

*Ms Tanya Cohen*

*ORGANISED LABOUR REPRESENTATIVES*

*Mr Bheki Ntshalintshali*

*Ms Mary Malete*

*Mr Narius Moloto*

*ORGANISED BUSINESS REPRESENTATIVES*

*Mr Elias Monage*

*Mr David Carson*

*Mr Kaizer Moyane*

*GOVERNMENT REPRESENTATIVES*

*Mr Thembinkosi Mkalipi*

*Ms Ntsoaki Mamashela*

*Mr Ian Macun*

All Governing Body subcommittees operate under written terms of reference confirmed by the Governing Body. Ad hoc committees are also mandated to attend to specific business matters from time to time.

All Governing Body subcommittees are chaired by a member of the Governing Body, except for the Accredittion and Subsidy Subcommittee and, in carrying out their duties, are free to seek independent external professional advice as and when required. The Audit Committee is an independent committee and has an independent chairperson.

**2010/11 Financial Year Governing Body Meetings**

| Names | 30 March 2011 | 26 November 2010 | 16 September 2010 | 27 May 2011 |
|---|---|---|---|---|
| **Governing Body members** | | | | |
| Tanya Cohen | √ | √ | √ | √ |
| David Carson | √ | √ | ≠ | √ |
| Elias Monage | √ | √ | ≠ | ≠ |
| Kaizer Moyane | ≠ | ≠ | ≠ | N/A |
| Mary Malete | √ | √ | √ | √ |
| Narius Moloto | √ | √ | √ | ≠ |
| Bheki Ntshalintshali | ≠ | √ | √ | √ |
| Thembinkosi Mkalipi | ≠ | √ | √ | √ |
| Ian Macun | √ | √ | √ | √ |
| Ntsoaki Mamashela | √ | √ | ≠ | √ |
| **Management** | | | | |
| Nerine Kahn | √ | √ | √ | √ |
| Nersan Govender | √ | √ | √ | √ |
| Obed Sekgololo | √ | √ | √ | √ |
| Itumeleng Masege | √ | √ | √ | √ |
| Ronald Bernickow | √ | √ | ≠ | ≠ |
| Sello Hlalele | ≠ | √ | √ | √ |

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

## Subcommittees of the Governing Body

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

### Human Resources Subcommittee

The Human Resources Subcommittee oversees compliance with human resources strategy and procedures, training and the development of policies and procedures. This includes the recruitment of commissioners and management of remuneration. It also takes an interest in employee development, wellbeing and conduct. Mr Elias Monage chaired the Human Resources Subcommittee, which met on 11 March 2011, 9 November 2010, 9 September 2010 and 20 May 2010.

### Finance and Risk Subcommittee

The role of the Finance and Risk Subcommittee is to review and ensure that the annual budget of the CCMA is appropriately accounted for in terms of National Treasury Regulations. It also has oversight of proper implementation of finance policies and the Enterprise Risk Management Policy. The subcommittee was chaired by Ms Mary Malete. Meetings were held on 15 March 2011, 17 February 2011, 27 October 2010, 26 August 2010, and 18 and 25 May 2010.

### Accreditation and Subsidy Subcommittee

The Accreditation and Subsidy Subcommittee is responsible for the recommendation of the accreditation of bargaining councils and their panellists, as well as ratifying the payment of subsidies to councils. Mr Lucio Trentini chaired the subcommittee. Mr Narius Moloto and Ms Mary Malete, both labour representatives, and Mr Ian Macun representing government, comprised the other members of the sub-committee. The subcommittee met on 1 March 2011, 13 August 2010 and 14 May 2011.

### Governance Committee

A Governance Committee was established during the year under review and has the primary role of advising the Governing Body on all matters relating to governance and compliance. The functions of the 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 management, and report thereon to the Governing Body
- Assist in developing and monitoring the organisation's strategy.

Ms Tanya Cohen chaired the subcommittee, which met on 17 March 2011 and 9 November 2010.

### Audit Committee

An independent Audit Committee, comprising representatives of government, organised labour and organised business is appointed by the Governing Body to assist in its oversight role. During the year under review, Mr Freddie Petersen representing government, Ms Mary Malete and Mr Moose Burger representing organised labour and Mr David Lakay (independent member) comprised the members. The committee was chaired by Ms Mary Vilakazi as an independent chairperson.

The Audit Committee's primary role is to review the effectiveness of the internal audit function, the reports of internal and external auditors and the quarterly and annual financial statements. During the year under review the committee met as follows:

| Names | 14 February 2011 | 19 November 2010 | 9 September 2010 | 20 May 2010 |
|---|---|---|---|---|
| **Committee members** | | | | |
| Mary Vilakazi | √ | √ | √ | √ |
| Moose Burger | √ | √ | √ | ≠ |
| David Lakay | √ | √ | √ | √ |
| Freddie Petersen | √ | √ | √ | √ |
| **Management** | | | | |
| Nerine Kahn | ≠ | √ | √ | √ |
| Obed Sekgololo | √ | √ | √ | √ |
| Nersan Govender | √ | √ | √ | √ |
| Itumeleng Masege | √ | √ | √ | √ |
| Sello Hlalele | √ | √ | √ | √ |

√ Indicates attendance and ≠ Indicates absence with apology

A joint Special Finance, Risk and Audit Committee meeting was also convened on 27 July 2010.

The organisation has an Executive Committee (Exco) made up of the Director and the organisation's senior management. The terms of reference were reviewed and adopted. Towards the end of the previous financial year, Exco established subcommittees to assist with managing operations, enabling the executive to concentrate on the strategic management role, including the management of risk and governance of the organisation. These subcommittees are also designed to improve internal governance processes and allow middle managers to participate in decision-making processes.

All the subcommittees have terms of reference that have been approved by Exco and are usually chaired by an executive, allowing subcommittee matters to be reported directly to Exco. These committees are the Finance and Capex Subcommittee, the Human Resources, Education and Training (ETD) Subcommittee, the Operations Subcommittee, the Information Technology Steering Committee, the Strategy Planning and Monitoring Subcommittee, as well as the Risk Management Working Committee.

The main role of these committees is to address the detail of operational matters and to advise Exco on these matters. Furthermore, where necessary, the committees make recommendation to Exco for consideration of particular organisational decisions that need to be adopted in order to improve the functioning of the organisation.

**Executive Committe Chairperson**
N Kahn

- **Finance and Capex Committee** — Chairperson: A Soobedear (NSC: Mediation)
- **Operations Committee** — Chairperson: E Van Zuydam (NSC: Dispute Resolution)
- **Human Resources and ETD Committee** — Chairperson: I Masege (GM Corporate Services)
- **Information Technology Steering Committee** — Chairperson: N Govender (GM Operations)
- **Strategy Planning and Monitoring Committee** — Chairperson: A Soobedear (NSC: Mediation)
- **Risk Management Working Committee** — Chairperson N Kahn

The organisation has established a National Policy Development an d Review Committee (NPDRC), with clear terms of reference, as part of the internal governance processes. The purpose of this committee is to create a coherent and well-communicated process for the creation of new policies and the review of existing policies as a means of improving the organisation's agility and effectiveness. The NPDRC is made up of representatives from management and the Commission Staff Association (CSA).

The organisation also has a Management Committee (Manco) that is made up of Exco members and the Convening Senior Commissioners (CSCs). The role of the Management Committee is to manage the operations of the regions to achieve the strategic aims set by the Governing Body. Manco acts within its terms of reference under delegated authority from the Executive Committee.

Manco is a standing committee of Exco and provides advice and recommendations to Exco on operational matters. The Management Committee is also the forum to which CSCs and functional heads report on the implementation of the strategy, programmes, projects and policies.

There is a National Management Committee that meets twice a year to review the budget. This is made up of all managers in the organisation.

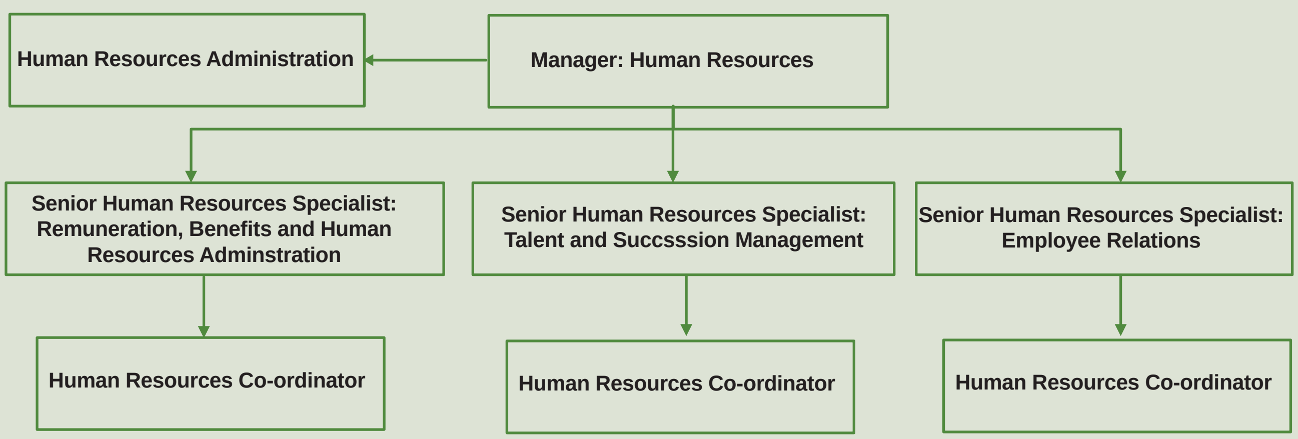
## Source and retain the best talent for the organisation

The new Human Resources department structure for the National Office was implemented during the financial year. The department is structured in a manner that provides for a manager and three distinct areas of speciality, each headed by a specialist.

The different sections of the department are:

- Employee Relations, which is responsible for optimising the employee relations climate by creating an environment which is conducive to meeting business objectives and enhance organisational effectiveness
- The Remuneration and Benefits section that has been tasked with ensuring that the remuneration and reward strategy of the organisation enhances staff retention
- The Talent and Succession Planning section whose responsibility includes managing the entire recruitment cycle, including the retention of employees. Each region of the organisation has a Human Resources functionary.

### National Office: Human Resources Structure



A number of projects were undertaken during the year under review and the detail of each project is provided below.

### Implementation of a Revised Induction Programme

The organisation's induction programme was revised to ensure that a standardised approach is taken across all regions. The programme has taken a phased approach that includes a pre-starting phase, new starter orientation phase and the functional induction phase, which outlines how the new employee should be integrated into his/her new environment. The induction programme has been packaged in a booklet format, which is handed to all new employees when they commence employment. The new induction programme was introduced to all the regional HR staff, registrars and line managers in order to ensure that all the relevant employees and managers are familiar with the processes and procedures of the induction programme.

### Recruitment

The organisation has approved the terms of reference of the review of the current recruitment process that is followed in the recruitment of commissioners. The aim of the review is to ensure a more efficient method of attracting and retaining talent for the organisation. Competency-based interview guides have been compiled that will support the recruitment process and ensure a standardised approach, which aims to promote fairness. It is envisaged that this project will be completed during the following financial year.

### Recruitment and Selection

During the 2010/11 financial year, vacancies were filled in administrative positions in the normal course of business, to ensure and maintain service standards.

### Commissioner Recruitment

Commissioner recruitment for all the regions was undertaken during the year under review. A new approach was adopted for this project, with recruitment being conducted in a batch approach, which entailed a staggered approach instead of a once-off event as in previous years. Many activities were conducted concurrently during this process, including the interviewing session. Ultimately, 88 new commissioners were appointed and commenced training in September 2010.

The final interview in this process involves panels constituted of representatives from the social partners represented in the Governing Body.

### Remuneration Project

A remuneration and reward review project commenced so that the remuneration strategy, philosophy and policy within the organisation is reviewed and that recommendations from specialised advisors were obtained to align remuneration and reward structures according to relevant pay scales and market relatedness.

The service provider embarked on an information gathering exercise which included conducting workshops at which staff participated in providing information. A number of key challenges were identified that impacted on the organisation's remuneration strategy, philosophy and policy, and included: non-rewarding or motivation of high performers, no culture of driving behaviour based on required competencies and values, and no use of variable pay incentives, amongst other key challenges.

The revised remuneration strategy will seek to implement and maintain reward practices that support the achievement of the organisation's human capital and organisational strategy. Furthermore, the remuneration strategy will support the aim of the organisation to become performance driven.

### Human Resources Information System

A number of specific projects were undertaken during the year, the most important involving the implementation of a Human Resources Information System (HRIS).

The CCMA decided on the implementation of the system to assist the HR Department in adding value to the business by moving in the direction of a paperless, integrated, total solution for both payroll and HR policies and procedures.

The system is process driven and follows a systematic HR approach throughout. The traditional employee file will be managed through the use of the document management functionality, which will enable the HR department to have easy access to all staff files. Furthermore, the system will allow managers to access the employee records, conduct performance reviews and print HR management reports of the employees who report to them.

The system went live during the year under review and the following modules have been successfully implemented:

- Employee management module
- Job management module
- Performance management module.

On implementation of all the modules, the organisation will be able to benefit from additional, value-added reporting to management, enabling the support of strategic decision-making.

### Human Resources Administration

An audit of employee files was conducted in order to ensure completeness of employee records. Where it was established that information was missing, the regions were requested to source the information from individual employees. Going forward, this will be conducted annually. With the electronic system now up and running, the process of uplifting documents from employee files commenced to ensure that a backup of record-keeping exists.

Regional shared drives were established to facilitate the submission of documents by the regions to HR Head Office. Where in the past documents such as staff movement forms and contracts were faxed, with the result that in many cases these documents got lost, the documents are now posted onto the respective regional drives, from which HR Head Office can access and process the data.

### Employee Benefits

An employee benefits ‘basket’, detailing all the benefits currently offered by the organisation, was established. Some of the benefits currently being offered are:

- Leave: annual, sick, maternity (four months, paid), study, family responsibility, and paternity leave
- Medical aid facilitation
- Provident fund facilitation
- Cell phone package
- Funeral cover
- Library services
- Car and household insurance.

This is part of the CCMA Employee Wellbeing programme. A health calendar will be published in the next financial year, indicating activities that will take place in the various regions during the financial year.

## Provident Fund

The organisation established a stand-alone Provident Fund on 1 August 1996 in accordance with the Pensions Funds Act. In the previous financial year it was clear that the fund was continuously experiencing negative growth and it became apparent that it was necessary to change the way in which the fund operated.

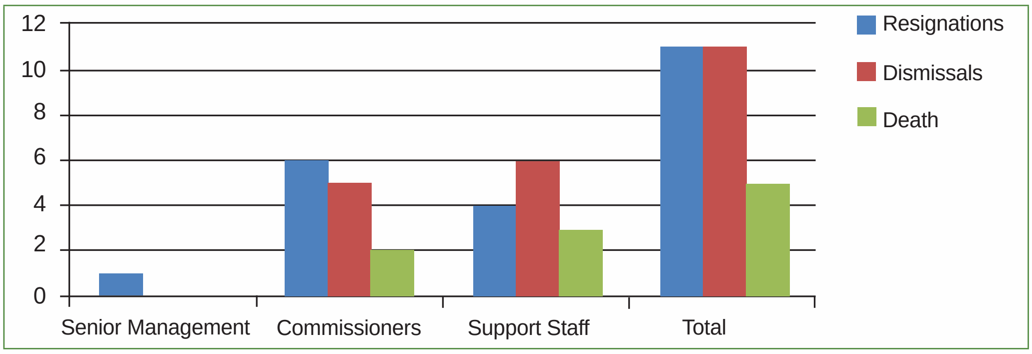
The trustees have investigated ways of reversing the situation where members' contributions were being eroded. The first challenge was the structure of the fund, which, since inception, had been as a stand-alone fund, attracting significant costs and carrying unacceptable risks. Furthermore, financially literate trustees are required, who understand the operation of funds to safeguard the members' interests.

After considerable research, the trustees decided to migrate the stand-alone fund to an umbrella fund. The fund is still undergoing the section 14 transfer of the fund's assets, as required by the Pension Funds Act. Members were informed of the decision and resultant changes to the provident fund through road shows, which were held throughout the country.

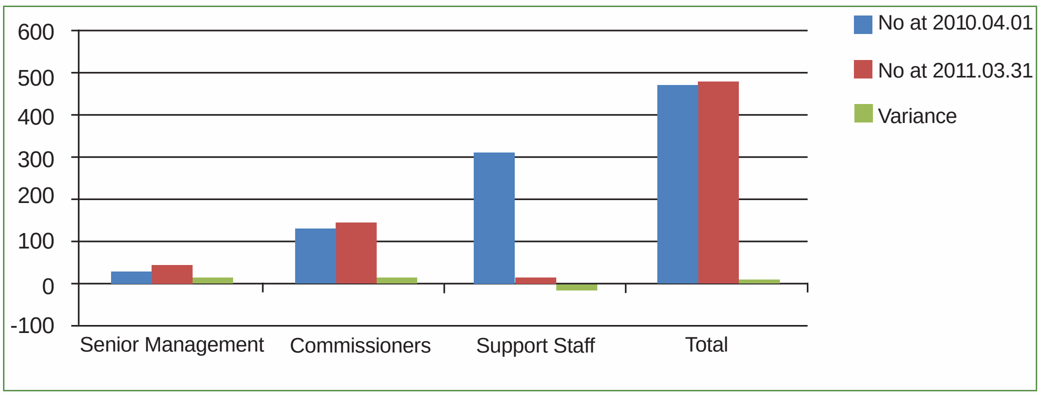
## Medical Aid

The organisation has commenced the process of considering appointing a preferred medical aid service provider through internal supply chain processes. It is envisaged that the new medical aid service provider will be in place by 1 January 2012.

Terminations




Staff Turnover




During the 2010/11 financial year, a number of significant administrative vacancies were filled, including regional commissioner vacancies.

## Employee Relations

In an effort to ensure improved communication between the parties, in January 2011, management employed a Senior Specialist: Employee Relations. One of his primary tasks is to ensure that there is a free flow of information between the organisation and the CSA. The appointment has resulted in an improvement in the working relationship between CCMA management, MNT and the CSA.

This positive working relationship has also paved a good platform for wage negotiations and other pertinent issues that affects employees. The coordination of these processes has also improved significantly, thus allowing management and the CSA to focus on resolving issues and achieving the goals set out in the Siyaphambili Strategy.

The current disciplinary code and grievance procedures have been reviewed and tabled in the Policy Review Committee and will thereafter be tabled to various other committees for deliberation and approval.

## Align the organisational design that facilitates delivery of the strategy

The organisation adopted a new human resources strategy during the year under review. The Siyaphambili Strategy is predicated on the need to secure our position as a uniquely distinctive organisation within the labour market and to achieve financial sustainability. This requires a strategic approach to organisational development, a clear integration between strategic goals and staff values, beliefs and behaviours, and strategic interventions focused clearly on the leadership and management of change.

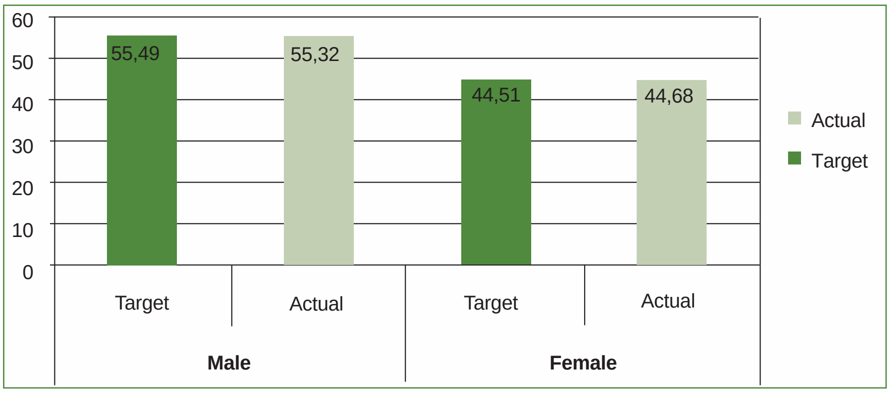
The CCMA recognises that its financial position and the ability to create the capacity to invest in the delivery of this strategy is challenging. Leaders and managers also face challenges in balancing delivery of operational plans with the implementation of this strategy. Resourcing the HR strategy is an investment in our organisational capability that will contribute directly to the delivery of our strategic objectives.

By virtue of its very nature, as envisaged by the Labour Relations Act 66 of 1995, the CCMA's core business is the rendering of services to the general workplace populace of South Africa. Like any other service industry entity, human capital is central to the attainment of the CCMA's goals. To this end, the Human Resources department of the CCMA has a duty to lend the best possible support to the rest of the organisation in delivering on its mandate; it is a key service department. This human resources strategy is derived from and aligned to the broader organisational strategy of Siyaphambili. In the main, the format of the HR strategy has deliberately adopted that of the organisational strategy to ensure that it can be easily aligned to Siyaphambili

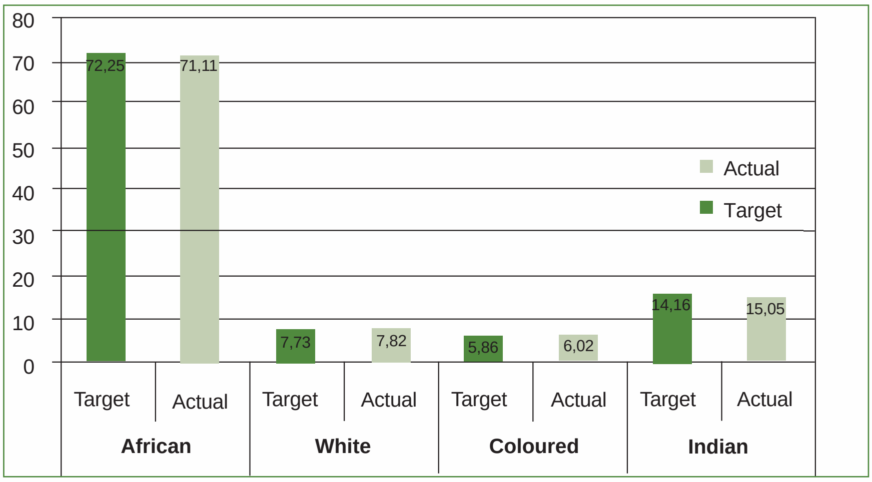
## Employment Equity

During the 2010/11 financial year, the CCMA submitted a new Employment Equity Plan for the period until September 2011. This plan was developed in the National Employment Equity Committee. The table below summarises the CCMA progress, in line with the set targets, in meeting its employment equity goals.

### Employees by Gender



Employees by Race




In order to achieve the goals set out in our Employment Equity Plan, the followings are needed:

- The appointment of a senior manager to be responsble for the implemenation of the Employment Equity Plan
- An employment equity budget to enable the National Employment Equity Commitee to address indentified barriers such as:
  - o Conducting workshops for CCMA staff on disability issues, helping to remove the stigmas so often associated with disability
  - o The recruitment of disabled people from NGOs that specialise in assisting people with disabilities
  - o The installation of ramps in all buildings to allow easy access for people with disabilities.

## Ensure effective development, implementation, evaluation and reporting on the strategy

The organisation has a five-year strategy called ‘Siyaphambili’, which means that we are moving forward. This is such an appropriate name for a strategy that took over from the previous ‘Tsoso’ or ‘Awakening’. The process of developing the strategy was finalised during the previous financial year and, during the year under review, the organisation has developed a scorecard to measure the implementation of the new strategy. An update is provided to the Governing Body on a quarterly basis to keep the members up-to-date with progress.

The organisation had aligned the targets for the 2010/11 financial emanating from the Siyaphambili Strategy. These were monitored very closely and quarterly reports were provided to the Accounting Authority. It is as a result of such reports that the organisation was able to identify those regions that were having challenges in meeting the organisation’s efficiencies. Arising from this, a National Response Team was able to pay specific attention to helping those particular regions that required assistance, with very positive results.

The organisation aims to establish a Strategy Committee (Stratcom) that will be tasked with monitoring the implementation of the strategy and co-ordination of organisational performance. This will be a subcommittee of the Exco and will meet on a quarterly basis.

## Foster a dynamic organisational culture informed by the values of the organisation

The organisation embarked on a countrywide customer satisfaction survey during the year under review. A service provider was appointed to assist with carrying out this task.

The primary aim of the study was to determine the overall experience of users and stakeholders, including employees, with regard to the delivery of the services offered by the CCMA. In addition, the survey aimed to establish the customer satisfaction levels of CCMA users and to reveal customer perceptions concerning service delivery by the CCMA's various stakeholders. The intention was also to identify aspects having the most significant impact on customer satisfaction, and customer satisfaction levels with the service delivery process. Finally, it was planned to identify priority areas requiring further attention.

The study was conducted in two phases, with the qualitative phase being conducted first to gain more insight, followed by the quantitative phase. The survey was conducted in a number of languages to ensure broad participation in the project.

The overall findings of the survey indicated that negative perceptions of the CCMA's service delivery mechanisms were more prevalent amongst CCMA employees than its users. In fact, the users were generally happy with the services rendered by the CCMA and proposed improvements that the organisation should consider for the future. The detailed report of the findings of the survey was delivered to the Governing Body in December 2010.

The survey yielded useful insights with regards to the general attitudes of participants, their perceptions on a range of issues and their appreciation of the CCMA's effort to improve the organisation's service delivery.

There were surprisingly few 'flashpoints' in need of urgent action, considering the wide scope of the survey. This, in itself, presents an important conclusion: namely that the overall strategy and positioning of the organisation is correctly directed.

A further finding from the survey made it clear that the functions and responsibilities of the Department of Labour and the CCMA overlap confusingly in the perceptions of the respondent groups.

The study recommended that, although it may be clear at the higher echelons of the institutions, it is important to create an improved understanding of organisational responsibilities at the lower levels of both entities. Furthermore, that potential beneficiaries of both organisations need to have better direction in seeking assistance from the correct entity.

The survey has identified areas that can be usefully improved and the findings will be communicated to all staff, who will be encouraged to contribute to ways through which improvements may be made. Results of the survey and corrective activities will be circulated through communication channels to reinforce the organisational strategy of helping to change perceptions.

## Conclusion

Corporate Services is responsible for delivering the means for the organisation to function effectively and achieve its objectives. This extends from physical locations and facilities through all aspects of human resources to organisational governance. For the department, the year under review was complex and challenging, resulting in all objectives being met, often exceeding targets. Some of the highlights include the creation of a 'model' CCMA office in Ekurhuleni, the initial implementation of the new HR system and the completion of governance structures and processes.

# Mediation and Collective Bargaining

Mr Afzul Soobedaar

**National Senior Commissioner: Mediation & Collective Bargaining**

## Introduction

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

## Strategic objectives

The department supports the organisational strategy by contributing to the following strategic objectives:

- Enrich the role of the CCMA in the labour market
- Deliver excellent service rooted in social justice, ensuring a balance between quality and quantity.

## Key performance areas

Assessment of the department's performance against KPAs is best demonstrated through comparison of achievements against targets set for the year.

The targets for the 2011/12 financial year are as follows:

- A settlement rate of 64 percent for all conciliation processes in respect of rights and mutual interest disputes, and a settlement rate of 33 percent of disputes at arbitration
- To ensure that 96 percent of all settlement agreements concluded in processes complied with established quality criteria
- To make offers of assistance to parties in disputes of public interest and to settle 64 percent of these disputes where offers of assistance are accepted by the parties.

The settlement rate target of 62 percent for all conciliation processes was achieved. Success in achieving this measure may be attributable to the continued focus on improving process effectiveness through awareness-raising, monitoring and reporting.

The settlement rate target of 62 percent was not achieved in the case of mutual interest disputes, where a settlement rate of only 57 percent was achieved. To a large extent, this was influenced by the effect of the 2010 FIFA World Cup on collective bargaining, with organised labour being presented with a bargaining tool that effectively skewed the balance of power in the labour market. This was exacerbated by the effects of the global economic crisis, which were still being felt in the market, despite the slow economic recovery. Labour market factors such as high unemployment, deteriorating income inequality, low trade union density and an increasing trend towards non-standard types of employment also contributed to heightened conflict in collective bargaining.

The arbitration settlement rate target of 33 percent was exceeded with consummate ease, and 39 percent of all disputes enrolled for arbitration were settled. While a positive result, it must be seen in the context that settlement, at this stage, came at greater cost to the organisation.

Each of the above three measures represented a material increase over the performance achieved in the previous financial year.

The ongoing focus on settlement quality, through the maintenance of the system of perusing settlement agreements, yielded exceptional results, with 98 percent of agreements perused complying with quality requirements compared to the previous year's 97 percent.

A total of 230 offers of assistance were made to parties in matters of public interest nationally, with 82 percent of the offers being accepted by parties. The focused and structured approach that was maintained during the period of review, as well as the track record established in previous years, contributed substantially to this success. The reluctance in the labour market to accept offers of assistance that was experienced in previous years has given way to a greater enthusiasm by parties to welcome this assistance.

The target of settling 62 percent of matters, where offers-of-assistance had been accepted by the parties, was exceeded. The result of 63 percent represented a significant increase over the previous financial year, despite the very challenging collective bargaining climate.

### Departmental highlights

Although no formal impact assessment has been conducted since the inception of the department in 2007, the work of the department has made a significant impact on the organisation and the labour market. From an organisational perspective, the improvement in operational results over the previous financial year supports this. From a labour market perspective, the significant improvement in acceptance of offers of assistance experienced since 2007 must be seen as a resounding vote of confidence by the social partners in the CCMA and the process of mediation.

Significant achievements in respect of matters of public interest for the period under review included the successful resolution of disputes in Transnet, Eskom, Metrorail, the Motor Industries Bargaining Council and the National Bargaining Council for the Road Freight and Logistics Industry, amongst others. Intervention in these matters led to amicable resolution of disputes that either avoided industrial action or brought an end to industrial action that was already under way. In addition, the organisation continued to play an aftercare role by facilitating processes for parties to deal with various issues. Facilitated processes were conducted with parties in the Private Security sector and Contract Cleaning sector amongst others. Engagement with stakeholders in the Legislative Sector (Provincial Legislatures and Parliament) for the establishment of a voluntary centralized bargaining structure that was initiated in the previous financial year was advanced; with the development of a draft framework agreement.

The organisation made a significant contribution to the successful hosting of the FIFA World Cup by ensuring relative labour peace in the run-up to, and during the event. This was achieved through implementing a structure, process and monitoring mechanism to proactively deal with disputes that had potential to impact adversely on the event. The Transnet and Eskom disputes are worthy of special mention in this regard. Both disputes had the potential to place the successful hosting of the event under jeopardy. The Transnet strike, that played itself out before the event, placed the inbound logistics of certain World Cup related goods under severe pressure. The Eskom dispute, that posed a very real threat of strike action during the World Cup, placed the semi-finals and final matches under threat of blackout.

Although the economy showed signs of recovery during the period under review, the effects of the global economic crisis were still being felt by the labour market, as evidenced by the referral rate of retrenchment matters. The period under review saw a material reduction in the referral of retrenchment matters involving small employers (i.e. those employing less than 50 employees). The caseload of operational requirement dismissal disputes in this category decreased by 17 percent compared to the previous financial year. Despite this reduction, the rate of referral remained high at over 500 referrals received per month.

On the other hand, requests for facilitations received from large employers (i.e. those employing more than 50 employees) increased by two percent, compared to the previous financial year. These requests represented a cumulative total of 38 520 employees who faced the risk of retrenchment. Facilitation processes resulted in 9 207 jobs being saved.

In the last quarter of the financial year, the department began an initiative to promote reinstatement and re-employment outcomes from conciliation processes. Collectively, these have become known as ‘Return to Work’ outcomes. Information is obtained by analysing settlement outcomes and regional performance in this regard is being monitored.

### Capacity

The staff complement of the department is currently three, comprising a National Senior Commissioner, a Senior Commissioner and a Professional Assistant to the National Senior Commissioner. It is envisaged that an additional Senior Commissioner will be appointed in the next financial year. The rationale behind this is to divide the responsibility for internal mediation operations and collective bargaining focus between two senior commissioners. At present, the Senior Commissioner is responsible for both areas.

## Conclusion

The Mediation and Collective Bargaining department had a testing but successful year. The outlook for the year ahead is promising, especially if the trend of acceptance of offers of assistance continues its increase, which is an extremely positive sign of the labour market's acceptance of the CCMA's role.

Signing of the Transnet agreement after successful CCMA intervention in May 2010. From left - South African Transport Allied Workers Union officials, Zenzo Mahlangu (General Secretary), Ezrom Mabyana (President) and Robert Mashego (First Deputy President) with National Senior Commissioner Mediation & Collective Bargaining - Afzul Soobedaar.

Left: Keeping the lights on! The team that worked behind the scenes to avert the potential Eskom lights out, relieved at the 2010 FIFA World Cup final.From the right - Ms Nerine Kahn, Mr Gavin Hartford and Advocate Afzal Mosam

Right: From left - Mr Elias Hlongwane, Ms Tanya Cohen and Mr Hlalele Molotsi in Geneva, Switzerland, at the International Labour Organisation Conference, where South Africans were celebrities, during the 2010 FIFA World Cup

Mr Obed Sekgololo
**Chief Financial Officer**

## Introduction

The office of the Chief Financial Officer oversees the financial management, risk management and supply chain management sections of the CCMA. For the year under review the section focused on achieving and maintaining the CCMA's standard of financial integrity, excellence and conservatism. This in implementing the strategic focus area of enhancing and entrenching internal processes and systems to ensure effective deployment of resources.

## Strategic Objective

The strategic objective supported by the office of the Chief Financial Officer provides the service delivery structure for all departments and is to enhance and entrench internal processes and systems for optimal deployment of resources.

## Key Performance Areas

The key performance areas for the department to successfully deliver on its strategic objective are to:

- Entrench a culture that focuses on performance and service delivery excellence
- Improve and strengthen organisational capacity for holistic internal communication
- Entrench top-of-mind awareness of risk-management principles and consideration in all planning and decision-making throughout the organisation
- Implement best practice policies and governance structures
- Ensure Public Finance Management Act (PFMA) compliance and that the organisation operates as a going concern
- Review the information communication technologies (ICT) application architecture to meet the strategic needs of the organisation.

The strategic targets for 2010/11, for the office of the Chief Financial Officer, as embedded in the operational plan of the department are to:

- Manage working capital effectively to record a surplus
- Improve liquidity of the organisation (Ratio 1:1)
- Reduce the accumulated deficit by 50 percent to enhance the going concern principle
- Embed a risk management culture, with  risk mitigated to residual risk levels
- Perform annual risk assessments
- Implement risk-based internal audit processes
- Execute key preventative, detective controls and common risk registers.

## Departmental Highlights

The department aligned its operational plans to the achievement of the strategic objectives of the Siyaphambili Strategy and these were pursued with vigour. Highlights for the year under review include:

- Working capital and expenditure were managed effectively and a surplus of R31,9 was reported
- Liquidity has been improved, and the year closed with a cash surplus of R35 million and the liquidity ratio at 1:0,58
- The accumulated deficit was reduced by 69,6 percent, from R47 million to R14 million
- Risk registers, evaluated to residual risk level, were implemented. A further control of developing action plans was put in place, where controls did not previously exist

- All risk assessments were completed and incorporated in the organisation's risk register
- Internal Audit utilised a risk-based approach for the three-year rolling plan and in the execution of their work for the year under review
- The common risk register was developed and implemented.

### Financial Management

The department focuses on designing, maintaining and implementing sound financial processes and controls, and on ensuring full compliance with the provisions of the Public Finance Management Act (PFMA), the Labour Relations Act (LRA) and other legislative prescripts. The main functions are financial administration, financial accounting, treasury management and reporting.

### Risk Management

The primary risk management function is to review the effectiveness of the organisation's systems, practices and procedures, and provide recommendations for improvement. A full assessment was undertaken of identified organisational risks at both strategic and operational levels.

The Risk Management unit is also responsible for the monitoring of the audit findings raised during the regulatory audit of the Auditor-General. The Risk Management and Internal Audit units work closely together to ensure that there is a collective effort in the identification and management of key risks faced by the organisation.

### Supply Chain Management

Focus on the management of the interdependent activities of demand, acquisition, logistics and disposal aims to increase their effectiveness and efficiency.

All CCMA procurement processes are now handled centrally through an electronic system to enhance governance compliance.

### Grant Income

The CCMA's government grant increased, from the previous year, by 12,8 percent to R402 million.

### Case Disbursements

A decision to re-align the allocation of cases on a 60 percent to full-time, and 40 percent to part-time commissioners has resulted in a significant, R10 million reduction in disbursement costs from R154 to R144 million. Careful monitoring of caseloads in the coming year will be required to ensure that full-time commissioners are not overloaded.

The caseload has remained fairly constant, with a meager, 0,4 percent, increase over the previous year. This relates to 154 279 new cases, or 615 new referrals every working day.

### Employee Costs

Employee costs have increased by six percent, year-on-year, which is in line with the predicted cost-of-living increase factor. Contributing to this increase were an eight percent, across-the-board increase, negotiated with the CSA, effective from 1 April 2010 and various performance-based staff payments.

Temporary staff costs decreased by 85 percent as a result of better cost control and ensuring that more effective use was made of full-time staff.

### Other Operating Expenses

Turnaround and 'going concern' strategies adopted by the Governing Body have had a dramatic influence in containing the escalation of the organisation's operating expenses to a mere 0,77 percent for the year. Contributing to this has been a significant reduction in non-essential travel

### Supplementary Information

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

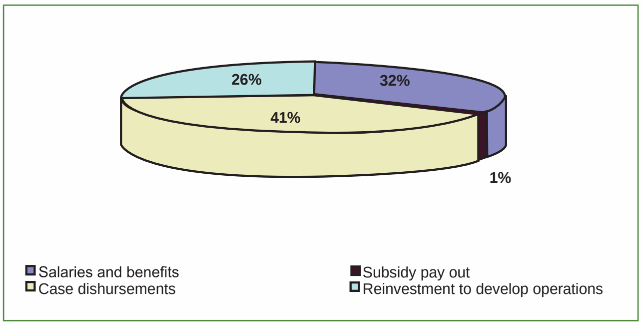
### Four-Year Review

| | 2008<br>R'000 | 2009<br>R'000 | 2010<br>R'000 | 2011<br>R'000 |
|---|---|---|---|---|
| Grant income | 259 939 | 283 407 | 359 578 | 403 523 |
| Operating expenditure | 268 198 | 327 659 | 380 419 | 381 346 |
| Surplus / (deficit) for the year | 1 738 | (36 950) | (15 240) | 31 879 |
| Interest received | 9 097 | 7 252 | 3 685 | 5 453 |
| Investments and cash | 64 689 | 6 186 | 11 531 | 35 191 |
| Average cost per case referred | 2 019 | 2 334 | 2 476 | 2 485 |
| Average cost per settlement | 5 475 | 5 738 | 5 852 | 5 430 |
| Staff costs as % of grant income | 44% | 34% | 34% | 32% |
| Total costs as % of grant income | 103% | 116% | 106% | 95% |
| Current ratio | 1.41 | 0.16 | 0.18 | 0.58 |

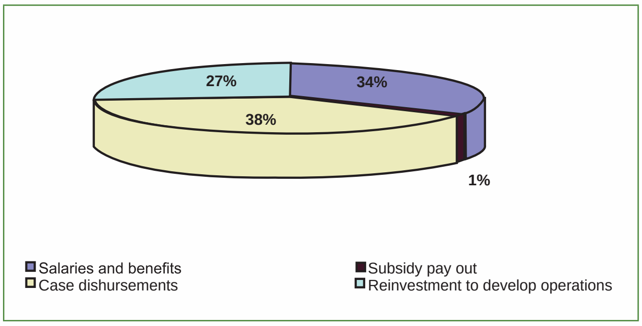
### Value-Added Statement

| | 2010<br>R'000 | 2011<br>R'000 |
|---|---|---|
| Salaries and benefits | 123 250 | 130 867 |
| Subsidy pay-out | 4 483 | 5 025 |
| Case disbursements | 154 252 | 144 259 |
| Reinvestment to develop operations | 97 640 | 101 195 |

### Value Distribution 2010




### Value Distribution 2011




## Capacity

The enterprise risk management strategy was developed and implemented during the year under review and resulted in conducting risk assessment reviews throughout the organisation. The identification of key risks is conducted at least annually as part of the review process.

Risk Champions were appointed in all the offices of the organisation as part of integrating the risk management process in day-to-day operational activities. An internal risk management working committee has been established, with clearly defined terms of reference. It is comprised of senior managers and its meetings are chaired by the Accounting Officer.

## Targets

The accounting function has identified and planned for the implementation of a range of activities and programmes in the 2011/12 financial year to meet departmental objectives. These include:

- The development of risk registers, at residual risk level, with the implementation of controls through self-assessment
- The mapping and automation of standard operating procedures in business processes
- The development of an ethics risk register and suitable controls
- The drafting of a risk management matrix and the compilation of a risk register for supply chain management
- Management compliance with supply chain management regulations
- Reduction of matters of emphasis by 50 percent
- Improvement of the organisation's liquidity to a ratio of 1:1
- A reduction in the accumulated deficit by a further 50 percent to enhance the 'going concern' status of the CCMA.

## Conclusion

It is pleasing to report that the financial statements of the Commission for Conciliation, Mediation and Arbitration, which were subjected to an external audit by the Auditor-General, received an unqualified audit opinion.

The financial outlook for the forthcoming year is strongly positive, with every expectation of achieving, and hopefully exceeding, the targeted reduction in the deficit.

### Introduction

The CCMA's principal role was to promote the Training Layoff Scheme (TLS) as an effective mechanism in preventing job loss and contributing to the quest for employment security. A key aspect of this was the development and application of a holistic strategy in addressing business distress and job insecurity. The Employment Promotion Programme (EPP) provided funding support.

### Strategic Objectives

The strategic objectives that this initiative supports are to enrich the role of the CCMA in the labour market and to deliver excellent service, rooted in social justice, ensuring a balance between quality and quantity.

### Key Performance Areas

The Training Layoff initiative supports the 'promotion of employment security' KPA, and the targets for the 2010/11 year were to:

- Implement at least two hundred publicity and capacity building interventions on employment security, business turnaround, job saving and survival mechanisms
- Effectively deliver the CCMA's role in implementing the TLS
- Further enhance the CCMA's capacity to save jobs through the implementation of a multi-faceted, holistic strategy.

### Highlights

While delivery of the TLS involved many challenges, the CCMA successfully implemented its role, with targets met. Good progress was also made in developing and applying the CCMA's holistic approach, with impressive results.

### Promotion of the Scheme

Over 331 promotional and information-sharing activities were delivered by the CCMA, involving presentations, workshops and community radio sessions. A number of the presentations were conducted in collaboration with the Economic Development Department (EDD).

One example is the input made by the CCMA, together with the National Labour and Economic Development Institute (NALEDI) and the EPP, at a workshop arranged by the EPP to review the implementation of the TLS and to discuss the way forward. In attendance were representatives from NEDLAC Leadership Group (EDD, Department of Higher Education and Training, Department of Labour), EPP, NALEDI, Development Policy Research Unit, the CCMA and trade union and business representatives. The CCMA provided an overview and analysis of the scheme's implementation through the delivery of a comprehensive paper.

### Delivery of the Scheme

Over the period since the inception of the TLS in September 2009, and up to 31 March 2011, the CCMA recommended 42 companies, involving 8 217 workers, for the TLS. This does not include cases that were recommended but subsequently withdrawn by the parties. The details are as follows:

- Training was fully completed in six cases, involving 1 243 workers. The case study of Atlantis Foundries is described below
- In 13 cases, training was still in progress, involving 4 891 workers
- Nineteen cases were with the relevant SETAs for processing before submission to the inter-ministerial Project Evaluation Committee, involving 1 349 workers
- Four cases were with the CCMA Advisory Committee for evaluation, involving 734 workers

- In a further 27 cases the parties involved withdrew, for various reasons, involving 1 883 workers. In some cases withdrawal was for positive reasons related to the improvement in business conditions
- In 19 cases a training layoff was not recommended by the CCMA Advisory Committee, involving 1 270 workers. The primary reason was that the businesses were found not to be in distress
- In two of the cases, a TL Request was withdrawn due to subsequent liquidation.

## Success Stories

There have been a number of success stories, including the first training layoff initiated between Atlantis Foundries and the National Union of Metalworkers of South Africa (NUMSA), which was completed in the 2010/11 year. The company ran its own training programmes in communications, safety, problem-solving, team-building and engineering skills. A total of 567 workers was trained across various job categories.

Ultimately, the company reabsorbed all workers, before completion of the training, as orders started to pick up. “It was a great help to us and carried us through the storm without having to retrench employees,” said Employee Relations Manager, Evan van Schalkwyk. He added that, “It was due to the assistance of the CCMA and the Merseta that we could accomplish this.”

At Pasdec in Brits, not only were all 143 jobs saved through a TLS intervention, with 372 workers completing the training, but a further 125 young matriculants (all children of existing workers) also went on the training initiatives and 117 new jobs were created.

Successful Training Layoff at Pasdec. Above - Part of the group of 372 trainees who completed the training

## Application of the Holistic Approach

When the TLS was introduced, the CCMA was in the process of developing its ‘holistic approach’ to job insecurity and business distress and the introduction of the TLS greatly facilitated its development. In terms of this approach, the CCMA encourages parties to alert the CCMA at the first signs of difficulty in a company in order to fully explore alternatives to job and income loss, and to find sustainable solutions when faced with distress. The CCMA has collaborated with a number of institutions, including Productivity South Africa, in applying this approach.

# Training Layoff Scheme

There have been a number of success stories in applying the holistic approach, more often than not triggered by a request for a training layoff. In the Herman & Romans case, for example, what started as a retrenchment facilitation and a proposed training layoff to prevent job losses, ended up with no job or income loss and the business stabilising through alternative interventions. The parties involved agreed to various cost-saving mechanisms, resulting in a monthly saving of R1 million and removing the need for a training layoff.

Other aspects of the holistic approach include assistance to retrenched workers by arranging bulk processing of UIF claims, post-retrenchment training offered by SETAs, retrenchment counselling, debt counselling and facilitating linkages with the Department of Labour Public Employment Services retrenchee support facility. The CCMA's guiding principle in this regard has been to not to let any retrenched worker 'walk into the sunset' without assistance and support.

Overall, in the year under review, the CCMA played a leading role in developing, delivering and establishing the TLS as a recognised and effective mechanism to apply in job insecurity situations.

Training Layoff Scheme Breakfast Seminar in Western Cape

Mr Jeremy Daphne
**National Senior Commissioner: Capacity Building**

## Introduction

The Dispute Management and Prevention (DM&P) department is responsible for the delivery of CCMA outreach programmes. Its target constituencies are CCMA users and social partners in the labour market.

The aim of the DM&P department is to ensure effective and pro-active management of conflict and disputes from the workplace to CCMA hearing rooms. The department pursues its aims through the implementation of a multi-faceted strategy involving a combination of dispute prevention, dispute minimisation and effective dispute management. This is pursued through a range of capacity building, awareness-raising and problem-solving services and interventions.

## Strategic Objectives

The strategic objectives of the CCMA Siyaphambili Strategy that apply to the department are to:

- Enrich the role of the CCMA in the labour market
- Deliver excellent services rooted in social justice, ensuring a balance between quality and quantity.

## Key Performance Areas

The following key performance areas guide the activities of the department, with an explanation of the performance against them.

- 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. A range of social partners and users was engaged through this initiative, with a total of 248 activities held nationwide.
- Conduct user and stakeholder empowerment and capacity building initiatives. A total of 675 activities was conducted under this KPA, involving radio talk shows, road shows and izimbizo meetings.
- Contribute towards the promotion of employment security. 331 activities were held involving awareness raising, education and training initiatives, as well as the promotion of the NEDLAC Training Layoff Scheme.
- Contribute to the transformation of workplace relations with a view to embedding economic development, industrial peace and the promotion of social justice. A total of 69 activities was conducted under this KPA through building workplace relations, managing conflict in the workplace and initiatives dealing with unfair discrimination.
- Promotion of user compliance and the renewal of social justice blockages in the CCMA's dispute resolution processes. 283 activities were conducted in addressing user compliance problems and social justice blockages for users and CCMA internal dispute resolution processes.

## Departmental Highlights

The DM&P department's delivery for the year under review reached all corners of South Africa, including rural areas. The impact of departmental initiatives was considerable, as shown by the customer satisfaction survey conducted by Fox Research Solutions.

The department continued to develop and deliver on its Building Workplace Relations and Managing Conflict in the Workplace initiatives, aimed at conflict reduction and building healthy workplace relations. These initiatives displayed a high degree of innovation.

DM&P held and participated in a wide range of labour market and social partner events, including the Labour Law amendments Bills' road show held by the Department of Labour, the 23rd Annual Labour Law Conference, the DITSELA National Symposium on Workers and the Law, a COSATU Collective Bargaining workshop, the Farm Workers' Summit and a National Shop Stewards Conference.

Capacity to deliver on operational plans across the regions was inconsistent and demanded considerable flexibility to achieve the desired results. The regions with capacity challenges have been identified and plans initiated to address each situation.

CCMA Free State outreach in Koppies

Building workplace relations workshop at Ngwenya Lodge

CCMA Tshwane - Sactwu workshop

## Capacity

A number of capacity-building activities were held during the year, including workshops and an ACCPAC training programme.

Gender representation in the department is more than equitable, with 50 percent of the commissioners and 90 percent of administrators being female.

Collaboration with various organisations was explored in relation to delivering on the key performance area of promotion of employment security. Notable amongst these were Productivity South Africa (PSA), the Industrial Development Corporation (IDC), the Department of Economic Development (EDD) and the Public Employment Services Branch of the Department of Labour.

At the end of the year under review, memorandums of understanding were close to completion between the IDC, the EDD and the CCMA. The PSA was successfully engaged in a number of business turnaround initiatives, and discussions between the CCMA and the Public Employment Services Branch were at an advanced stage.

## Targets

The department's operational plan addresses the achievement of the five key performance areas under the Siyaphambili Strategy. The plan is accompanied by guidelines and project plans with the objective of placing equal emphasis on internal support for the CCMA dispute resolution processes and external support for CCMA users.

Continued, uneven capacity in some regions, in conjunction with DM&P commissioners being given responsibilities outside the DM&P function, challenge the department's ability to meet targets. This is compounded by inadequate project management capacity to develop project plans, leading to poor project implementation.

However, these problems are being addressed through ongoing capacity building, including project management training and a train-the-trainer programme.

## Conclusion

Overall, excellent progress was made for the year under review, with all targets met or exceeded. Demand for DM&P services continued to increase, reflecting positively on the quality of services delivered. An impressive range and number of activities were held, involving several thousand CCMA users and social partners in all corners of South Africa. The impact of DM&P services, as illustrated through the results of the customer satisfaction survey, was also impressive.

The human aspect of the services delivered is typified by the comment that, “This has changed my life,” made by a participant in a Managing Conflict in the Workplace workshop. Another important aspect of DM&P activities is the reach involved, both geographically through activities being held in the most far-flung places, and the large number of communities engaged, through community radio, road shows and izimbizo meetings.

CCMA Free State commissioners experiencing work underground at a gold mine


KwaZulu Natal Convening Senior Commissioner, Raj Shanker, addressing delegates at the CCMA Annual Labour Law Conference in Durban

CCMA Johannesburg outreach

CCMA Port Elizabeth Pawusa Shop Stewards workshop

Mr Eugene van Zuydan

**National Senior Commissioner: Dispute Resolution and Legal**

## Strategic Objectives

The Dispute Resolution and Legal department contributes to the strategic goals and objectives of the Siyaphambili Strategy in the following areas:

- Enrich the role of the CCMA in the labour market
- Deliver excellent services rooted in social justice, ensuring a balance between quality and quantity
- Promote an organisation design that will enable optimal deployment of resources.

## Key Performance Areas

The first strategic objective is addressed through comprehensive input that has been given to the Minister of Labour in respect of the proposed amendments to the labour legislation as well as further suggestions to further improve dispute resolution processes in the CCMA.

Teams have been established to revise the CCMA Rules and its many forms to address anomalies and to simplify processes for its users.

Regular engagements have been made with the Labour Court, NEDLAC, bargaining councils, the Department of Labour and the Sheriff's Board with the view of improving the role of the CCMA in dispute resolution.

To support the second objective, the department published a practices and procedures manual for commissioners a few years ago, and this is revised and updated annually. The manual is distributed to each commissioner as a reference and guide, not only to ensure professional service but also to create some process consistency in dispensing social justice.

Commissioners also attend regular case law monitor workshops, where the latest case law developments are discussed to improve knowledge.

All post-arbitration processes, such as the issue of writs of execution and reviews, are carefully monitored to improve the speed of services.

To promote optimal deployment of resources, the legal department protects, and where required, defends the interests of the CCMA. Issues have been taken as far as the Constitutional Court to ensure the organisational effectiveness of the CCMA. A good example is the case of Sidumo and Others v Rustenburg Platinum Mines Ltd and Others (2007) 28 ILJ 2405 (CC).

Besides litigation, advices and the settling of contracts, guidelines, practice notes and opinions are issued on a regular basis to promote continuous improvement.

## Capacity

The proposed amendments to the Labour Relations Act may necessitate the expansion of the staff complement of the department to fulfil its obligations.

The department organises consultative meetings with bargaining councils on a regular basis to discuss labour market issues and the improvement of dispute resolution.

## Targets

The department plans to establish professional panels of commissioners in all regions by the end of 2011 to preside over demarcation disputes and to act as taxing officers. It is also planned, in the long-term, to revise the CCMA Rules and its many forms. There are no foreseen risks to achieving these objectives.

## Conclusion

The Dispute Resolution and Legal department continuously strives to comply with the provisions of the labour laws.


CCMA Northern Cape Take a Girl Child to Work Day

CCMA Johannesburg anti-touts campaign

Cosatu President, Sdumo Dlamini, speaking at the CCMA Dispute Management and Prevention workshop

CCMA Northern Cape World Aids Day outreach

Nigerian justices delegation (front row) visiting CCMA Johannesburg

### Introduction

The main objective of the Education and Training Department (ETD) is to support the organisation in meeting its strategic objectives through the development of employees at all levels.

The main functions of the ETD are:

- Coordination of the annual commissioner training programme
- Development and implementation of a needs analysis
- Identifying and matching the development needs with the most suitable learning solutions
- Implementation of the annual learning plan
- Logistical arrangements for all capacity building initiatives
- Quality assurance of all learning activities
- Bursary and loan administration
- Personal development plan management
- Implementation and maintenance of ETD policies, procedures and standard operating procedures
- Compilation of the annual Workplace Skills Plan (WSP) and Annual Training Report (ATR).

### Strategic Objective

The department supports the CCMA strategic objective: ‘build skills to achieve professionalism’.

### Key Performance Area

To meet the strategic objective, the department has the following KPA:

- Develop and deliver effective human capital training to align with the needs of the organisation.

### Training Delivery

A training plan was drawn up, in the year under review, based on the outcomes of the personal development plans (PDPs). Capacity building needs were identified, categorised and prioritised. The training plan was circulated and communicated to management within the CCMA.

In addition to commissioner training, partial delivery on training initiatives was achieved, as per the CCMA training plan for 2010/11.

The Workplace Skills Plan (WSP) and Annual Training Report were submitted to the Services Seta on the due date (30 June 2010). The commissioner training project was successfully delivered (including project meetings and the execution of the commissioner training plan), with 77 out of 79 candidate commissioners deemed competent. The training was delivered efficiently, with no major problems.

A dedicated needs analysis was conducted in February 2011 for the 2011/12 period.

### Departmental Highlights

The commissioner training programme was a substantive part of the ETD delivery for the year 2010/11. It was extremely successful and produced 77 competent and highly skilled commissioners, who have a positive impact on the CCMA and the labour market.

The training consists of seven modules, five of which require learners to hand in portfolio’s of evidence and one that requires the learners to complete two assignments in order to attain a due performance mark. The requirements for learners to be found competent as set out in the Guidelines for Learners are detailed below.

The training programme covers the following modules:

- Substantive law
- Conciliation
- Jurisdictional rulings
- Managing dismissal and unfair labour practice
- Arbitration
- Legal drafting skills
- Writing skills.

ETD used the information received from the personal development plans (PDPs) and training requests carried over from the previous financial year to develop the annual training calendar for 2010/11.

The training needs were incorporated into the Workplace Skills Plan and adopted by the Skills Development Committee.

In addition to the annual commissioner training delivered, the following development initiatives were implemented:

- Employment equity training
- Policy development training
- Attendance at the 23rd Annual Labour Law Conference
- Attendance at Juta's Annual Labour Law Training
- Annual Internal Audit SA National Conference
- Sustainable BEE best practice training
- Secretarial and minute taking
- Project management training.

A comprehensive, three-phase mentorship programme was undertaken during the year. This is a vital component of ensuring commissioner proficiency and conducted in all provinces. In total, 85 commissioners were required to participate as mentees and were mentored by 71 commissioners. Mentorship in the regions was managed by regional mentorship facilitators under central co-ordination from the national office.

The CCMA offers financial assistance to employees undertaking work-related and relevant study courses in their own time. In the past year applications were considered from all regions and across various disciplines, with the Bursary Committee approving 45 bursaries.

It was established that ETD policies, procedures and standard operating procedures were outdated and they will be given priority attention in the new financial year. Furthermore, as the main focus was on commissioner development, the department was unable to fulfil training needs for the entire organisation. The latest training plan includes development for all categories and levels of staff within the CCMA and ETD staff will undergo skills development to deliver against the plan.

## Capacity

ETD has established staff accountability for specific focus areas within the department, which will ensure effective and efficient service delivery of the operational plan and improve customer service to the organisation. ETD staff has started moving away from providing only an administration service, and more emphasis is being placed on developing internal business partnerships and playing a more strategic role in addressing organisational needs. The ETD staff complement strongly reflects the CCMA equity goals.

## Targets

The ETD targets for the 2011/12 financial year are to:

- Deliver capacity-building initiatives for commissioners, middle management, supervisors and support staff, with an 80 percent delivery achievement against set standards
- Implement and maintain a learning and development information system
- Enhance the department's capacity building role and impact within the CCMA through the introduction of effective workflows and structures, updated policies and procedures
- Conduct an impact assessment in CCMA regions with 80 percent favourable outcomes
- Implement an agreed international commissioner development programme.

## Conclusion

ETD is undergoing a process of revising its role, and the main focus will be to strategically reposition the department to increase its impact within the organisation.

Chairperson, Tanya Cohen, and Director, Nerine Kahn, representing South Africa at the 2010 International Dispute Resolution Agencies Meeting in Washington DC, USA

2010 Commissioner Indaba workshop Above Left - Commissioners Laurie Warwick and Vanessa Pather presenting on conciliating unfair discrimination disputes

# Training Development

## Introduction

The Training Development Unit (TDU) was established on 1 April 2010 and works alongside the Education and Training, and Dispute Management and Prevention departments, supporting them with training courses and materials.

The TDU's main functions include:

- The design, development and updating of training material and courses to support the continuous professional development of commissioners, management and support staff
- Ensuring the development and delivery of a Dispute Resolution Practitioner occupational qualification
- Ensuring continuous research and development of effective adult training methodology and techniques
- Development and updating of assessments and mentoring methods.

## Strategic Objectives

The department falls under the CCMA strategic objective: 'to build skills to achieve professionalism'.

## Key Performance Areas

To asssure contribution to the overall CCMA objectives, the TDU is tasked with addressing the following key performance areas:

- Ensuring the development and delivery of a Conflict Resolution Practitioner occupational qualification
- Design and development of training materials and courses to support continuous professional development
- To ensure continuous research and development of leading effective adult training methodology and techniques
- Development and updating of assessment and mentoring methods.

## Development and Delivery of a Dispute Resolution Pratctitioner Occupational Qualification

A curriculum was developed for the Dispute Resolution Practitioner qualification and was registered with the South African Qualifications Authority (SAQA). This qualification will be used for future training of CCMA commissioners, as will the Conflict Resolution Practitioner qualification that was developed and registered in parallel.

In preparation for the establishment of a Labour Relations Practice professional body, meetings were held with industry stakeholders and a draft professional recognition framework, continuous professional development criteria and guidelines for the labour relations practice field were developed.

## Development of New Training Material

The process of developing four new training manuals commenced. The new training material includes:

- The *Advanced Mutual Interest* manual (nearing completion) to further the knowledge and skills of identified commissioners who conduct mutual interest disputes.
- The *Arbitration and Award Writing Commissioner Revision* manual (draft completed) to serve existing commissioners experiencing challenges with the conducting of arbitration hearings and with award writing
- The *CCMA Guidelines: Misconduct Arbitration (draft completed)* to train commissioners in the content of the guidelines
- *Writing Skills* (completed), developed by an outside service provider with the TDU assisting in the customisation of the material.

The TDU also developed and delivered material for a Ditsela Workers Education seminar.

## Update of Existing Training Material

Eleven CCMA training manuals were updated. These included all the commissioner training manuals (for new commissioners), the case management officer manual, the dispute management and prevention (DMP) workplace discipline workshop material, and the merger of five DMP Best Practice - How to Use the CCMA and the Law manuals into three manuals.

Only essential updates will be made to the commissioner training material during the next financial year. This is due to the shift in focus towards the development of material for the Dispute Resolution Practitioner qualification.

Several areas need attention, including more stringent management of schedules for material developers and additional budget for the use of desktop publishing to improve the quality of the training material.

## Review of Existing Training Methodology and Tools

Effective facilitation tools and methods for new training materials have been developed in line with required TDU standards, together with plans to ensure that courses are knowledge and skills-based. Together with ETD, the TDU plans to place more material developers on material development courses to expand on existing capacity.

## Assessments

New assessments were developed for all commissioner-training modules, involving close co-operation between the material developers, the TDU and the CCMA Legal department. The assessments focused on being legally accurate, understandable and fair.

## Mentorship

Mentorship documents were developed and updated in a manner that ensured that the relevant knowledge and skills of the learners were assessed in accordance with fair criteria.

The pool of assessment developers will be expanded in order to reduce the risk of relying on only two assessment developers. The effectiveness of current mentorship documents will be further assessed and amended as required.

## Departmental Highlights

The CCMA played a leading role in the move towards the delivery of the Dispute Resolution Practitioner qualification.

Updates to eleven existing training manuals have been positively received from stakeholders, and has contributed to improving the continuous professional development of commissioners, managers, support staff and external users.

The TDU has met most of the objectives for the establishment of the unit and has reached a level of maturity that facilitates its effective and efficient future functioning.

The unit has increased its material development capacity from three main material developers to a pool of eleven part- and five full-time commissioners.

The TDU managed to achieve most of its development objectives through the drafting of three important new training courses to enhance the skills of CCMA commissioners.

The CCMA built a positive working relationship between stakeholders in the labour relations industry in its pursuit towards the development of the Dispute Resolution qualification and the establishment of a Labour Relations Practice Professional Body.

The unit was able to meet the majority of its requirements of its key performance areas and targets, whilst at the same time meeting the challenge of establishing the unit from scratch.

The TDU conceptualised a simpler and more cost-effective way of conducting commissioner recruitment assessments for the 2011/12 recruitment period.

Copyright of material and documents is a continuous risk. The TDU has attempted to minimise this risk by limiting electronic access to the training material, by ensuring that the issue of copyright forms part of material development contracts, and by distributing documents in PDF format.

The TDU competes with other stakeholders for the use of subject-matter-expert commissioners to undertake material development work. The need to expand the capacity of material developers on a project basis has been raised with internal stakeholders and the pool of material developers has been expanded to attempt to mitigate this risk.

### Capacity

Emphasis has been placed on equity considerations when identifying and skilling subject-matter experts and developers. Material development and assessor training are recognised as a means of expanding the capacity and diversity of the current TDU resource pool.

The TDU currently consists of one full- and one part-time senior commissioner, with most of the material development work being undertaken by part-time contractors. It is likely that another commissioner will need to be contracted to assist with the development of the Dispute Resolution Practitioner course material.

Skilled administrative capacity within the TDU will be developed, particularly in the field of desktop publishing.

As a new unit still in its developmental stages, the TDU has concentrated on communicating its roles and functions to stakeholders to make them aware of its capabilities and specific projects.

The TDU has worked closely with the labour relations practitioner stakeholders in ensuring that there is buy-in to the process of delivering the Dispute Resolution Practitioner qualification.

### Targets

To meet its objectives for the forthcoming 2010/11 reporting year, the Training Development Unit will:

- Commence with the development of the Dispute Resolution Practitioner training material
- Identify external service providers for the delivery of the Dispute Resolution Practitioner training course in consultation with labour relations practice stakeholders
- Update existing commissioner training material, the Case Management Officer and the Best Practice manuals
- Complete the Advanced Mutual Interest training course, the CCMA Guidelines: Misconduct Arbitration and the Arbitration and Award Writing Commissioner Revision manual
- Commence with the development of the Unfair Discrimination manual for conciliating commissioners
- Develop new assessments and update mentorship documents
- Improve financial controls
- Improve understanding and compliance with supply chain procedures
- Expand the capacity and skills of material developers through relevant training.

A risk to the successful development of the Dispute Resolution Practitioner material is the availability of competent material developers and external consultants. Supply chain procedures are being followed to contract external consultants and CCMA commissioners will be contracted to assist with the project. Furthermore, availability of sufficient funds is being mitigated through alternative sourcing.

### Conclusion

The TDU is maturing into an independent unit with its own standard operating procedures and policies. It has successfully faced the continuous challenge of meeting the needs of its stakeholders within the confines of its capacity. The TDU will endeavour to meet its 2011/12 targets and strategic objectives with creative approaches to attempt to minimise costs and to ensure that its products and services are relevant and empowering to its stakeholders.

Mr Sello Hlalele
**Manager Internal Audit**

## Introduction

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve the Commission for Conciliation, Mediation and Arbitration's operations.

The objective of Internal Audit is to help the CCMA accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

## Strategic Objective

Internal Audit's strategic objective is to enhance and entrench internal processes and systems for optimal deployment of resources.

## Key Performance Areas

One KPA is the top-of-mind awareness of risk management principles and considerations in all planning and decision making throughout the organisation.

Organisation internal controls are implemented by the entity's Governing Body members, management and other personnel, and are designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations
- Safeguarding of the entity's assets
- Achievement of strategic objectives.

Internal Audit is responsible for developing a flexible risk-based annual audit plan, implementing the audit plan (including, as appropriate, any special tasks or projects requested by management and the Audit Committee), and issuing periodic reports to the Audit Committee and management summarising audit activity results.

Internal Audit provides a list of significant measurement goals and results to the Audit Committee. Part of the Internal Audit unit's scope involves evaluating and assessing significant merging/consolidation functions and new or changing services, processes, operations and control processes coincident with their development, implementation, and/or expansion. For the year under review, Internal Audit has planned and executed audit on a risk-based approach.

## Departmental Highlights

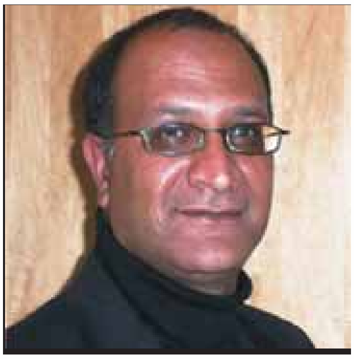
For the year under review, Internal Audit covered 90 percent of planned audits throughout the regions and head office. All audit recommendations were accepted by management and implemented. The audit charter and the methodology were implemented to ensure compliance with International Internal Audit Standards.

## Capacity

The department has four professional staff members, all members of International Internal Audit South Africa. We continually assess our service to the stakeholders through audit questionnaires after completion of an audit. This has helped the department in setting up the improvement programme, which was rolled-out during the year.

## Conclusion

Internal Audit remains focused on providing real-time advice on control, governance and risk to the organisation.



Advocate Afzal Mosam
**Essential Services Committee Chairperson**

The Essential Services Committee is established in terms of Section 70 of the Labour Relations Act.

**The functions of the Committee are:**

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

The Committee may only determine a service as essential where, in terms of Section 213 of the Act, it can be shown that an interruption of that service would, *'endanger the life, personal safety or health of the whole or any part of the population'*. Moreover, it would have to be established that a clear and imminent threat to the life, personal safety or health of the whole or part of the population existed.

Similarly, the Committee may only determine a service as a maintenance service where it can be shown that, *'the interruption of that service has the effect of material physical destruction to any working area, plant or machinery.'*

Referrals submitted over the past 12 months, have emphasised inconvenience and/or economic damage that would be caused were a service to be interrupted through industrial action. Many have made little or no reference to how the withdrawal of labour would endanger life, safety or health of people, or how it would result in material physical damage to equipment, etc. Others have been submitted while a strike has been in progress or has been threatened, suggesting that the application has been more to do with a strike breaking strategy than a determination.

In some cases, parties have failed to attend hearings or have relied largely on unsubstantiated statements to motivate their respective positions in regard of applications before the Committee. As a consequence, follow up hearings have often become necessary and this has impacted on the efficiency of the Committee and on the abuse of public finances.

Events in the Public Sector have illustrated non-compliance with essential services determinations. As a consequence strikes have included personnel in services that have been declared essential, and workers within those services have argued that they have a constitutional right to engage in industrial action.

**During the period under review the Committee has made the following observations:**

- Need to review provisions in current legislation and to implement measures which require employers to engage with employees and conclude minimum service agreements.
- Need to explore ways in which interest-based arbitrations can be used to better effect to deal with disputes in essential services.
- Obvious reluctance by parties to utilise interest based arbitration, albeit that it provides an expeditious and efficient way of dealing with essential services disputes.
- Need for consideration of establishment of a panel of well trained panellists to conduct interest arbitrations and provision of training to the social partners on the nature, application and benefits of the process.

Arising from this, the Committee believes there is a need for an awareness raising campaign on the meaning of essential and maintenance services amongst the social partners and the broader public, to reduce 'frivolous referrals'.

The Committee has engaged with attorneys conducting a review of the draft provisions on behalf of the Employment Promotions Programme and has made numerous recommendations relating to how the processes of determination and the enforcement of these can be improved. It is anticipated that these recommendations will be considered during the NEDLAC process.

In particular, the Committee has recommended that:

- An independent Committee be retained.

- This Committee be provided with adequate resources (including management and administrative) to initiate and conduct investigations.
- The Committee's budget be separated from that of the CCMA and that accountability for managing that budget reside with the Committee.
- A panel of skilled facilitators and arbitrators be established to facilitate minimum service negotiations and arbitrate interest disputes in essential services.

**During the year under review the Committee dealt with the following applications[1]:**

| Applicant | Other Parties |
|---|---|
| South African Revenue Services | National Education, Health and Allied Workers (NEHAWU), Public Servants Association of South Africa (PSA) |
| Air Traffic Navigation Services | Solidarity |
| Sonqoba Security (MP) (Pty) Ltd | Motor Transport Workers Union), National Bargaining Council for the Road Freight Industry |
| De Beers Consolidated Mines Ltd, Finsch Mines | National Union of Mineworkers, Solidarity |
| SAPPI - Tugela Mill | Chemical, Energy, Paper, Printing and Allied Workers Union, United Association of South Africa, Solidarity |
| Johannesburg Zoo | South African Municipal Workers Union Independent Municipal,Allied Trade Union |
| Netcare Ltd | Health and Other Service Personnel Trade Union of South, Democratic Nursing Union of South Africa, NEHAWU,Solidarity |
| Melomed Hospital Holdings Ltd | NEHAWU |
| Masiwilange Construction cc | Masiwilange employees[2] |
| Europ Assistance Worldwide Services (South Africa) (Pty) Ltd | Media Workers Association of South Africa |
| Cape Chamber of Commerce | Transnet Port Terminal, Metrorail and Transnet National Ports Authority of South Africa[3] |
| Road Traffic Management Corporation | NEHAWU, PSA and Police and Prisons Civil Rights Union |
| Camperdowns Environmental Services | |
| Pretoria Laundry Services | Education, Health, Church, Welfare and Allied Workers Union |

### Committee Members

During the year under review Advocate Afzal Mosam chaired the Committee. Labour representatives, Mr John Mawbey, Mr Johan Koen, Mr Sifiso Khumalo, Mr Themba Zulu, and business representatives Ms Vikashnee Harbhajan, Mr Grahame Matthewson, Ms Coleen Slabbert and Mr Ruben Baloyi, comprised the other members of the committee.

Front row from left: Mr Johan Koen, Mr Sifiso Khumalo, Mr John Mawbey, Ms Coleen Slabbert. Back row from right: Mr Themba Zulu, Mr Grahame Matthewson and Ms Vikashnee Harbhajan.

[1] A number of these matters are yet to be finalised. [2] The applicant has indicated that employees are not organised by any union.
[3] Trade unions that organise within the listed companies were not cited as a party by the applicant. The ESC has indicated that it must be made aware of the application.

## REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE COMMISSION FOR CONCILIATION, MEDIATION AND ARBRITATION

## REPORT ON THE FINANCIAL STATEMENTS

### Introduction

1. I have audited the financial statements of The Commission for Conciliation, Mediation and Arbritation (CCMA), which comprise the statement of financial position as at 31 March 2011, the statement of financial performance, statement of changes in net assets, cash flow statement and a summary of significant accounting policies and other explanatory information as set out on pages 66 to 106.

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

2. The accounting authority is responsible for the fair presentation of these financial statements in accordance with South African Standard of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Public Finance Management Act of South Africa (PFMA of SA) and for such internal control as management determines 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. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 14(6) (a) of the Skills Development Act, 1998 (Act No. 97 of 1998), my responsibility is to express an opinion on these financial statements based on my audit.

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

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's 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.

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

### Opinion

7. In my opinion, the financial statements present fairly, in all material respects the financial position of the CCMA as at 31 March 2011 and its financial performance and cash flows for the year then ended, in accordance with South African Standard of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Public Finance Management Act of South Africa.

### Emphasis of matter

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

**Restatement of corresponding figures**

9. As disclosed in note 29 to the financial statements, corresponding figures were restated due to prior period errors relating to fixed assets amounting to R1.14 million, receivables amounting to R0.38 million and payables amounting to R0.44 million.

**Significant uncertainties**

10. As disclosed in note 23 to the financial statements, the CCMA is a defendant in a legal case instituted against the entity in 2007. At the date of this report, the outcome of this case was unknown and as a result no provision was made in the financial statements. A contingent liability of R3.54 million is disclosed in the note.

11. As disclosed in note 23 to the financial statements, The CCMA could be held liable by the South African Revenue Services (SARS) for taxation as per statutory tax rates applicable to individuals and possible interest and penalties thereon for periods ending 28 February 2007 and 28 February 2008. The amount of the possible obligation cannot be measured reliably.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

12. In terms of the PAA of South Africa and *General Notice 1570 of 2009,* issued in *Government Gazette No. 32758 of 27 November 2009,* I include below my findings on the report on predetermined objectives, compliance with the PFMA and financial management (internal control).

**Predetermined objectives**

13. There were no findings on the annual performance report concerning the presentation, usefulness and reliability of the information.

**INTERNAL CONTROL**

14. In accordance with the PAA and in terms of General notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

**Leadership**

15. The accounting authority and management of the CCMA did not exercise adequate oversight to prevent and detect irregular expenditure and ensure compliance with Treasury Regulations regarding Supply Chain Management System.

Auditor-General

Pretoria

31 July 2011

AUDITOR-GENERAL SOUTH AFRICA

*Auditing to build public confidence*

## General Information

| | |
|---|---|
| **Legal form of entity** | The CCMA was established in terms of section 112 of the Labour Relations Act, 66 of 1995 |
| **Nature of business and principal activities** | The CCMA's compulsory statutory functions are to:<br>• Conciliate workplace disputes<br>• Arbitrate certain categories of disputes that remain unresolved after conciliation<br>• Establish picketing rules<br>• Facilitate the establishment of workplace forums and statutory councils<br>• Compile and publish information and statistics about its activities<br>• Accredit and consider applications for subsidy by bargaining councils and private agencies<br>• Provide support for the Essential Services Committee. |
| **Business address** | JCI House<br>28 Harrison Street<br>Marshalltown<br>Johannesburg<br>2001 |
| **Postal address** | Private Bag X94<br>Marshalltown<br>2107 |
| **Jurisdiction** | The CCMA is a national public entity under the Department of Labour |
| **Accounting Authority** | Governing Body |

## Accounting Authority's Responsibilities and Approval

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

The annual financial statements have been prepared in accordance with 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 constraints.

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

The Governing Body has reviewed the entity's cash flow forecast for the year to 31 March 2012 and, in the light of this review and the current financial position, it is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The Auditor-General is responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 64 to 65.

The annual financial statements set out on pages 66 to 106, which have been prepared on the going concern basis, were approved by the Governing Body on 31 July 2011 and were signed on its behalf by:

**Ms Tanya Cohen**
**Chairperson of Governing Body**

**31 July 2011**

**Ms Nerine Kahn**
**Director**



## Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2011.

### Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet four times in the year as per its approved terms of reference. During the current year, the required four meetings were held.

| Name of member | Number of meetings attended |
|---|---|
| Ms M Vilakazi | 4 |
| Mr F Petersen | 4 |
| Mr M Burger | 4 |
| Mr D Lakay (Appointed 1 August 2010) | 3 |

### Audit Committee responsibility

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

A fully independent Audit Committee, comprising of representatives from the three stakeholder groups and an independent member, also assists the work of the Governing Body. The Audit Committee also reports that it has adopted the appropriate formal terms of reference as its Audit Committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### The effectiveness of internal control

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are managed efficiently. In line with the PFMA and the best practice on corporate governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. The committee has reviewed the audit report on the annual financial statements of 2010/11 read together with the management letter issued by the Auditor-General; the matters of emphasis and the matters of the audit report have duly been noted. However, there is still some weakness in terms of the ongoing management of certain prescribed policies and procedures that have been reported.The Audit Committee has requested that Management implement a tool to monitor and report on procedures to be implemented to improve on these weaknesses to the relevant sub-committees of the Governing Body in the coming financial year.

The Audit Committee had reviewed the quality of quarterly management reports submitted in terms of the PFMA and the implementation of the drawdown agreement entered into with the Department of Labour.

The Audit Committee is satisfied with the content and quality of quarterly reports prepared and issued by the Accounting Officer of the entity during the year under review.

### Evaluation of annual financial statements

The Audit Committee has:

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

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

**Ms Mary Vilakazi**
**Chairperson of the Audit Committee**
**31 July 2011**

## Accounting Authority's Report

The Governing Body members submit their report for the year ended 31 March 2011.

### 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 (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 27 of the Constitution of the Republic of South Africa.

The CCMA's compulsory statutory functions are to:
- Conciliate workplace disputes
- Arbitrate certain categories of disputes that remain unresolved after conciliation
- Establish picketing rules
- Consider applications for accreditation and subsidy by bargaining councils and private agencies
- Provide support for the essential services committee.

The global economic crisis adversely affected the South African labour market, resulting in significant job losses and business closures. In the last two financial years the organisation has witnessed an unprecedented increase in workload. The organisation, with its core business being to deal with workplace disputes as effectively and efficiently as possible, had to respond with creative and innovative solutions to the dramatic increase in service demand. This demonstrates that the CCMA is required to continuously align itself to the prevailing market imperatives while still delivering on its core mandate.

### 2. Performance information

The Treasury Regulations require that an Accounting Officer of a public entity must prepare a strategic plan for the forthcoming MTEF period and submit for approval to the relevant Executive Authority. The CCMA has prepared a Strategic Plan which runs from April 2010 to March 2015, the strategy is named "Siyaphambili".

The core mandate of the CCMA, as one of the organisations charged with implementing the LRA, is derived from the purpose of the LRA which, amongst others, is to advance economic development, social justice, labour peace and the democratisation of the workplace. The mandate of the organisation also extends to other statutes that deal with the world of work. In an effort to fulfil its legislative mandate the CCMA has been working according to a strategy that was time boxed. The current strategy of the CCMA, referred to as Tsoso, will come to an end on 31 March 2010. This has necessitated the CCMA to review its achievements for the duration of the Tsoso strategy. This Tsoso strategy for the CCMA builds on the work done in the past 10 years since the establishment of the organisation.

The Siyaphambili strategy has been implemented to provide strategic direction for the CCMA for the period April 2010 to March 2015. This strategy has just completed its first year at the reporting date of 31 March 2011. The key highlights, achievements and challenges of the implementation of the strategy during the 2010/11 financial period are outlined in the Chairperson and Director's reports which form part of this annual report. Achievement of the strategy was assessed against the CCMA scorecard. The scorecard comprises of the three strategic goals and strategic objectives. The three strategic goals and their strategic 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.
- **Goal 2: We will deliver professional, user-friendly, 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.

## Accounting Authority's Report

This section provides a summary of progress against each of the strategic goals of the CCMA. The agreed targets for 2011 financial year have been included and progress against these targets has been reported in this annual report. The overall status for each achievement has been summarised as follows:

- Green -Target fully met.
- Orange -Target partially met or did not meet target but significant progress was made in the year.
- Red -Target not met and significant focus will need to be applied in the next year of the Siyaphambili strategy if the 2011 target is to be met.

The table showing the performance for the year under review is covered under the performance information section of this annual report under the Director's report.

### 3. Review of activities

#### Main business and operations

**Dispute resolution operations review**
For the first time in the last three years, the total number of referrals remained stable, with just a one percent increase in jurisdictional cases. This translates to an average of 615 (617 for the previous year) new cases (jurisdiction and non-jurisdiction) referred each working day.

Con/arbs heard increased by four percent and the number of cases finalised in one event (the primary objective of the con/arb process) increased by 12 percent. For the very first time since the process was introduced in 2002, the number of cases settled increased by 19 percent, while the number of awards decreased by 19 percent. If this pattern continues in the 2011/2012 period, the objective of the process could potentially be met.

Strangely, the number of objections to this process increased by 95 percent by the employee and decreased by one percent from the employer. The other significant pattern that emerged is the 37 percent of cases that were withdrawn by the applicant: a trend that is dissimilar to the previous years.

**Conciliations**
The actual number of pre-conciliations heard increased by four percent and the number settled increased by a significant nine percent. Most regions consistently met this target throughout the period under review. This process provides the quickest and most cost effective resolution of disputes. The total number of conciliations scheduled outside the 30-day period (excluding extensions) decreased by a remarkable 72 percent. The finalisation of conciliation cases (those that were heard and closed) improved by two percent. Of note were the increased number of cases (eight percent) that were settled and the decrease of the number settled by parties (17 percent).

**Settlement rate**
The actual number of cases settled increased by nine percent. The final settlement rate stands at 69 percent, the highest it has been in years and just one percent short of the target.

**Arbitrations**
The number of arbitrations heard increased by three percent and the number finalised increased by eight percent. Commissioners also settled 12 percent more cases at arbitration.

Total awards rendered decreased by one percent. There is definitely an overall improvement in the confidence level of parties relying on the CCMA processes to settle cases. The submission of late awards by commissioners decreased by three percent. However, a core focus for the 2011/12 year will be to ensure that the awards are sent to the parties within 14 days, as some 47 percent of awards did not meet this statutory requirement.Variations of awards decreased by 19 percent, and the number on review increased by seven percent. CCMA and bargaining council certifications increased by 11 percent and 17 percent respectively.

Full-time commissioner utilisation increased by 26 percent, while their part-time counterparts did 13 percent less work than the previous year. This tightly managed area has resulted in case disbursement cost saving.

Net surplus of the entity is R31 879 thousand (2010: deficit  R15 240 thousand).

**Grant income**
The Government Grant allocated to the CCMA for the financial year under review has increased from the base of 2009/10 financial year 12.79% to R402 017 thousand. The CCMA made representations to the Department of Labour for an increase of R28 200 thousand as a result of the adverse economic conditions and the resultant

## Accounting Authority's Report

increase in case load. The other income is for services rendered in furthering the mandate of the CCMA of promoting social justice and stabilising workplace relations.

### Case disbursements

The organisation has managed to save a significant amount year on year on case disbursements by R9 994 thousand and 6.48% year on year from R154 000 thousand to R144 000 thousand in the current year in implementing a Governing Body going concern strategy in adopting an allocation tactic of 40% cases for full - time commissioners and 60% cases for part - time commissioners. This principle has ensured that the organisation utilise more of the fixed costs (full - time commissioners) before utilising variable costs (part time commissioners). The other factor which contributed to the reduction in costs is the implementation of remunerating senior part -time commissioners at level A commissioner rate for non complex cases. Going forward, the CCMA is concerned that overworking the full-time commissioners is not healthy and this may require reducing the case load on full-time commissioners. The end result will be an escalation in case cost for the coming financial years as more cases are available for distribution to part-time commissioners. The organisation has achieved this at the back of a slight increase in case load a total of 154 279 cases were recorded as new referrals on the Case Management System during the period 1 April 2010 to 31 March 2011 (an average of 615 new referrals every working day). This constituted an increase of 0.4% over the previous year. There were fairly large increases over the previous year in the newly established offices.

### Employee costs

Employee costs have increased by 6.22% year on year which is in line with the predicted cost of living factor; this is attributable to the following reasons:

- The implementation of a collective agreement signed with the CSA with an across the board increase of 8% which was effective 1 April 2010 and a once off performance based payment to employees rated 4 (1.5%) and 5 (3.5%) effective 1 April 2010, implemented in August 2010.
- The Governing Body approved an increase of 6.50% effective 1 April 2010 and a once off performance based payment to employees rated 4 (1.5%) and 5 (3.5%) effective 1 April 2010, to management only implemented after the CCMA secured additional funding from the Department of Labour.
- The temporary staff costs have decreased by 84.56% year on year, this was as a result of better cost control and ensuring that full time staff are performing at an optimum.

### Administrative expenses

The organisation has managed to stabilise the overall expenditure of the organisation in that comparing year on year costs have increased by 0.77% which is attributable to the implementation of the turnaround strategies adopted by the Governing Body.

The organisation has managed to save general travelling and accommodation costs year on year by R1.766 million in implementing a Governing Body going concern strategy on stopping all non essential travel.

### Dispute Management and Prevention Department

The DM&P department's delivery for the year under review reached all corners of South Africa, including rural areas. The impact of departmental initiatives was considerable, as shown by the customer satisfaction survey conducted by Fox Research Solutions.

The department continued to develop and deliver on its Building Workplace Relations and Managing Conflict in the Workplace initiatives, aimed at conflict reduction and building healthy workplace relations. These initiatives displayed a high degree of innovation.

DM&P held and participated in a wide range of labour market and social partner events, including the Labour Law Amendments Bills' road show held by the Department of Labour, the 23rd annual Labour Law Conference, the DITSELA National Symposium on Workers and the Law, a COSATU Collective Bargaining workshop, the Farm Workers' Summit and a National Shop Stewards Conference.

Capacity to deliver on operational plans across the regions was inconsistent and demanded considerable flexibility to achieve the desired results. The regions with capacity challenges have been identified and plans initiated to address each situation.

## Accounting Authority's Report

### Education, Training and Development Department

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

The commissioner training programme was a substantive part of the ETD delivery for the year 2010/2011. It was extremely successful and produced 77 competent and highly skilled commissioners, who have a positive impact on the CCMA and the labour market.

The training consists of seven modules, five of which require learners to hand in portfolio's of evidence and one that requires the learners to complete two assignments in order to attain a due performance mark. The requirements for learners to be found competent as set out in the Guidelines for Learners are detailed below.

The training programme covers the following modules:

- Substantive law
- Conciliation
- Jurisdictional rulings
- Managing dismissal and unfair labour practice
- Arbitration
- Legal drafting skills
- Writing skills.

ETD used the information received from the personal development plans (PDPs) and training requests carried over from the previous financial year to develop the annual training calendar for 2010/2011.

The training needs were incorporated into the Workplace Skills Plan and adopted by the Skills Development Committee.In addition to the annual commissioner training delivered, the following development initiatives were implemented:

- Employment equity training
- Policy development training
- Attendance at the 23rd Annual Labour Law Conference
- Attendance at Juta's annual labour law training
- Annual Internal Audit SA National Conference
- Sustainable BEE best practice training
- Secretarial and minute taking
- Project management training.

A comprehensive, three-phase mentorship programme was undertaken during the year. This is a vital component of ensuring commissioner proficiency and conducted in all provinces. In total, 85 commissioners were required to participate as mentees and were mentored by 71 commissioners. Mentorship in the regions was managed by regional mentorship facilitators under central co-ordination from the national office.

The CCMA offers financial assistance to employees undertaking work-related and relevant study courses in their own time. In the past year applications were considered from all regions and across various disciplines, with the Bursary Committee approving 45 bursaries.

It was established that ETD policies, procedures and standard operating procedures were outdated and they will be given priority attention in the new financial year. Furthermore, as the main focus was on commissioner development, the department was unable to fulfil training needs for the entire organisation. The latest training plan includes development for all categories and levels of staff within the CCMA and ETD staff will undergo skills development to deliver against the plan.

### Institution Building Department

During the period under review the IB Department contributed to the enhancement of the quality of awards and the drafting of performance driven accreditation criteria for Bargaining and Statutory Councils. The IB Department accredited seventeen large Bargaining Councils. Applications for accreditations were also received

## Accounting Authority's Report

from one large Statutory Council, twenty-one small and medium Bargaining Councils and one small and medium Statutory Council. This marked significant increase compared to the previous years. Emphasis was also placed on continuous improvement of the IB Department's service delivery. This included systems being put in place to expedite the certification of awards and the processing of subsidy applications, with turn around periods being considerably reduced.

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

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

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

Capital expenditure for the year amounted to R3 792 thousand (2010: R2 846 thousand). Full details of the non-current assets are contained in a schedule to notes 13 and 14.

### 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 |
|---|---|
| Ms Tanya Cohen - Chairperson of the Governing body | South African |
| Ms Nerine Kahn - Director | South African |
| Mr Ian Macun - Government representative | South African |
| Ms Ntsoaki Mamashela - Government representative | South African |
| Mr Thembinkosi Mkalipi - Government representative | South African |
| Mr Bheki Ntshalintshali - Organised labour representative | South African |
| Ms Mary Malete - Organised labour representative | South African |
| Mr Narius Moloto - Organised labour representative | South African |
| Mr David Carson - Organised business representative | South African |
| Mr Elias Monage - Organised business representative | South African |
| Mr Kaizer Moyane - Organised business representative | 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 monitor the entity's compliance with the code on a three monthly basis.

#### Chairperson and Director
The Chairperson is a non-executive and independent director, as defined by the Code and the LRA.

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

#### Remuneration
The upper limits of the remuneration of the Director, who is the only executive director of the CCMA, are determined

## Accounting Authority's Report

by the Human Resources Sub - Committee in consultation with the Governing body.

**Executive meetings**

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

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

**Audit committee**

For the current financial year, the chairperson of the Audit Committee was Ms Mary Vilakazi, who is a non-executive business representative. The committee met a minimum of four times during the financial year to review matters necessary to fulfill its role.

**9. Auditors**

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

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

The office of the Accountant-General issued a directive dated 16 July 2010 to all government departments and public entities to disclose expenditure related to the 2010 FIFA World Cup clothing and tickets for the 2009/10 and 2010/11 financial years. The disclosure as per the directive is under note 34.

The annual financial statements set out on pages 66 to 106, have been prepared on the going concern basis, were approved by the accounting authority on 31 July 2011 and were signed on its behalf by:

**Ms Tanya Cohen**
**Chairperson of Governing Body**
**31 July 2011**

**Ms Nerine Kahn**
**Director**

## Statement of Financial Position

| | Note(s) | 2011 R'000 | Restated 2010 R'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 13 | 16 824 | 17 943 |
| Intangible assets | 14 | 6 448 | 3 366 |
| | | **23 272** | **21 309** |
| **Current Assets** | | | |
| Inventories | 15 | 1184 | 913 |
| Trade and other receivables from exchange transactions | 16 | 273 | 489 |
| Prepayments | 17 | 2 194 | 126 |
| Cash and cash equivalents | 18 | 35 191 | 11 531 |
| | | **38 842** | **13 059** |
| **Total Assets** | | **62 114** | **34 368** |
| **Liabilities** | | | |
| **Non-Current Liabilities** | | | |
| Operating lease liability | 19 | 9 293 | 8 106 |
| **Current Liabilities** | | | |
| Operating lease liability | 19 | 1 855 | 1 930 |
| Trade and other payables from exchange transactions | 20 | 54 203 | 54 060 |
| Provisions | 21 | 11 262 | 16 650 |
| | | **67 320** | **72 640** |
| **Total Liabilities** | | **76 613** | **80 746** |
| **Net Liabilities** | | **(14 499)** | **(46 378)** |
| **Net Liabilities** | | | |
| Accumulated deficit | | (14 499) | (46 378) |

## Statement of Financial Performance

| | Note(s) | 2011 R'000 | Restated 2010 R'000 |
|---|---|---|---|
| **Revenue** | | | |
| Rendering of services | 2 | 1 506 | 3 136 |
| Government grants and subsidies | 3 | 402 017 | 356 442 |
| Other income | 4 | 4 131 | 2 314 |
| **Total Revenue** | | **407 654** | **361 892** |
| **Expenditure** | | | |
| Employee related costs | 5 | (130 867) | (123 250) |
| Administration | 6 | (81 973) | (72 813) |
| Depreciation and amortisation | 7 | (616) | (6 136) |
| Subsidies | 8 | (5 025) | (4 483) |
| Operating expenses | 9 | (162 865) | (173 737) |
| **Total Expenditure** | | **(381 346)** | **(380 419)** |
| Surplus or (deficit) on sale of assets and liabilities | 10 | 118 | (398) |
| Income from investments | 11 | 5 453 | 3 685 |
| **Surplus (deficit) for the year** | | **31 879** | **(15 240)** |

## Statement of Changes in Net Assets

| | Restated Accumulated surplus/(deficit) R'000 |
|---|---|
| **Balance at 31 March 2009** | **(32 336)** |
| Prior year restatements (as per note 29) | 1 198 |
| Deficit for the year as previously reported | (15 240) |
| **Balance at 31 March 2010** | **(46 378)** |
| Surplus for the year | 31 879 |
| **Balance at 31 March 2011** | **(14 499)** |

## Cash Flow Statement

| | Note(s) | 2011 R'000 | Restated 2010 R'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Cash receipts from customers** | | | |
| Government grant | | 402 017 | 356 442 |
| Interest income | | 5 453 | 3 685 |
| Services and other receipts | | 5 755 | 7 310 |
| | | 413 225 | 367 437 |
| **Payments** | | | |
| Employee costs | | (129 719) | (121 676) |
| Suppliers | | (251 315) | (233 420) |
| Subsidies | | (5 025) | (4 483) |
| | | (386 059) | (359 579) |
| **Net cash flows from operating activities** | 22 | **27 166** | **7 858** |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | 13 | (3 781) | (2 714) |
| Disposal of property, plant and equipment | 13 | 168 | 333 |
| Proceeds from sale of property, plant and equipment | | 118 | - |
| Purchase of other intangible assets | 14 | (11) | (132) |
| **Net cash flows from investing activities** | | **(3 506)** | **(2 513)** |
| **Net increase/(decrease) in cash and cash equivalents** | | **23 660** | **5 345** |
| Cash and cash equivalents at the beginning of the year | | 11 531 | 6 186 |
| **Cash and cash equivalents at the end of the year** | 18 | **35 191** | **11 531** |

## Accounting Policies

### 1. Presentation of Annual Financial Statements

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

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

These accounting policies are consistent with the previous period

### 1.1 Revenue from exchange transactions

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

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

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

**Rendering of services**

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

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

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified 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.

### 1.2 Revenue from non-exchange transactions

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.

## Accounting Policies

### 1.2 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.

### 1.3 Expenditure

Expenditure is recognised on the accrual basis.

### 1.4 Employee benefits

**Short-term employee benefits**

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

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.

### 1.5 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.

## Accounting Policies

### 1.6 Property, plant and equipment

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

Property, plant and equipment are initially measured at cost.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Accounting Policies

### 1.6 Property, plant and equipment (continued)

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

Property, plant and equipment are carried at the revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

| Item | Average useful life |
|---|---|
| Furniture and fixtures | 5 to 15 years |
| Office equipment | 2 to 10 years |
| IT equipment | 3 to 10 years |

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

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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

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

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

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

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

### 1.7 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the entity or from other rights and obligations.

## Accounting Policies

### 1.7 Intangible assets (continued)

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

| Item | Useful life |
|---|---|
| Computer software, internally generated | 3 to 10 years |
| Computer software | 3 to 10 years |

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

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

### 1.8 Leases

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

**Operating leases - lessor**

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

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

Income for leases is disclosed under revenue in the statement of financial performance.

**Operating leases – lessee**

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

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

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

### 1.9 Inventories

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

Inventories are valued on the weighted average cost basis.

### 1.10 Financial instruments

**Classification**

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

## Accounting Policies

### 1.10 Financial instruments (continued)

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 provions for the instrument.

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

**Subsequent measurement**

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

**Trade and other receivables**

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

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

Trade and other receivables are classified as loans and receivables.

**Trade and other payables**

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

**Cash and cash equivalents**

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

**Bank overdraft and borrowings**

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

## Accounting Policies

### 1.11 Provisions and contingencies

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

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

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

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

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

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

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

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

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

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:
- The amount that would be recognised as a provision
- The amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 23.

**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.

**Leave pay provision**
The leave pay provision 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.

**Litigation**
This 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.

## Accounting Policies

### 1.12 Significant judgements and sources of estimation uncertainty

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

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

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

**Provisions and accruals**
Provisions are estimates raised by management using the information available to management. Additional disclosure of these provisions are included in note 21.

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

**Intangible assets**
The entity estimates that the useful life of intangible assets is 10 years, based on projected levels of usage of the software.

**Leave pay**
The leave pay provision is based on the total annual leave days due to employees. Only 30 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 attorneys fees and is 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 of completing cases, based on the expected mix of cases, the average time spent per case and the incremental costs to be incurred for finalisation of these cases.

### 1.13 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.

## Accounting Policies

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

National Treasury practice note number 4 of 2008/2009, which was issued in terms of sections 76(1) to 76(4) of the PFMA, requires the following (effective from 1 April 2008):

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

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

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

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

### 1.16 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 2011 or later periods:

## Accounting Policies

### 1.16 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.

Directive 3 - Transitional provisions for high capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have no been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, recognition requirements of this Standard would not apply to such items until the transitional provision in that Standard expires.

Directive 4 – Transitional provisions for medium and low capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions un the Standard of GRAP on Property, Plant and Equipment and the Standard of GRAP on Agriculture, the recognition requirements of the Standard would not apply to such items until the transitional provision in that standard expires.

The effective date of the standard is for years beginning on or after 01 April 2011.

The entity expects to adopt the standard for the first time in the 2011 annual financial statements

**GRAP 25: Employee benefits**

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

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

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

GRAP25 defines, amongst others, the following:

- Employee benefits as all forms of consideration given by an entity in exchange for service rendered by employees;
- Defined contribution plans as post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods;
- Defined benefit plans as post-employment benefit plans other than defined contribution plans;
- Multi-employer plans as defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that:

## Accounting Policies

### 1.16 New standards and interpretations (continued)

- pool the assets contributed by various entities that are not under common control; and
- use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned;
- Other long-term employee benefits as employee benefits (other than post-employment benefits and termination benefits) that is not due to be settled within twelve months after the end of the period in which the employees render the related service;
- Post-employment benefits as employee benefits (other than termination benefits) which are payable after the completion of employment;
- Post-employment benefit plans as formal or informal arrangements under which an entity provides post-employment benefits for one or more employees;
- Short-term employee benefits as employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service;
- State plans as plans other than composite social security programmes established by legislation which operate as if they are multi-employer plans for all entities in economic categories laid down in legislation;
- Termination benefits as employee benefits payable as a result of either:
- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits;
- Vested employee benefits as employee benefits that are not conditional on future employment.

The standard states the recognition, measurement and disclosure requirements of:
- Short-term employee benefits;
- All short-term employee benefits;
- Short-term compensated absences;
- Bonus, incentive and performance related payments;
- Post-employment benefits: Defined contribution plans;
- Other long-term employee benefits;
- Termination benefits.

The standard states Post-employment benefits: Distinction between defined contribution plans and defined benefit plans:
- Multi-employer plans;
- Defined benefit plans where the participating entities are under common control;
- State plans;
- Composite social security programmes;
- Insured benefits.

The standard prescribes recognition and measurement for:
- Present value of defined benefit obligations and current service cost:
- Actuarial valuation method;
- Attributing benefits to periods of service;
- Actuarial assumptions;
- Actuarial assumptions: Discount rate;
- Actuarial assumptions: Salaries, benefits and medical costs;
- Actuarial gains and losses;
- Past service cost.
- Plan assets:
- Fair value of plan assets;
- Reimbursements;
- Return on plan assets.

The standard also deals with Entity combinations and Curtailments and settlements.This standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

## Accounting Policies

### 1.16 New standards and interpretations (continued)

The effective date of the standard is for years beginning on or after 01 April 2011.The entity expects to adopt the standard for the first time in the 2011 annual financial statements.It is unlikely that the standard will have a material impact on the entity's annual financial statements.

**GRAP 104: Financial Instruments**
The standard prescribes recognition, measurement, presentation and disclosure requirements for financial instruments. Financial instruments are defined as those contracts that results in a financial asset in one entity and a financial liability or residual interest in another entity. A key distinguishing factor between financial assets and financial liabilities and other assets and liabilities, is that they are settled in cash or by exchanging financial instruments rather than through the provision of goods or services.

One of the key considerations in initially recognising financial instruments is the distinction, by the issuers of those instruments, between financial assets, financial liabilities and residual interests. Financial assets and financial liabilities are distinguished from residual interests because they involve a contractual right or obligation to receive or pay cash or another financial instrument. Residual interests entitle an entity to a portion of another entity's net assets in the event of liquidation and, to dividends or similar distributions paid at management's discretion.

In determining whether a financial instrument is a financial asset, financial liability or a residual interest, an entity considers the substance of the contract and not just the legal form.

Where a single instrument contains both a liability and a residual interest component, the issuer allocates the instrument into its component parts. The issuer recognises the liability component at its fair value and recognises the residual interest as the difference between the carrying amount of the instrument and the fair value of the liability component. No gain or loss is recognised by separating the instrument into its component parts.

Financial assets and financial liabilities are initially recognised at fair value. Where an entity subsequently measures financial assets and financial liabilities at amortised cost or cost, transactions costs are included in the cost of the asset or liability.

The transaction price usually equals the fair value at initial recognition, except in certain circumstances, for example, where interest free credit is granted or where credit is granted at a below market rate of interest.

Concessionary loans are loans either received by or granted to another entity on concessionary terms, e.g. at low interest rates and flexible repayment terms. On initial recognition, the fair value of a concessionary loan is the present value of the agreed contractual cash flows, discounted using a market related rate of interest for a similar transaction. The difference between the proceeds either received or paid and the present value of the contractual cash flows is accounted for as non-exchange revenue by the recipient of a concessionary loan in accordance with Standard of GRAP on Revenue from Non-exchange Revenue Transactions (Taxes and Transfers), and using the Framework for the Preparation and Presentation of Financial Statements (usually as an expense) by the grantor of the loan.

Financial assets and financial liabilities are subsequently measured either at fair value or, amortised cost or cost. An entity measures a financial instrument at fair value if it is:
- a derivative;
- a combined instrument designated at fair value, i.e. an instrument that includes a derivative and a non-derivative host contract;
- held-for-trading;
- a non-derivative instrument with fixed or determinable payments that is designated at initial recognition to be measured at fair value;
- an investment in a residual interest for which fair value can be measured reliably; and
- other instruments that do not meet the definition of financial instruments at amortised cost or cost.

Derivatives are measured at fair value. Combined instruments that include a derivative and non-derivative host contract are accounted for as follows:
- Where an embedded derivative is included in a host contract which is a financial instrument within the scope of this Standard, an entity can designate the entire contract to be measured at fair value or, it can account for the host contract and embedded derivative separately using GRAP 104. An entity is however required to measure the entire instrument at fair value if the fair value of the derivative cannot be measured reliably.

## Accounting Policies

### 1.16 New standards and interpretations (continued)

Where the host contract is not a financial instrument within the scope of this Standard, the host contract and embedded derivative are accounted for separately using GRAP 104 and the relevant Standard of GRAP.

Financial assets and financial liabilities that are non-derivative instruments with fixed or determinable payments, for example deposits with banks, receivables and payables, are measured at amortised cost. At initial recognition, an entity can however designate such an instrument to be measured at fair value.

An entity can only measure investments in residual interests at cost where the fair value of the interest cannot be determined reliably.

Once an entity has classified a financial asset or a financial liability either at fair value or amortised cost or cost, it is only allowed to reclassify such instruments in limited instances.
An entity derecognises a financial asset, or the specifically identified cash flows of an asset, when:
- the cash flows from the asset expire, are settled or waived;
- significant risks and rewards are transferred to another party; or
- despite having retained significant risks and rewards, an entity has transferred control of the asset to another entity.

An entity derecognises a financial liability when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where an entity modifies the term of an existing financial liability, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

An entity cannot offset financial assets and financial liabilities in the statement of financial position unless a legal right of set-off exists, and the parties intend to settle on a net basis.

GRAP 104 requires extensive disclosures on the significance of financial instruments for an entity's statement of financial position and statement of financial performance, as well as the nature and extent of the risks that an entity is exposed to as a result of its annual financial statements. Some disclosures, for example the disclosure of fair values for instruments measured at amortised cost or cost and the preparation of a sensitivity analysis, are encouraged rather than required.

GRAP 104 does not prescribe principles for hedge accounting. An entity is permitted to apply hedge accounting, as long as the principles in IAS 39 are applied.

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

The effective date of the standard is for years beginning on or after 1 April 2011.The entity expects to adopt the standard for the first time in the 2011 annual financial statements.It is unlikely that the amendment will have a material impact on the entity's annual financial statements.

**Standards and interpretations not yet effective**
The following standards and interpretations have been issued but are not yet effective:

**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

## Accounting Policies

### 1.16 New standards and interpretations (continued)

**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 part of another entity.

**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
- 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 continues 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.

## Notes to the Annual Financial Statements

| | | 2011 R'000 | Restated 2010 R'000 |
|---|---|---|---|
| **2.** | **Rendering of services** | | |
| | Revenue from non-exchange transactions | 1 506 | 3 136 |
| **3.** | **Government grants and subsidies** | | |
| | Grant income | 402 017 | 356 442 |
| **4.** | **Other revenue** | | |
| | Seminars and other sundry income | 4 131 | 2 314 |
| **5.** | **Employee-related costs** | | |
| | Basic salaries | 98 112 | 88 393 |
| | Performance awards | 897 | 989 |
| | Temporary staff | 270 | 2 046 |
| | Leave pay provision charge | 2 072 | 2 878 |
| | Post-employment benefits-Defined contribution pension plan | 20 458 | 19 281 |
| | Medical aid - company contributions | 4 993 | 4 872 |
| | UIF | 706 | 682 |
| | WCA | 847 | 1 160 |
| | SDL | 2 435 | 2 753 |
| | Other salary related costs | 77 | 196 |
| | | **130 867** | **123 250** |
| **6.** | **Administrative expenditure** | | |
| | General and administrative expenses | 36 474 | 32 707 |
| | Governing Body | 744 | 254 |
| | Auditors' remuneration | 2 668 | 1 876 |
| | Travel and subsistence | 6 395 | 7 574 |
| | **Rentals in respect of operating leases** | | |
| | - Buildings | 25 888 | 23 832 |
| | - Fixtures and equipment | 9 375 | 6 081 |
| | - Vehicles | 429 | 489 |
| | | **81 973** | **72 813** |
| **7.** | **Depreciation and amortisation** | | |
| | Leasehold improvements | 1 684 | 1 956 |
| | Furniture and fittings | 1 514 | 1 032 |
| | Office equipment | 802 | 954 |
| | IT equipment | (245) | (585) |
| | Computer software | (3 139) | 2 779 |
| | | **616** | **6 136** |
| **8.** | **Subsidies** | | |
| | CCMA Accredited Bargaining Councils - subsidy payments | 5 025 | 4 483 |

## Notes to the Annual Financial Statements

| | | 2011 R'000 | Restated 2010 R'000 |
|---|---|---|---|
| **9.** | **Operating expenses** | | |
| | Bad debts | (18) | - |
| | Case disbursements - other expenses | 48 138 | 44 669 |
| | Case disbursements - part-time fees | 95 878 | 109 584 |
| | Consulting costs | 2 443 | 4 342 |
| | EPP research expenses | 4 047 | 2 055 |
| | Entertainment | (72) | 24 |
| | Legal expenses | 2 747 | 3 134 |
| | Loss on sales of non-current assets | 73 | 324 |
| | Maintenance, repairs and running costs | 6 982 | 4 872 |
| | Training | 2 647 | 4 733 |
| | | **162 865** | **173 737** |
| **10.** | **Gains on sale of fixtures and equipment** | | |
| | Insurance recoveries | 118 | - |
| | (Gain) on sale of assets | - | (398) |
| | **Total** | **118** | **(398)** |

### 11. Investment revenue

Total interest income was calculated using the effective interest rate on financial instruments, not at fair value, through surplus or deficit amounted to R5,453 (2010: R3,685).

| | 2011 R'000 | Restated 2010 R'000 |
|---|---|---|
| **Interest income** | | |
| Bank deposits | 5 453 | 3 685 |

### 12. Auditors' remuneration

| | 2011 R'000 | Restated 2010 R'000 |
|---|---|---|
| Fees | 2 668 | 1 876 |

### 13. Property, plant and equipment

| | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|
| | Cost | Accumulated depreciation and accumulated impairment | Carrying value | Cost | Accumulated depreciation and accumulated impairment | Carrying value |
| Furniture and fittings | 13 950 | (7 266) | 6 684 | 13 522 | (6 109) | 7 413 |
| Office equipment | 5 022 | (3 057) | 1 965 | 4 228 | (2 479) | 1 749 |
| IT equipment | 10 063 | (3 736) | 6 327 | 17 008 | (11 545) | 5 463 |
| Leasehold improvements | 8 921 | (7 073) | 1 848 | 8 707 | (5 389) | 3 318 |
| **Total** | **37 956** | **(21 132)** | **16 824** | **43 465** | **(25 522)** | **17 943** |

## Notes to the Annual Financial Statements

| | 2011 R'000 | Restated 2010 R'000 |
|---|---|---|

### Reconciliation of property, plant and equipment - 2011

| | Opening balance | Additions | Disposals | Other changes, movements | Depreciation | Total |
|---|---|---|---|---|---|---|
| Furniture and fittings | 7 413 | 1 919 | (105) | (682) | (1 861) | 6 684 |
| Office equipment | 1 749 | 1 036 | (1) | 397 | (1 216) | 1 965 |
| IT equipment | 5 463 | 611 | (62) | 1 031 | (716) | 6 327 |
| Leasehold improvements | 3 318 | 215 | - | 195 | (1 880) | 1 848 |
| | **17 943** | **3 781** | **(168)** | **941** | **(5 673)** | **16 824** |

### Reconciliation of property, plant and equipment - 2010

| | Opening balance | Additions | Disposals | Other changes and movements | Depreciation | Total |
|---|---|---|---|---|---|---|
| Furniture and fittings | 6 776 | 978 | (352) | 1 044 | (1 033) | 7 413 |
| Office equipment | 1 493 | 1 180 | (1) | 34 | (957) | 1 749 |
| IT equipment | 4 583 | 246 | (18) | 60 | 592 | 5 463 |
| Leasehold improvements | 4 963 | 310 | - | - | (1 955) | 3 318 |
| | **17 815** | **2 714** | **(371)** | **1 138** | **(3 353)** | **17 943** |

The CCMA had a database error on the fixed asset module and this error affected the opening balances for all assetcategories for both cost and accumulated depreciation. Refer to note 29 for the implications on the restatements. The changes are reflected under the other changes and movements in the reconciliation above.

The CCMA has assets with a net book value of R1 and less. Annually at reporting date, the organisation recalculates a change in estimate and the necessary adjustments processed prospectively. The changes are reflected under the other changes and movements in the reconciliation above.

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

### 14. Intangible assets

| | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|
| | Cost | Accumulated amortisation and accumulated impairment | Carrying value | Cost | Accumulated amortisation and accumulated impairment | Carrying value |
| Computer software | 9 423 | (2 975) | 6 448 | 9 412 | (6 046) | 3 366 |

## Notes to the Annual Financial Statements

| | 2011 R'000 | Restated 2010 R'000 |
|---|---|---|

### Reconciliation of intangible assets - 2011

| | Opening balance | Additions | Other changes, movements | Amortisation | Total |
|---|---|---|---|---|---|
| Computer software | 3 366 | 11 | 5 474 | (2 403) | 6 448 |

### Reconciliation of intangible assets - 2010

| | Opening balance | Additions | Disposals | Amortisation | Total |
|---|---|---|---|---|---|
| Computer software | 6 372 | 132 | (359) | (2 779) | 3 366 |

Details of change of estimate

Management consulted the developers of the computer software used by the CCMA and the advice received was to change the estimated life to ten years from the initial three years recognised at acquisition. The effective date of the change of estimate revaluations was 31 March 2011. Management followed GRAP 102 reviewing the amortisation period of the intangible asset and GRAP 3 was followed for the accounting treatment, which provides that the recognition of the change should be prospective in surplus or deficit.

These assumptions are based on current market conditions.

### 15. Inventories

| | 2011 | 2010 |
|---|---|---|
| Consumable stores | 1 184 | 913 |
| Inventories recognised as an expense during the year | 5 031 | 5 902 |

### 16. Trade and other receivables from exchange transactions

| | 2011 | 2010 |
|---|---|---|
| Trade debtors | 329 | 518 |
| Less: Provision for doubtful debts | (57) | (74) |
| Employee study loans | 1 | 45 |
| | **273** | **489** |

**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 2011, R41 thousand (2010: R301 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:

| | 2011 | 2010 |
|---|---|---|
| One month past due | 24 | 633 |
| Two months past due | 1 | 10 |
| Three months past due | (41) | (301) |

### 17. Prepayments

| | 2011 | 2010 |
|---|---|---|
| Advances | 319 | 46 |
| Payroll - salary advance account | 78 | 27 |
| Prepayments | 1 797 | 53 |
| | **2 194** | **126** |

## Notes to the Annual Financial Statements

| | | 2011<br>R'000 | Restated<br>2010<br>R'000 |
|---|---|---|---|
| **18.** | **Cash and cash equivalents** | | |
| | Cash and cash equivalents consist of: | | |
| | Cash on hand | 22 | 22 |
| | Bank balances | 34 011 | 10 157 |
| | Pledged funds* | 1 158 | 1 352 |
| | | **35 191** | **11 531** |

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.

| | 2011 | 2010 |
|---|---|---|
| The total amount of undrawn facilities available for future operating activities and commitments | 1 154 | 1 154 |

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

The entity has an ABF facility of R1 700 thousand with Nedbank.

| | | 2011 | 2010 |
|---|---|---|---|
| **19.** | **Operating lease asset (accrual)** | | |
| | Long-term lease obligation | (9 293) | (8 106) |
| | Short-term lease obligation | (1 855) | (1 930) |
| | | **(11 148)** | **(10 036)** |
| **20.** | **Trade and other payables from exchange transactions** | | |
| | Trade payables | 4 197 | 4 368 |
| | Accruals: general expenses, bargaining councils and case disbursements | 39 093 | 39 476 |
| | Learnership and project funds | 80 | 80 |
| | Payroll creditors | 6 418 | 6 915 |
| | Skills development levy | 2 654 | 2 307 |
| | Workmen compensation | 1 761 | 914 |
| | | **54 203** | **54 060** |

**21. Provisions**

**Reconciliation of provisions - 2011**

| | Opening Balance | Additions | Utilised during the year | Total |
|---|---|---|---|---|
| Cases in process | 16 650 | 11 262 | (16 650) | 11 262 |

**Reconciliation of provisions - 2010**

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

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.

## Notes to the Annual Financial Statements

| | 2011 R'000 | Restated 2010 R'000 |
|---|---|---|
| **22. Cash generated from operations** | | |
| Surplus (deficit) | 31 879 | (15 240) |
| **Adjustments for:** | | |
| Depreciation and amortisation | 616 | 6 136 |
| (Loss) gain on sale of assets and liabilities | (118) | 398 |
| Income from equity accounted investments | (5 453) | (3 685) |
| Movements in operating lease assets and accruals | 1 187 | 1 416 |
| Movements in provisions | (5 388) | 2 073 |
| **Changes in working capital:** | | |
| Inventories | (271) | 394 |
| Trade and other receivables from exchange transactions | 216 | 2 212 |
| Prepayments | (2 068) | - |
| Trade and other payables from exchange transactions | 1 113 | 10 469 |
| Interest received | 5 453 | 3 685 |
| | **27 166** | **7 858** |

### 23. Contingencies

Legal matter

The CCMA is a defendant in a legal case instituted against the entity in 2007. At the date of this report, the outcome of this case was unknown and as a result no provision was made in the financial statements. A contingent liability of R3 540 thousand was calculated by the CCMA (2010: R3 540 thousand).

South African Revenue Service

The CCMA could be held liable by the South African Revenue Services (SARS) for taxation as per statutory tax rates applicable to individuals and possible interest and penalties thereon for the periods ending 28 February 2007 and and 28 February 2008. The amount of the obligation cannot be measured with sufficient reliability.

## Notes to the Annual Financial Statements

| | 2011 R'000 | Restated 2010 R'000 |
|---|---|---|
| **24. Commitments** | | |
| **Authorised capital expenditure** | | |
| **Already contracted for but not provided for** | | |
| •Property, plant and equipment | - | 60 |

The capital expenditure is to be financed by grants 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.

| | 2011 R'000 | Restated 2010 R'000 |
|---|---|---|
| **Operating leases – Buildings** | | |
| **Minimum lease payments due** | | |
| - within one year | 8 643 | 23 039 |
| - in second to fifth year, inclusive | 77 319 | 67 477 |
| - later than five years | 109 811 | 22 394 |
| | **195 773** | **112 910** |
| **Operating leases – Vehicles** | | |
| **Minimum lease payments due** | | |
| - within one year | 427 | 444 |
| - in second to fifth year, inclusive | 337 | 1 184 |
| | **764** | **1 628** |
| **Operating lease - Fixtures and Equipment** | | |
| **Minimum lease payments due** | | |
| - within one year | 15 482 | 21 841 |
| - in second to fifth year, inclusive | 19 898 | 30 872 |
| | **35 380** | **52 713** |

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

## Notes to the Annual Financial Statements

| | 2011 R'000 | Restated 2010 R'000 |
|---|---|---|

### 25. Members' emoluments

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

**Executive management**

| 2011 | Salary | Pension paid or receivable | Expense allowance | Performance bonus | Total |
|---|---|---|---|---|---|
| Director: N Kahn | 1 016 | 142 | - | - | 1 158 |
| Other executive managers | 5 653 | 763 | 70 | - | 6 486 |
| | **6 669** | **905** | **70** | **-** | **7 644** |

| 2010 | Salary | Pension paid or receivable | Expense allowance | Performance bonus | Total |
|---|---|---|---|---|---|
| Director: N Kahn | 882 | 130 | 58 | - | 1 070 |
| Other executive managers | 5 308 | 710 | 232 | - | 6 250 |
| | **6 190** | **840** | **290** | **-** | **7 320** |

**Non-executive**

| 2011 | Emoluments | Pension paid or receivable | Expense allowance | Gain on exercise of options | Total |
|---|---|---|---|---|---|
| - Chairperson: T Cohen | - | - | 154 | - | 154 |
| - Business representatives on Governing Body | - | - | 26 | - | 26 |
| - Labour representatives on Governing Body | - | - | 63 | - | 63 |
| | **-** | **-** | **243** | **-** | **243** |

| 2010 | Emoluments | Pension paid or receivable | Expense allowance | Gain on exercise of options | Total |
|---|---|---|---|---|---|
| - Chairperson: T Cohen | - | - | 21 | - | 21 |
| - Business representatives on Governing Body | - | - | 23 | - | 23 |
| - Labour representatives on Governing Body | - | - | 62 | - | 62 |
| | **-** | **-** | **106** | **-** | **106** |

## Notes to the Annual Financial Statements

| | | 2011 R'000 | Restated 2010 R'000 |
|---|---|---|---|
| **26.** | **Fruitless and wasteful expenditure** | | |
| | Penalty on late payment of provident fund | - | 11 |

No fruitless or wasteful expenditure was incurred by the CCMA during the current financial year.

### 27. 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.

### 28. Financial assets by category

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

**2011**

| | Loans and receivables | Total |
|---|---|---|
| Trade and other receivables | 329 | 329 |
| Cash and cash equivalents | 34 011 | 34 011 |
| | **34 340** | **34 340** |

**2010**

| | Loans and receivables | Total |
|---|---|---|
| Trade and other receivables | 883 | 883 |
| Cash and cash equivalents | 10 157 | 10 157 |
| | **11 040** | **11 040** |

## Notes to the Annual Financial Statements

| | 2011 R'000 | Restated 2010 R'000 |
|---|---|---|

### 29. Reclassification and restatements

**Statement of Financial Position**

| | Note | 2010 Balance as Previously Stated R'000 | Restatement | 2010 Restated R'000 |
|---|---|---|---|---|
| Property, plant and equipment | 13 | 16 805 | 1 137 | 17 942 |
| Intangible assets | 14 | 3 366 | - | 3 366 |
| **Total non-current assets** | | **20 171** | **1 137** | **21 308** |
| Trade and other receivables | 16 | 868 | (380) | 488 |
| Inventories | 15 | 913 | - | 913 |
| Prepayments | 17 | 126 | - | 126 |
| Cash and cash equivalents | 18 | 11 531 | - | 11 531 |
| **Total current assets** | | **13 438** | **(380)** | **13 058** |
| Provisions | 21 | 16 650 | - | 16 650 |
| Trade and other payables | 20 | 56 429 | (441) | 55 988 |
| Operating lease liabilities | 19 | 8 106 | - | 8 106 |
| **Total liabilities** | | **81 185** | **(441)** | **80 744** |
| **Total assets less total liabilities** | | **(47 576)** | **1 198** | **(46 378)** |
| Retained earnings | | (47 576) | 1 198 | (46 378) |

**Cash Flow Statement**

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

**Statement of Financial Performance**

| | Note | 2010 Balance as Previously Stated R'000 | Restatement | 2010 Restated R'000 |
|---|---|---|---|---|
| Revenue | 2 | 359 578 | - | 359 578 |
| Other Income | 4 | 2 314 | - | 2 314 |
| Gross surplus | | 361 892 | - | 361 892 |
| Administrative expenses | 6 | (72 813) | - | (72 813) |
| Staff costs | 5 | (123 250) | - | (123 250) |
| Subsidies | 8 | (4 483) | - | (4 483) |
| Other operating expenses | 9 | (173 737) | - | (173 737) |
| Depreciation | 7 | (6 136) | - | (6 136) |
| Investment revenue | 11 | 3 685 | - | 3 685 |
| Surplus or deficit on sale of non-current assets | 10 | (398) | - | (398) |
| **Net deficit** | | **(15 240)** | **-** | **(15 240)** |

Non-current assets

The fixed asset register module on the accounting information system was corrupted and resulted in a database error. The opening balances for both costs and accumulated depreciation were affected. The balances were corrected by the error value of R1370 thousand. Refer to notes 13 and 14.

Current assets

There has been an overstatement of the receivables as a result of the wrong processing of a credit note in prior years to the value of R5 thousand. Refer to note 16.

## Notes to the Annual Financial Statements

| | 2011 R'000 | Restated 2010 R'000 |
|---|---|---|

**29. Reclassification and restatements (continued)**

The debtors control account was overstated by R365 thousand from the 2010 financial year the error was corrected with a restatement to trade and other receivables. Refer note 16.

Liabilities

The organisation restated its statement of financial position for the 2010 financial year due to a prior year value of R838 thousand. The error was corrected by restating trade and other payables by R838 thousand. Refer to note 20.

The accounts payable clearing account was not cleared properly for the 2010 financial year resulting in an understatement for R396 thousand, the error was corrected with a restatement of trade and other payables. Refer to note 20.

Disclosure

The Director's remuneration disclosure for the 2009/10 year has been amended from R954 thousand to R1 070 thousand due to an error in computing prior year eanings. Refer to note 25.The non-executive remuneration disclosure has been restated for 2009/10 year, the Chairperson is disclosed separately and the reported amounts for business representatives on the Governing Body has been restated to R23 thousand from R44 thousand. Refer to note 25.

**30. Related parties**
**Trading transactions**

| | 2011 R'000 | Restated 2010 R'000 |
|---|---|---|
| **Service income** | | |
| Eskom | 9 | - |
| **Purchases from related parties** | | |
| South African Broadcasting Corporation | - | 11 |
| South African Post office Ltd | 8 | 14 |
| Telkom SA Ltd | 6 368 | 4 669 |
| Government Printing | 28 | 21 |
| **Owing by CCMA** | | |
| South African Post office Ltd | - | 2 |
| Telkom SA Ltd | 626 | 444 |
| Government Printing Works | 3 | 15 |

The above listed entities are all related parties through a common listing under the PFMA as listed public entities.

| | 2011 R'000 | Restated 2010 R'000 |
|---|---|---|
| **Administration fees paid to (received from) related parties** | | |
| Mr. D. Lakay (member of FRSC) | 134 | 42 |

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

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

**Key management information**

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

## Notes to the Annual Financial Statements

| | | 2011<br>R'000 | Restated<br>2010<br>R'000 |
|---|---|---|---|
| **31.** | **Irregular expenditure** | | |
| | Opening balance | 58 346 | 33 018 |
| | Add: Irregular Expenditure - current year | 1 598 | 25 328 |
| | Less: Amounts not recoverable (condoned) | (58 346) | - |
| | | **1 598** | **58 346** |
| | **Analysis of expenditure awaiting condonation per age classification** | | |
| | Current year | 1 598 | - |

**Details of Irregular Expenditure – Current year**

| | Management comments | |
|---|---|---|
| 1. Inadequate planning in acquiring furniture which was in contravention of Treasury Regulations 16A6.3C, 16A6.4 and 4.7.8 | The Accounting Officer will monitor and ensure that the appointed SCM committees operate and comply with the applicable Treasury Regulations regarding Supply Chain Management. The non adherence to required processes was identified by the accounting officer and appropriate corrective action was taken in relation to involved officials | 994 |
| 2. Not inviting three (3) quotations in acquiring courier services contravening Practice Note 8 paragraph 3.3.3 | Management has designed a process to ensure officials request a deviation from a normal procurement process, if necessary. The above transactions were not detected by the internal control system; a further step will be introduced at accounts payable that transactions without the required three quotations or deviation approval will not be paid | 265 |
| 3. The evaluation criteria used in appointing a service provider for least cost routing was not specified in the bidding documents as required by Treasury Regulations 16A6.3(b). | The Accounting Officer will update and automate the evaluation process to ensure that compliance to the Treasury Regulations is not compromised. The CFO will ensure that all specifications have a consistent evaluation criteria and that it is communicated to all bidders on tender invitation stage. | 271 |
| 4. The service provider with an expired tax clearance certificate was awarded a security contract. the supplier also charged for VAT when they were not registered for VAT. | Management will be reporting the affected suppliers to the relevant authorities on the transgressions and recovery efforts on the payments will be initiated. Management will further change the current configurations on the system to validate new supplier information when being captured on the database to pick up non VAT registered supplier profiles. | 68 |
| | | **1 598** |

## Notes to the Annual Financial Statements

| | 2011 R'000 | Restated 2010 R'000 |
|---|---|---|

**32. Reconciliation between budget and statement of financial performance**

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

| | 2011 R'000 | Restated 2010 R'000 |
|---|---|---|
| Net surplus (deficit) per the statement of financial performance | 31 879 | (15 240) |
| **Adjusted for:** | | |
| Increase / (decrease) in provisions | (21 386) | 81 897 |
| Increase / (decrease) in staff costs | 18 796 | 6 911 |
| (Increase) / decrease in government grants | (28 200) | (78 430) |
| (Increase) / decrease in other income | (1 207) | 4 865 |
| Surplus / (deficit) on sale of assets | 118 | 398 |
| **Net surplus (deficit) per approved budget** | **-** | **401** |

- The CCMA submits a compliance budget to the Department of Labour and National Treasury on or before the 30 September of each year as required by legislation. The CCMA always budgets for break even and the approved compliance budget on the cash basis is at break-even. The CCMA is funded on a cash basis and the allocation of funds is also on a cash basis.
- The amounts reflected above are the budget surplus/deficit on the accrual basis as approved by the Governing Body, the deficit for the 2009/10 was approved at midterm for the CCMA. The CCMA has always ensured that it does not budget for a deficit and for all the years on a cash basis the CCMA has always been at break even.

**33. Directives from National Treasury on 2010 FIFA World Cup Expenditure**

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

**34. 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 he records the reasons for any deviations and reports them to 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** | | |
|---|---|---|
| Current year | 1 768 | - |

## Notes to the Annual Financial Statements

| | 2011 | Restated 2010 |
|---|---|---|
| | R'000 | R'000 |

**35. Financial liabilities by category**

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

**2011**

| | Amortised cost | Total |
|---|---|---|
| Trade and other payables | 4 199 | 4 199 |

**2010**

| | Amortised cost | Total |
|---|---|---|
| Trade and other payables | 4 807 | 4 807 |

# Notes

# Notes

## Notes

# Notes

# Notes

# Notes

# CCMA Office Addresses

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

**Eastern Cape - East London**
Ground Floor, Rennies Building
Cnr Church & Oxford Streets, East London 5201
Private Bag X9068, East London 5200
Tel: 043-743-0826
Fax: 043-743-0810
E-mail: el@ccma.org.za

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

**Free State**
CCMA House, Cnr Elizabeth & West Burger Streets
Bloemfontein 9301
Private Bag X20705, Bloemfontein 9300
Tel: 051-411-1700
Fax: 051-448-4468/9
E-mail: blm@ccma.org.za

**Gauteng - Ekurhuleni**
CCMA Place, Cnr Woburn & Rothsay Streets
Benoni 1501
Private Bag X23, Benoni 1500
Tel: 011-845-9000
Fax: 011-421-4723/48
E-mail: ekurhuleni@ccma.org.za

**Gauteng - Johannesburg**
CCMA House, 127 Fox Street
Johannesburg 2001
Private Bag X96, Marshalltown 2107
Tel: 011-220-5000
Fax: 011-220-5101/2/3/4/5, 0861-392-262
E-mail: johannesburg@ccma.org.za

**Gauteng - Tshwane**
2nd Floor, Metro Park Building, 351 Schoeman Street
Pretoria 0002
Private Bag X176, Pretoria 0001
Tel: 012-317-7800
Fax: 012-392-9702, 012-320-4633/4604
E-mail: pta@ccma.org.za

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

**KwaZulu-Natal - Newcastle**
71 Scott Street, Newcastle 2940
Private Bag X6622, Newcastle 2940
Tel: 034-312-6712/6673
Fax: 034-312-5964
E-mail: kzn@ccma.org.za

**KwaZulu-Natal - Pietermaritzburg**
3rd Floor, Gallwey House, Gallwey Lane
Pietermaritzburg 3201
P O Box 72, Pietermaritzburg 3200
Tel: 033-328-5000
Fax: 033-345-9790
E-mail: kzn@ccma.org.za

**KwaZulu-Natal - Port Shepstone**
The Chambers, 68 Nelson Mandela Drive
Port Shepstone 4240
Private Bag X849, Port Shepstone 4240
Tel: 039-684-1773
Fax: 039-684-1771
E-mail: kzn@ccma.org.za

**KwaZulu-Natal - Richards Bay**
1st Floor, ABSA Building, Lakeview Terrace
7, Trinidad Parking Area, Richards Bay 3901
Private Bag X1026, Richards Bay 3900
Tel: 035-789-0357
Fax: 035-789-7148
E-mail: kzn@ccma.org.za

**Limpopo**
CCMA House, 104 Hans Van Rensburg Street
Polokwane 0699
Private Bag X9512, Polokwane 0700
Tel: 015-287-7400
Fax: 015-297-1649
E-mail: ptb@ccma.org.za

**Mpumalanga**
CCMA Building, 69 Paul Kruger Centre
15 Paul Kruger Street,
Witbank 1034 (as from 1 February 2012)
Private Bag X7290, Witbank 1034
Tel: 013-656-2800
Fax: 013-656-2885/6
E-mail: wtb@ccma.org.za

**Northern Cape**
CCMA House, 5-13 Compound Street
Kimberley 8301
Private Bag X6100, Kimberley 8300
Tel: 053-836-7300,
Fax: 053-831-5947/8
E-mail: kmb@ccma.org.za

**North West - Klerksdorp**
47 Siddle Street, Klerksdorp 2570
Private Bag X5004, Klerksdorp 2571
Tel: 018-464-0700
Fax: 018-462-4126/4053
E-mail: kdp@ccma.org.za

**North West - Rustenburg**
1st Floor, Sanlam Centre
Old Sanlam Building, 43-45 Boom Street
Rustenburg 0299
Private Bag X82104, Rustenburg 0300
Tel: 014-591-6400
Fax: 014-592-5236
E-mail: kdp@ccma.org.za

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

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

CCMA

# CCMA Office Addresses

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

**Eastern Cape - East London**
Ground Floor, Rennies Building
Cnr Church & Oxford Streets, East London 5201
Private Bag X9068, East London 5200
Tel: 043-743-0826
Fax: 043-743-0810
E-mail: el@ccma.org.za

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

**Free State**
CCMA House, Cnr Elizabeth & West Burger Streets
Bloemfontein 9301
Private Bag X20705, Bloemfontein 9300
Tel: 051-411-1700
Fax: 051-448-4468/9
E-mail: blm@ccma.org.za

**Gauteng - Ekurhuleni**
CCMA Place, Cnr Woburn & Rothsay Streets
Benoni 1501
Private Bag X23, Benoni 1500
Tel: 011-845-9000
Fax: 011-421-4723/48
E-mail: ekurhuleni@ccma.org.za

**Gauteng - Johannesburg**
CCMA House, 127 Fox Street
Johannesburg 2001
Private Bag X96, Marshalltown 2107
Tel: 011-220-5000
Fax: 011-220-5101/2/3/4/5, 0861-392-262
E-mail: johannesburg@ccma.org.za

**Gauteng - Tshwane**
2nd Floor, Metro Park Building, 351 Schoeman Street
Pretoria 0002
Private Bag X176, Pretoria 0001
Tel: 012-317-7800
Fax: 012-392-9702, 012-320-4633/4604
E-mail: pta@ccma.org.za

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

**KwaZulu-Natal - Newcastle**
71 Scott Street, Newcastle 2940
Private Bag X6622, Newcastle 2940
Tel: 034-312-6712/6673
Fax: 034-312-5964
E-mail: kzn@ccma.org.za

**KwaZulu-Natal - Pietermaritzburg**
3rd Floor, Gallwey House, Gallwey Lane
Pietermaritzburg 3201
P O Box 72, Pietermaritzburg 3200
Tel: 033-328-5000
Fax: 033-345-9790
E-mail: kzn@ccma.org.za

**KwaZulu-Natal - Port Shepstone**
The Chambers, 68 Nelson Mandela Drive
Port Shepstone 4240
Private Bag X849, Port Shepstone 4240
Tel: 039-684-1773
Fax: 039-684-1771
E-mail: kzn@ccma.org.za

**KwaZulu-Natal - Richards Bay**
1st Floor, ABSA Building, Lakeview Terrace
7, Trinidad Parking Area, Richards Bay 3901
Private Bag X1026, Richards Bay 3900
Tel: 035-789-0357
Fax: 035-789-7148
E-mail: kzn@ccma.org.za

**Limpopo**
CCMA House, 104 Hans Van Rensburg Street
Polokwane 0699
Private Bag X9512, Polokwane 0700
Tel: 015-287-7400
Fax: 015-297-1649
E-mail: ptb@ccma.org.za

**Mpumalanga**
CCMA Building, 69 Paul Kruger Centre
15 Paul Kruger Street,
Witbank 1034 (as from 1 February 2012)
Private Bag X7290, Witbank 1034
Tel: 013-656-2800
Fax: 013-656-2885/6
E-mail: wtb@ccma.org.za

**Northern Cape**
CCMA House, 5-13 Compound Street
Kimberley 8301
Private Bag X6100, Kimberley 8300
Tel: 053-836-7300,
Fax: 053-831-5947/8
E-mail: kmb@ccma.org.za

**North West - Klerksdorp**
47 Siddle Street, Klerksdorp 2570
Private Bag X5004, Klerksdorp 2571
Tel: 018-464-0700
Fax: 018-462-4126/4053
E-mail: kdp@ccma.org.za

**North West - Rustenburg**
1st Floor, Sanlam Centre
Old Sanlam Building, 43-45 Boom Street
Rustenburg 0299
Private Bag X82104, Rustenburg 0300
Tel: 014-591-6400
Fax: 014-592-5236
E-mail: kdp@ccma.org.za

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

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