CCMA

COMMISSION FOR CONCILIATION, MEDIATION & ARBITRATION

Annual Report

'REVOLUTIONISING WORKPLACE RELATIONS'

2011/12

labour

Department:
Labour
REPUBLIC OF SOUTH AFRICA

CCMA

COMMISSION FOR CONCILIATION, MEDIATION & ARBITRATION

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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 We deliver on our commitments 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 We continuously strive to deliver quality work 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 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 respect We foster a culture of trust, respect, teamwork, communication, creativity, equal opportunity and empowerment.

CCMA Management Committee

Functional Purpose

The CCMA's statutory functions, as set out in the Labour Relations Act (LRA), No 66 of 1995, 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

Tanya Cohen
Governing Body Chairperson

*"After climbing a great hill, one only finds that there are many more hills to climb."- **Nelson Rolihlahla Mandela***

This year marks the summiting of a new hill in the journey of the Commission for Conciliation, Mediation and Arbitration. It was a year of excellent service delivery with good expense control within budget. This enabled the CCMA to eliminate the deficit of the past few years and report a small surplus, while at the same time enhancing the delivery of the CCMA's mandate to deliver social justice and support economic development in the labour market.

The requirement to report on the performance of the CCMA over the past year and consider its future gives pause for reflection. The past year has seen a strong focus on governance, and the re-examination of policies and procedures. Charters have been reviewed and updated and new standards implemented. Supply chain practices, policies and controls have received significant attention and will continue to be closely monitored and managed.

Operational efficiencies show the best, across-the-board performance ever in the 15-year history of the CCMA. The integrated and persistent approach by management, coupled with strong monitoring disciplines and measurement are proving their effectiveness and resulting in excellent service delivery to stakeholders.

The importance of increasing public accessibility to the CCMA's services received a major boost through the implementation of a long-planned agreement with the Department of Labour, providing the ability to lodge cases at their countrywide network of offices. Furthermore, the opening of an office in Rustenburg has provided local access for one of South Africa's major mining areas.

The winning of a third Public Service Excellence Award, our second Gold award, is the best possible acknowledgement by the general public that the CCMA is meeting the expectations and requirements of South Africans. This has been reinforced by government's faith in the CCMA, demonstrated through its proper resourcing of the organisation.

Close involvement with international bodies such as the International Labour Organisation (ILO) and the International Agencies Body provides opportunities for valuable interchange of ideas and information. It is reassuring to see the respect with which the CCMA is held and the general acclaim for our best-in-class case management system and processes, as well as for the volume and quality of work achieved.

An ideal opportunity for reflection was provided at the CCMA's 15th Anniversary Think Tank, where thought leaders, some of whom were instrumental in the establishment of the CCMA, concluded that the organisation was largely meeting its founding objectives within the areas of social justice and access.

Looking to the future, there are many more hills to come. Our labour market and economy, weakened by global financial and economic conditions, continues to bear significant challenges from the past. There is the opportunity to play a more significant role, through large-scale, industry level facilitation, to bring labour and business leaders together in the interests of industry growth and employment.

A good example of this was the sterling work done by the CCMA in the past year in facilitating the landmark agreement reached by the Clothing sector to encourage access to employment and promote business viability – this resulted in the lowest levels of job loss in the sector in over a decade, with some jobs being recovered in factories that had previously shed jobs. It demonstrates that when workers and business can come together under the guidance of the CCMA that they can do much more. This type of large-scale intervention has the potential to deliver multiple benefits for workers and employers. It is in line with the CCMA's mandate and will make a broader contribution to South Africa's socio-economic development.

The National Planning Commission also sees a broader role for the CCMA and, following initial engagement between the two bodies, has resulted in a meeting of minds that should result in a clearer future, with the potential for the CCMA to provide added value to South Africa's development.

At this stage the future journey also holds some uncertainty for the CCMA through the potential scope of amendments to labour legislation. There is the likelihood that the new legislation may provide for an expanded role for the CCMA, particularly in the area of individual dispute resolution – this will have significant impact on the organisation. It is critical that a full analysis is performed to enable the impacts on the CCMA to be mitigated and managed.

In this reporting year, Leon Grobler and Aruna Ranchod joined the Governing Body, replacing two outgoing members who retired: Ma Mary Malete and David Carson. On behalf of the Governing Body and the wider CCMA community, I would like to acknowledge their valued contributions to the CCMA over the past years. The Governing Body has continued individually and collectively to provide committed leadership and support for the CCMA, its purpose and objectives.

The professionalism and dedication with which Governing Body members and additional subcommittee members have executed their roles has been a major contributing factor to the successes of the organisation and will undoubtedly continue to do so in the passage ahead. I thank each Governing Body member for their contribution and their continued dedication to the delivery of the CCMA's mandate.

It is gratifying that our Minister, Mrs Nelisiwe Oliphant, has continued to show her confidence in the CCMA and I thank the Minister and the Department of Labour for their role in enabling the CCMA to continue to fulfill its mandate. I also wish to acknowledge the Parliamentary Portfolio Committee on Labour and the National Council of Provinces and their respective Chairpersons, Mr Mamagase Elleck Nchabaleng and Mrs Priscilla Themba for their oversight of the CCMA. Their persistent scrutiny of the strategy and work of the CCMA keeps us ever conscious of what is required of the CCMA as an independent state agency and by the public of South Africa.

A year ago I reported that our Director, Nerine Kahn, had been appointed by the Governing Body for a second five-year term of office. In the past year she has fully justified that decision by continuing to demonstrate true dedication to her role and exceptional leadership qualities. This has an undoubted influence on the delivery by a highly capable executive management team, which is surrounded by a great depth of skills and experience throughout the organisation. All credit for the achievements of the past year must go to the Director, management and staff of the CCMA.

The Commission has developed a global reputation as one of the world's leading dispute resolution bodies. I have no doubt that in the year ahead the CCMA will continue its journey and play its part in South Africa's progress towards an inclusive and prosperous society and economy.

Tanya Cohen
Governing Body Chairperson

Director's Report

Nerine Kahn
Director

It is a privilege to be able to report on an outstanding year for the Commission for Conciliation, Mediation and Arbitration (CCMA), with many indicators pointing to the successful maturing of the organisation.

A year ago, we proudly announced that the CCMA was the only organisation to have been awarded a second consecutive Public Service Excellence Award; in that case a silver, following the previous year's gold award. The awards are aimed at promoting and acknowledging excellence in the public sector. They are based on a citizen-centred independent survey, giving all South Africans an opportunity to assess public service institutions. A number of objective indicators are used, including role and quality of leadership, customer service, trust and delivery against promises.

On 31 January 2012, the Public Protector, Thuli Madonsela, presented the CCMA with a Gold Public Service Excellence Award. This award is a clear indication that the organisation has consistently delivered against its mandate by providing excellent service to the public.

In view of concerns from previous years over business controls, robust attention was applied through internal audit processes. An area identified as requiring improved controls was that of fixed asset management and a number of measures were implemented to mitigate any associated risks. This will remain an area of focus for the forthcoming financial year.

The organisation has expended considerable effort during the year to enhance its internal governance processes and ensure proper alignment of these to the relevant regulatory environment.

The general audit control environment is competent, confirming the adequacy of design and the effectiveness of controls, although continuous monitoring requires ongoing management attention.

The Commission for Conciliation, Mediation and Arbitration celebrated its fifteenth anniversary on 11 November 2011. This was, indeed, a symbolic milestone, marking an amazing maturity for such a young organisation, and provided a springboard for the future.

The most significant event held to mark this occasion was a self-funding, day-long workshop at which eminent South Africans, associated with the labour market and the CCMA odyssey, gave thought-provoking insights into where we have and have not influenced the labour market arena. A report was generated, synthesising these inputs, which will certainly influence CCMA organisational direction and hopefully the wider labour market over the foreseeable future.

As Director, I have always considered that the morale and motivation of staff as a major priority of mine. It was with this in mind that I introduced the Director's Award in the previous financial year. Although my intention was to make one award a year, the significance of our fifteenth anniversary, combined with the extraordinary achievements of the year under review, prompted me to make three awards this year. I presented them to Leon Levy, Dan Nape and Team Johannesburg.

An essential requirement of the CCMA is to ensure that its services are readily accessible to all South Africans. Significant strides were taken in the year under review to enhance this responsibility. A new, spacious office was opened in Rustenburg in June 2011, providing relief for the Klerksdorp office and ensuring ready accessibility for the labour divisive platinum mining industry, centred around Rustenburg. The office replaced a venue that was becoming crowded and not adequately servicing the area.

Further accessibility was provided when the Ekurhuleni office was officially opened in August 2011 by the Honourable Eric Nyekemba (MP). The event was attended by the Chairperson of the Parliamentary Labour Portfolio Committee, the Honourable Mamagase Elleck Nchabeleng (MP), and other parliamentarians and stakeholder representatives.

A major advance in service accessibility was provided by the successful outcome of discussions with the Department of Labour, resulting in its 25, country-wide offices providing on-line access to the case management system for parties to enquire about their cases. This will be expanded in the next financial year to a fully-fledged partnership where read information rights will be upgraded to capturing of cases at the Department of Labour offices and hence further fulfilling our service and accessibility promise.

Involvement in international labour forums continued to provide confirmation of global recognition of the pre-eminence of the CCMA's position in its field. My visit to the ILO's training centre in Turin, Italy, in January 2012 concluded arrangements for the development of a manual, based on the CCMA's modus operandi as a world-leading proponent of dispute resolution. The manual is designed as a guide for organisational start-up operations or for the re-alignment of labour dispute resolution organisations. It was truly gratifying to be recognised as a world leader.

Following on from the previous year's efforts to reduce the budget deficit to R14 million, strict austerity measures succeeded in generating a surplus of R17,7 million. This did not, however, come without a cost, as the required steps placed increased workloads on staff members and resulted in a review of their sustainability. Nevertheless, it is with some pride that I can report that the success of the programme confirms that the Commission for Conciliation, Mediation and Arbitration operates as a 'going concern'.

While due responsibility is paid to budgetary compliance, it also has to be balanced against the cost of staff pressures and stress. The management of a 40 percent full-time commissioner caseload allocation, balanced by 60 percent part-time, raised the question of whether quality being sacrificed against quantity was the correct balance. Happily, Treasury acknowledged the challenge faced by the CCMA and provided some additional relief funding.

Existing financial pressures, combined with uncertainties about the effect that proposed Labour Relations Act and related labour legislation amendments will have upon the CCMA's operations (and consequent costs), have prompted the instigation of a review of funding models for the organisation. The complexity of the various possibilities has necessitated the engagement of professional consultants, who will be appointed in the forthcoming financial year. The potential of generating additional income through training and other service offerings is considered as a positive contribution to reducing budget pressures.

We are ever mindful of the need to manage and reduce our impact on the environment in which we operate. As an essentially office-based organisation, there are certain areas that are immediately apparent as targets: water and electricity consumption, paper usage and travel – including our carbon footprint impact. At this stage, we have initiated programmes to raise awareness through campaigns and posters for water, electricity and paper usage and we have introduced stringent travel management procedures. Removal of hot water in some of our offices' rest rooms and the introduction of iPads for senior managers are positive examples of resource usage reduction.

It is acknowledged that we are at the early stages of effective reduction in the environmental impact of the CCMA's operations and we recognise the need to implement effective measurements of resource usage, targets for their reduction and measures to meet these targets. The CCMA is committed to initiating these measurements and controls and to reporting upon their effectiveness in the succeeding annual report.

Over the past few years, considerable effort has been expended on refining the procedures for the identification, hiring, training and mentoring of commissioners. There is no doubt that this has been a successful process, although there is no complacency about the need to continue to evolve and perfect these procedures. Its success, coupled with the external perception of the CCMA as an employer of choice, resulted in about 1 100 people applying to be commissioners in the past year. Of these, about 200 qualified to be interviewed and some 70 were inducted into the commissioner training programme.

Late Awards

While in previous years we had prided ourselves on significantly improving delivery time of arbitration awards by commissioners, the previous performance review had identified a sluggish delivery from the administrative side in actually getting the awards to the parties. I am happy to report a staggering improvement in this area, which has been one of significant focus during the last year.

Rewards and Recognition

The stringent financial constraints of the past few years resulted in remuneration benefits being actioned for staff members, but not for management. I am pleased to report that our successful performance against budget has allowed the CCMA to address this discrepancy and a revised remuneration policy for management has been approved and is being incrementally implemented.

Rewards and recognition have also included commissioners undertaking a study tour to England and Ireland and other senior mediators attending a collective bargaining tour around the United States. This last resulted in the initiation of a reciprocal agreement for American mediators to visit South Africa to compare processes and share learnings.

Performance

The organisation has demonstrated its best performance ever in the year under review. Team work and plans laid over last few years are beginning to consolidate and bear fruit

Continual re-appraisal has raised the provincial performance target from the across-the-board achievement of 60 percent in the year under review to 63 percent for the following year. We believe that this is achievable through continued increases in efficiencies, despite the attendant pressures that will inevitably be placed on staff members.

Research

The establishment of formal links with research facilities, such as the Development Policy Research Unit at the University of Cape Town that specialises in socio-economic research, with a focus on labour markets, poverty and inequality, will create beneficial and synergistic ties for both organisations.

Links for partnership training opportunities with major universities have been explored and received with enthusiasm. Tertiary educational institutions recognise the income-generating opportunities that use of CCMA copyright material presents.

Communications

The year saw a refocus on communications with a proactive and participative approach to publicly reinforce the organisation's good work and messages. This was substantively supported by the feel-good and positive messages from the 15th anniversary achievements.

The communication strategy was revisited, and a new approach to the existing solid foundation was advanced. The strategy will be built upon and enhanced to better ensure synchronicity both externally and internally in the communication field.

Training

The need to achieve compliance with supply chain management and associated regulations prompted the creation of a CCMA-designed, three-day workshop specifically targeted at senior management. The successful implementation of this resource has enhanced the management and control of our supply chain management processes and generated the opportunity for income generation through external marketing of the product. This is in addition to the delivery of our other training offerings.

Progression Planning

Organisations frequently overlook the importance of progression planning, often believing that it is confined to executive roles. This is frequently remote from reality, especially when a meaningful proportion of the workforce is constituted of highly trained and experienced personnel. This is an area of risk that has been recognised and is being actively addressed by the CCMA.

At this stage, it would be fair to say that the programme is partially in place and that undertakings to improve the depth of key management skills have been implemented across the organisation. Formalisation and bedding-down of the programme will be completed in the 2012/13 financial year.

Risk

The year saw continued consolidation of the risk management strategy, while being alert to new risks facing the organisation. The challenge of readying the CCMA for the new amendment to the suite of labour laws is one area where particular attention will need to be focused to ensure that the organisation does not lose the past five years' performance gains.

External Accreditation

It is well recognised that accreditation of bargaining councils for dispute resolution functions required attention. The focus on systematic monitoring of the accreditation policy, as well as enhancing relationships with bargaining councils, has led to significant improvement in their dispute resolution functions,

The Director speaking at the Cardiff Business School in Wales

with the resultant benefits for the CCMA. It is anticipated that this will be further extended through the accreditation of private agencies in the next year, providing competing services and expanding market penetration and accessibility.

Discretionary Dispute Management and Prevention

This area of our operations has generated business far beyond expectations for the year under review and has the potential for continued aggressive growth. Community radio stations and the publication of academic papers have both added considerably to the awareness and value of the CCMA's role.

The ensuing year will see the creation of targets for the number of seminars delivered: particularly those for vulnerable sectors such as farm workers and those with a training focus. During the year I delivered several academic papers, which were designed to be thought provoking and challenge some of the conventional and also some of the unspoken aspects of the labour market.

Governing Body

The Commission for Conciliation, Mediation and Arbitration is fortunate in having a balanced Governing Body, representing government, organised labour and business, and whose representatives take full cognisance of the importance of their role in providing unbiased guidance and governance to the organisation. It has been a pleasure and a privilege for me to have benefited, on behalf of the CCMA, from their experience and guidance for the past year. While it was sad to see the departure of some members with the ending of their terms of office, it has been beneficial to benefit from fresh views.

This privilege inevitably extends to our executive management team, without whose commitment the outstanding achievements of the past year would have been impossible. No leader can succeed without a dedicated team and so I would like to give full credit to all the supporting personnel within the organisation without whose efforts our success would, simply, never have happened.

Global labour relations organisations have told us that we are good: in fact, world-leading. We are looking forward to progressing from good to great!

Nerine Kahn
Director

Corporate Governance

Legislative Mandate

The Constitution affords everyone the right to fair labour practices, and these labour rights are codified in the Labour Relations Act (LRA). The LRA, in turn, establishes the CCMA and determines its functions. A Governing Body, which is appointed by the Minister of Labour (the Executive Authority), is appointed as the Accounting Authority of the CCMA, with its executive and oversight functions defined by the LRA and other governance and compliance legislation. A National Director of the CCMA, who primarily performs the duties of Chief Executive Officer and other functions, is defined in the LRA.

Governance Mandate

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

Oversight

CCMA functions are subject to annual audits by the Auditor-General, and augmented by continuous scrutiny by Internal Audit, which reports to the Audit Committee, which is established in terms of the PFMA and reports to the Governing Body. The Audit Committee exercises oversight in response to the effectiveness of controls as reported upon by the Internal Audit Department, as well as matters reported in the external regulatory audits.

As a Public Entity, the CCMA receives its funding from the fiscus, and therefore has to ensure that funds are utilised in an economic, efficient and effective manner. In its pursuit of benchmarking best governance practices, the CCMA adopts an inclusive approach that recognises the importance of all stakeholders in relation to the viability and sustainability of the organisation.

Governing Body

The roles and responsibilities of the Governing Body are stipulated in the LRA and also derived from the PFMA and Treasury Regulations. The non-delegable functions of the Governing Body are as follows:

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

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

The Governing Body is also responsible for:

- The development and monitoring of the execution of the strategy
- Ensuring that an evaluation system is in place to monitor major capital projects
- The implementation of appropriate and effective measures to prevent unauthorised, irregular and or fruitless expenditure and wasteful expenditure, or losses from criminal conduct.

A Governing Body Charter, which is reviewed annually, guides the workings of the Governing Body and gives right of existence to its subcommittees. The Governing Body meets at least quarterly, and when deemed necessary. As the Accounting Authority, it is represented by nominated tripartite members to parliamentary and governmental forums as and when necessary.

The Governing Body is constituted with nine members nominated by the National Economic Development and Labour Council (NEDLAC), as well as a chairperson appointed by the Minister of Labour. Three members each from organised labour, organised business and government make up the tripartite Governing Body. In the period under review the Governing Body, in terms of section 116(2)(a) of the LRA, as well as its five subcommittees,was reconstituted as the previous Governing Body term of three years had expired.

Governing Body and Subcommittee Membership and Attendance

The Governing Body may, in terms of section 121 of the LRA, establish committees and subcommittees to assist the Commission, and the following committees have been established to fulfill this need: the Human Resource Subcommittee, the Audit Committee, the Finance and Risk Subcommittee, the Accreditation and Subsidy Subcommittee and the Governance Committee.

The Governing Body, committees and subcommittees are constituted as follows:

Governing Body				
Organised Business	Organised Labour	Government	Chairperson	Director
Elias Monage	Bheki Ntshalintshali	Thembinkosi Mkalipi	Tanya Cohen	Nerine Kahn
Kaizer Moyane	Leon Grobler	Ian Macun		
Aruna Ranchod	Narius Moloto	Ntsoaki Mamashela		

Governing Body Committee membership					
Committee	Human Resources Subcommittee (HRSC)	Accreditation Standards and Subsidies Subcommittee (ASSC)	Finance and Risk Subcommittee (FRSC)	Governance Committee (GC)	Audit Committee (AC)
Chairperson	Elias Monage	Ian Macun	Leon Grobler	Tanya Cohen	Shami Kholong (Independent)
Labour Representative	Narius Moloto	Narius Moloto	Leon Grobler	Narius Moloto	Ramona Clark
Business Representative	Sifiso Lukhele	Aruna Ranchod	David Lakay	Elias Monage	James Wilson
Government Representative	Thembinkosi Mkalipi	Ian Macun	Ntsoaki Mamashela	Freddie Petersen	Freddie Petersen
Independent					Velile Pangwa
Representative					

Governing Body and Committee Attendance

The attendance of the Governing Body and committees for the period 1 April 2011 to 31 March 2012 is indicated below.

Legend

√ - Attended the meeting
n/a – Not applicable/not a member
X – Did not attend the meeting/apology

Finance & Risk Subcommittee					
Members	16 May 2011	26 July 2011	22 August 2011	28 October 2011	23 February 2012
Mary Malete (L)	√	√	√	n/a	n/a
Leon Grobler (L)	n/a	n/a	√	√	√
Ntsoaki Mamashela (G)	√	√	√	√	√
David Lakay (B)	√	√	√	√	√
Nerine Kahn	√	√	√	√	√

Audit Committee			
Members	17 May 2011	26 July 2011	28 February 2012
Mary Vilakazi (I)	√	√	n/a
David Lakay (B)	√	√	n/a
Moose Burger (L)	√	√	n/a
Ntsoaki Mamashela (G)	n/a	√	n/a
Freddie Peterson (G)	√	√	√
Nerine Kahn	√	√	√
Solomon Shami Kholong (I)	n/a	n/a	√
Velile Pengwa (I)	n/a	n/a	√
Jim Wilson (B)	n/a	n/a	√

Human Resources Subcommittee				
Members	03 June 2011	18 August 2011	01 November 2011	10 February 2012
Elias Monage (B)	√	√	√	√
Thembinkosi Mkalipi (G)	√	√	X	X
Narius Moloto (L)	n/a	√	√	√
Sifiso Lukhele (B)	√	n/a	√	X
Nerine Kahn	√	√	√	√
Mary Malete (L)	√	n/a	n/a	n/a

Accreditation & Subsidy Subcommittee				
Members	02 June 2011	22 August 2011	07 November 2011	27 January 2012
Lucio Trentini (B)	√	n/a	n/a	n/a
Ian Macun (G)	√	√	√	√
Mary Malete (L)	√	n/a	n/a	n/a
Aruna Ranchod (B)	X	√	√	√
Narius Moloto (L)	X	√	√	√
Nerine Kahn	√	√	X	√

Governance Subcommittee		
Members	29 July 2011	16 February 2012
Tanya Cohen (I)	√	√
Elias Monage (B)	√	√
Freddie Peterson (G)	√	√
Leon Grobler (L)	n/a	√
Narius Moloto (L)	X	n/a
Nerine Kahn	X	√

Governing Body meetings and attendance				
Members	23 June 2011	15 September 2011	24 November 2011	01 March 2012
Tanya Cohen (I) Chairperson	√	√	√	√
Kaizer Moyane (B)	√	√	√	√
Elias Monage (B)	√	√	√	√
David Carson (B)	√	n/a	n/a	n/a
Thembinkosi Mkalipi (G)	√	√	√	√
Ian Macun (G)	√	√	√	√
Ntsoaki Mamashela (G)	√	√	√	X
Mary Malete (L)	√	n/a	n/a	n/a
Narius Moloto (L)	X	√	√	√
Bheki Ntshalintshali (L)	√	√	X	√
Aruna Ranchod (B)	n/a	√	√	√
Leon Grobler (L)	n/a	√	√	√
Nerine Kahn (Director, ex officio)	√	√	√	√

Finance and Risk Subcommittee

The Finance and Risk Subcommittee is established as a subcommittee of the Governing Body in terms of section 121 of the LRA. Its functions are, inter alia, to assist the Director and the Governing Body to fulfill the financial management, working capital management, asset management, supply chain management, risk management and control responsibilities in accordance with legislation and appropriate governance principles. The committee is chaired by Mr Leon Grobler, from organised labour.

Accreditation and Subsidy Subcommittee

The Accreditation and Subsidy Subcommittee considers and makes recommendations to the Governing Body regarding the accreditation of statutory councils, bargaining councils and panelists, as well as the ratification of the payment of subsidies to councils. Mr Ian Macun, from government, is the chairman of this committee.

Governance Committee

The Governance Committee considers and advises 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'sstrategy.

The Governance Committee is comprised of the chairpersons of the Governing Body, the Human Resource Subcommittee, the Finance and Risk Subcommittee and a representative from government. The committee is chaired by Ms Tanya Cohen, who is also the chairperson of the Governing Body.

Audit Committee

An independent Audit Committee was reconstituted in the year under review, comprising independent representatives,and representatives from government, organised labour and business. The chairperson is an independent person without affiliation to organised business, organised labour or government.

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 review of financial statements. Assurance is provided by the internal audit function to the Audit Committee that internal controls are appropriate and effective, by means of an independent objective appraisal and evaluation of risk factors, management processes, internal controls and governance processes.

Special Projects

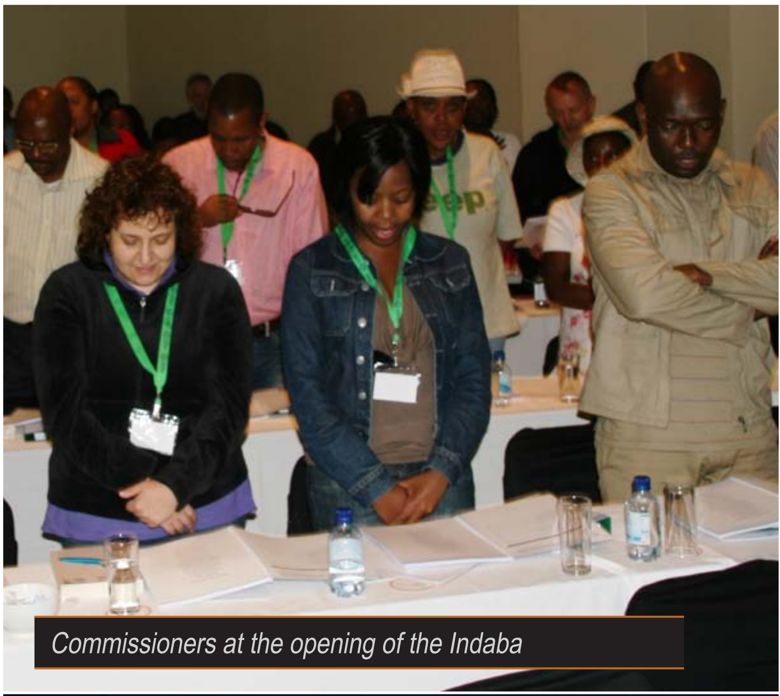
Director's Office

Commissioners' Indaba

The Commissioners' Indaba is an annual event on the CCMA calendar that provides an opportunity for the continual professional development of commissioners. The event was held in Cape Town over two days in early December 2011 and included presentations and workshops, allowing discussion and debates on pertinent topics.

The indaba was attended by approximately 300 delegates, including full- and part-time commissioners, CCMA management, Governing Body members, and prominent academics and figures in the labour market. This is an in-house, CCMA function, arranged and managed from within the organisation.

The Indaba culminated with an awards ceremony, where commissioners and regions were formally recognised for excellence in service delivery performance. In addition, the Director recognised exceptional service through the promotion of the CCMA's values, both internally and externally.

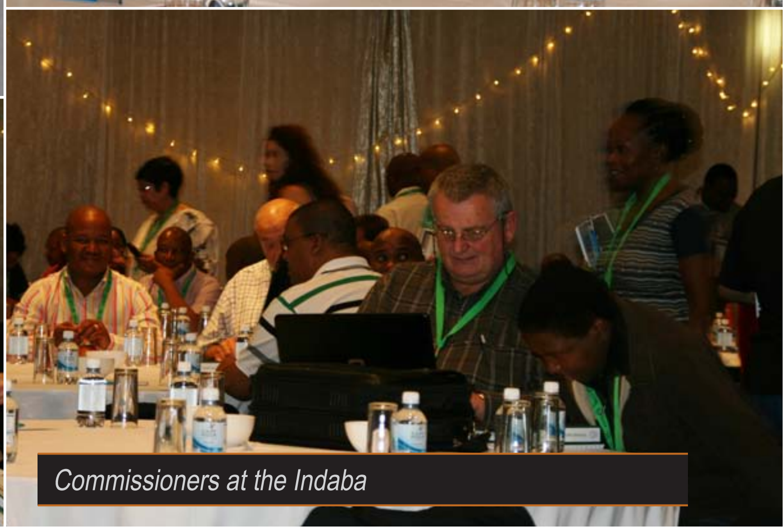


Commissioners at the opening of the Indaba

Commissioners singing the National Anthem

Commissioners at the Indaba

Commissioners at the Think Tank



Commissioners at the Indaba

Director's Awards

Team Johannesburg receiving the Director's Award

Introduced in the previous financial year, the Director's Award is designed to recognise outstanding achievement with the intention of awarding one recipient, either as an individual or as a group or team. However, in view of the significance of the fifteenth anniversary, the Director used her discretion to present three awards.

In the Director's words, "The first Director's Award goes to a commissioner whose life embodies the work and values of the CCMA. In the last two years, through his tireless efforts and skill as a facilitator, he has single-handedly contributed to the saving of more than 4 000 jobs. Please join me by rising to formally recognise one of South Africa's remarkable citizens. He has undoubtedly earned the right to be called that and, in doing so, honours us all by being a commissioner among us: Leon Levy."

"The second Director's Award goes to a member of staff who, in addition to his responsibilities at the CCMA, has shown extraordinary commitment to his community. One of South Africa's key needs, recognised by government and at all levels of society, is the adequate and effective education of our children. Very early every morning this man, as a member of the school's governing body, positions himself outside the school gates to police the late arrival of children (and their parents). This is a thankless but essential task in the quest to ensure that our children gain maximum benefit from their time at school. Parents and children have openly acknowledged that this 'discipline driver' has had a positive influence on their attitude to the importance of schooling. Dan Nape, our Finance Manager, please come forward to receive your award, so meaningfully earned."

Director Nerine Kahn continued, "The final award goes to the office in South Africa's economic hub, an office that has always processed the most cases since the inception of the CCMA in 1996. For a variety of reasons this office has always been challenged in delivering on the CCMA's mandate. In the last 18 months, this office has seen a dramatic turnaround in both its delivery to the public and its contribution to the performance of the organisation at large. It's always been said that, because of the magnitude of this office, if it delivered on the mandate, so would the CCMA.

"Some quick statistics. A year ago, this office only met 33 percent of the CCMA's performance targets, whereas the national achievement stood at 58 percent. Furthermore, its expenditure was way over budget, as it had been since 1996. Today, the office has met 85 percent of its performance targets; an improvement of more than 150 percent. The national achievement is at 92 percent. The office's case disbursement budget has been reduced by some 25 percent.

"So while the team has achieved an enormous amount and had 15 years of hearts and minds to win over, they were not the most improved region, yet by virtue of what I have just said, I believe them deserving of recognition. You have all guessed it by now: this award goes to Team Johannesburg."

The Director with Award recipients

Best Performing Full-time Commissioner: Elizabeth Harmse

Best Performing Part-time Commissioner: Simon Makhubela

Best Performing Region for Dispute Management and Prevention: Port Elizabeth. Receiving the award (from left): Chez Milani and Fred Sauls

Best Performing Mediation Region: Port Elizabeth. Receiving the award (from left): Marius Kotze and Fred Sauls

Most Improved Region: Mpumalanga. Receiving the award (from left): Sebolelo Tshabalala and Mark Thuys

Dan Nape receiving his Director's Award

Leon Levy receiving his Director's Award

Best Performing Region: Western Cape. From left: Carlton Johnson, Nazeema Teladia, Shuraina Harris and Andrew Van Diemen

15th Anniversary of the Commission for Conciliation, Mediation and Arbitration

Several events were held to commemorate the CCMA's 15th anniversary. These included a 'Think Tank', the production of a DVD, a cocktail function, staff lunches and media engagement.

Think Tank Event

The CCMA-facilitated think tank was held on 10 November 2011 and was themed, '*Looking back, moving forward – there's much to be done*'.

The event offered CCMA users and social partners a critical platform to review both the past seventeen years and the current state of the South African labour market. More importantly, it offered a facilitated platform for CCMA users and social partners to generate new and creative ideas, and offer feedback, suggestions and views on the CCMA and the labour market.

The following speakers participated: Halton Cheadle, Sipho Pityana and Sakhela Buhlungu. In addition, a debate was held with a panel consisting of Connie September, Pregs Govender, Leonard Gentle, Elias Monage and Paul Benjamin.

Leon Levy

Born in 1929, Leon Levy is the son of Lithuanian immigrants. He was educated in Johannesburg and began work at 16, becoming an active trade unionist. In 1955 Leon was one of the founder members of the South African Congress of Trade Unions (SACTU), in which he served as president for nine years. Apart from wage and working condition considerations, SACTU (which was the predecessor of the Congress of South African Trade Unions [COSATU]) was also involved in the wider liberation struggle.

As a result of his opposition to apartheid, Leon was repeatedly placed under banning orders and was eventually charged with treason, and was an accused in the infamous Treason Trial (from 1956 to 1961) and subsequently served a period of time in solitary confinement. On his release he returned to trade union work, but was forced to go into exile in the United Kingdom in 1963 after his arrest under the '90 days without trial' dispensation. Leon was the first person to be detained without trial.

After his return to South Africa, Leon played a key role in COSATU's submission to the Truth and Reconciliation Commission. In 1999, Leon joined the CCMA as a senior full-time commissioner and is still serving in that role, thirteen years later. He is also a member of the Board of the Centre for Conflict Resolution.

As SACTU's president, Leon was one of the signatories of the Freedom Charter, which was officially adopted on 26 June 1955 at a Congress of the People in Kliptown. Leon had his copy of the charter smuggled out of South Africa in 1961 and it was returned to him on his exile in the United Kingdom. As far as we know, Leon is the last surviving signatory to the Freedom Charter.

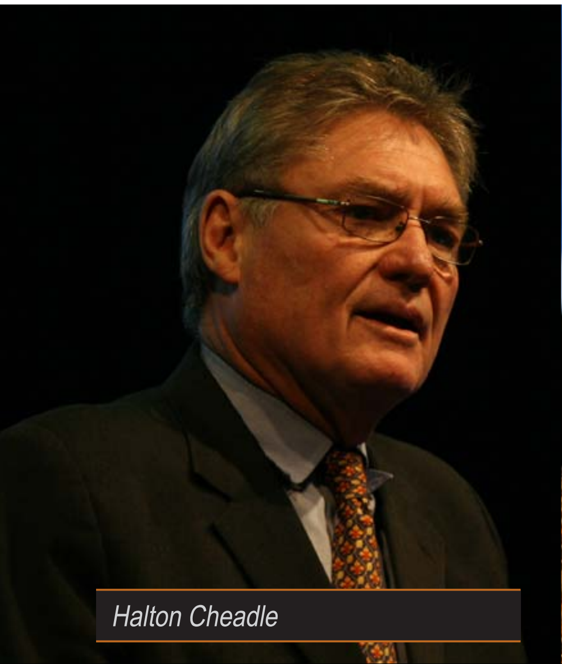
Leon Levy

The CCMA's 15th Anniversary


Members of the Governing Body and Judge Dunstan Mlambo cutting the 15th Anniversary cake

Think Tank Welcome


Commissioner Prince Kekana facilitating the Think Tank


Halton Cheadle


Doctor Sipho Pityana


Professor Sakhela Buhlungu


Connie September


Leonard Gentle


Judge Dunstan Mlambo

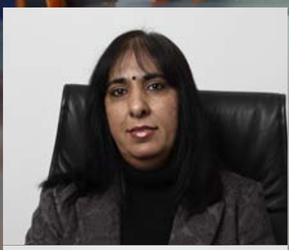
Governing Body

Chairperson
Tanya Cohen
(42)

Organised Business Representative
Elias Monage
(45)

Organised Labour Representative
Bheki Ntshalintshali
(58)

Government Representative
Thembinkosi Mkalipi
(52)



Organised Business Representative
Aruna Ranchod
(49)

Organised Labour Representative
Leon Grobler
(57)

Government Representative
Ntsoaki Mamashela
(41)

Organised Business Representative
Kaizer Moyane
(39)

Organised Labour Representative
Narius Moloto
(51)

Government Representative
Ian Macun
(55)

CCMA Structure

Siyaphambili Strategy Scorecard

Introduction

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

The Governing Body is responsible for monitoring the delivery of the strategy and evaluating performance of the strategic plan. The Governing Body relies on the Director to oversee delivery of the strategy, who in turn relies on Exco to report and account on this delivery, in order for it to evaluate progress. The Exco has a Strategy Committee for operational monitoring and evaluation purposes.

The scorecard is designed to provide for both external reporting and internal performance management purposes.

A three-condition scale is employed, reflecting the level of achievement on the targets as follows:

- Target achieved
- Target partially achieved
- Target not achieved

For the year under review the organisation performed well and satisfied all conditions that were established for meeting targets.

#	Key Performance Area (KPA)	Target 2015	Target 2011/12	Achieved 2011/12	Score	Identified challenges/reasons for deviations	Comments
	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 on 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 on 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.	Research forum/s established for exchange of information, to research findings in four main areas.	Research Steering Committee established. Research areas identified including: production of labour market and economic information and statistics for mediators. Generation of case law and arbitration award information. Conducting surveys and impact assessments. Servicing ad hoc requests and projects. 100% achieved			
			Six papers and/or presentations on topical issues produced and social partners engaged.	Thirteen articles and papers/presentations produced and presented. In excess of 100% achieved.			
			Hold / participate in 100 relevant labour market events including participation in international and regional activities and CCMA User Forums.	194 labour market events held or participated in. In excess of 100% achieved.			
1.2	Provide technical case management support and assistance to local, regional and international organisations.	Case Management System (CMS) fully rolled out to Department of Labour (DoL), bargaining councils (BCs) and other identified agencies and an improved shared services system maintained.	Continue the implementation of agreed projects with at least DoL, BCs and the Labour Court (LC).	The final stage of the roll-out of the web-enabled CMS to DoL and BCs could not be completed. Process to implement CMS for the Labour Court was initiated and progressed. 95% achieved.		Roll-out of the web-enabled CMS required an upgrade of the data line. This is outside the control of the CCMA.	

#	Key Performance Area (KPA)	Target 2015	Target 2011/12	Achieved 2011/12	Score	Identified challenges/reasons for deviations	Comments
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.	Compliance continuously monitored in line with statutory compliance obligations. Shortcomings identified and addressed. In excess of 100% achieved.	●		
		20% more bargaining councils accredited and subsidised.	10% improvement of council compliance with accreditation.	50% improvement in council compliance with accreditation criteria noted. In excess of 100% achieved.	●		
			Review of subsidy criteria completed.	Deferred to the next financial year as part of the Business Funding Model study.			
			Phase 1 of investigation into accreditation of private agencies completed.	Phase 1 of investigation completed. 100% achieved.	●		Accreditation criteria for private agencies developed and awaiting final approval. Research in progress.
1.4	Provide user and stakeholder empowerment and capacity building.	Capacity and awareness levels for targeted sectors improved by 75% (with vulnerable sectors prioritised).	120 awareness raising activities and skills development interventions conducted in 45% of identified sectors and constituencies.	663 activities held comprising 370 awareness raising activities and 293 knowledge and skills development interventions. In excess of 100% achieved.	●		
			A further 120 interventions conducted for the agricultural sector and one other vulnerable sector identified by each region.	A further 137 awareness raising and skills development activities held for the agricultural sector and other targeted vulnerable sectors and constituencies. In excess of 100% achieved.	●		

#	Key Performance Area (KPA)	Target 2015	Target 2011/12	Achieved 2011/12	Score	Identified challenges/reasons for deviations	Comments
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.	120 publicity and capacity building initiatives developed and delivered in 100% of identified subject areas.	262 activities held through awareness raising, education and training on dealing with job insecurity initiatives. In excess of 100% achieved.			
			A minimum of six partnerships established or further strengthened with other labour market organisations.	34 partnership and/ or collaborative meetings held across the country. In excess of 100% achieved.			
			Make at least 10 offers of assistance in matters relating to employment security.				Target withdrawn due to operational challenges of early intervention in employment security matters.
1.6	Participate in the process of amending CCMA-relevant employment law and policy development.	Participated in employment legislation and policy review process.	Contribute to CCMA relevant social partner dialogue at NEDLAC and make budgetary submission to Treasury as required.	Made submissions and engaged on social partner issues at NEDLAC, when necessary. 100% achieved.			
			Commence process of re-evaluating the CCMA forms and rules.	Task team established and process commenced. 100% achieved.			
1.7	Assist, support and promote collective bargaining and intervene in bargaining matters of public interest.	CCMA is recognised as the leader in assisting, supporting and promoting collective bargaining.	Maintain the specialist dispute resolution service and post dispute support services.	The specialist dispute resolution service in place at national and regional levels. Post dispute support services conducted in Private Security, Road Freight, Motor Industries and Chemical sectors. In excess of 100% achieved.			
		70% settlement rate on all matters of public interest (section 150 matters).	At least 64% settlement rate on all matters of public interest (section 150 matters).	63% settlement rate on all matters of public interest (section 150 matters) achieved. 98% achieved.		Collective bargaining season characterised by various challenges.	

#	Key Performance Area (KPA)	Target 2015	Target 2011/12	Achieved 2011/12	Score	Identified challenges/reasons for deviations	Comments
		Make high impact offers of assistance in matters of public interest.	Relevant offers of assistance made, including all key national disputes.	209 offers of assistance made in public interest disputes including all key national disputes. 204 offers accepted by parties. 100% achieved.			
		Three voluntary collective bargaining structures established in significant under-organised sectors.	Finalise establishment of one bargaining structure.	Framework agreement concluded and agreed by parties to establish the National Bargaining Forum for the Legislative Sector (Provincial Legislatures), but not formally adopted. 99% achieved.			Awaiting on the Speakers Forum for formal adoption and signing of agreement.
			Identify two significant under-organised sectors and commence stakeholder engagement for establishment of voluntary collective bargaining structures.	Sectors identified are Private Security and Contract Cleaning. Stakeholder engagement progressed in both sectors. 100% achieved.			
	Strategic Objective 2						
	Build skills to achieve professionalism						
2.1	Ensuring the development and delivery of a Conflict Resolution Practitioner occupational qualification.	Labour Relations Practice (LRP) Professional Body established with Continuous Professional Development courses delivered.	Initiate a project plan for the development of Dispute Resolution Practitioner (DRP) learning programme and materials.	Project plan initiated. Legal opinion obtained on the development of the DRP learning programme via the academic route. Consultations conducted with industry experts, labour relations industry role players, higher education training institutions (HETs) and the appropriate CCMA decision making structures. 100% achieved.			The project changed course during the third quarter from the SSETA/QCTO vocational route to that of an academic qualification involving HETs.

#	Key Performance Area (KPA)	Target 2015	Target 2011/12	Achieved 2011/12	Score	Identified challenges/reasons for deviations	Comments
		Oversee the establishment of training provider to deliver Conflict Resolution Practitioner qualification, with Conflict Resolution Practitioner courses delivered.	Identify and engage at least three potential service providers to deliver the DRP qualification.	Seven HETs identified and initial engagements held. In excess of 100% achieved.	●		
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.	Identified existing material updated in terms of CCMA materials development guidelines, standards and time frames.	Targets for the update to Commissioner Training material were exceeded with the re-drafting of sections of three of the modules and the implementation of quality standards. All the other targeted updates have been undertaken. Six new projects completed, including three additions to the project plan: Legal/ Employment Status of Vulnerable Workers, CCMA Guidelines: Misconduct Arbitration for users and the development of Dispute Resolution flow charts. The Capacity Building for Conducting Unfair Discrimination Conciliation Disputes and the Arbitration and Award Writing Commissioner Revision courses are on track for delivery. In excess of 100% achieved.	●		

#	Key Performance Area (KPA)	Target 2015	Target 2011/12	Achieved 2011/12	Score	Identified challenges/reasons for deviations	Comments
2.3	To ensure continuous research and development of leading, effective adult training methodology and techniques.	Quality training methodologies developed and applied.	Develop and implement identified enhanced training methodologies and tools based on current leading methods in three pilot courses and in accordance with CCMA material development guidelines, standards and time frames.	Enhanced training methodologies and tools implemented in three pilot projects. This includes a combination of knowledge-based learning sessions, skills-based learning and awareness generating sessions via structured exercises, role-plays, simulation and case studies. 100% achieved.			
2.4	Development and updating of assessment and mentoring methods.	Quality assessment and mentorship methods developed and applied.	Assessments developed for six Commissioner Training courses and Commissioner Recruitment.	Six new formative and twelve summative assessments developed. Additional control and quality standards applied. In excess of 100% achieved.			
			Mentorship documents reviewed based on feedback received from the 2010/11 Commissioner Mentorship programme and in terms of TDU material development guidelines, standards and time frames.	Commissioner Training Mentorship programme reviewed and required updates identified. 100% achieved.			

#	Key Performance Area (KPA)	Target 2015	Target 2011/12	Achieved 2011/12	Score	Identified challenges/reasons for deviations	Comments
2.5	Develop and deliver effective human capital training to align with the needs of the organisation.	Effective human capital training delivered.	Capacity building initiatives delivered for commissioners, middle management, supervisors and support staff, with 80% achievement of delivery plans and standards.	93% of planned training implemented. Significant training interventions included: Customer Service Training for support staff, Basic Writing Skills and Report Writing for support staff, CMO training, Train the Trainer for commissioners, finance for non-financial managers and managers. Administration training for ETD staff, Supply Chain Management training for managers, Labour Economics training for identified commissioners and 2012 Candidate Commissioner Training programme. In excess of 100% achieved.	●		
			Establish a learning and development information management and reporting system in ETD.	Electronic system fully implemented and functional. Training information captured on system. System used to generate annual Workplace Skills Plan and Annual Training Plan. All ETD staff trained and competent to work on the system. In excess of 100% achieved.	●		

#	Key Performance Area (KPA)	Target 2015	Target 2011/12	Achieved 2011/12	Score	Identified challenges/reasons for deviations	Comments
			Commence development of comprehensive ETD policies and procedures.	Eight policies/ procedures/ SOPs identified for review. The following SOPs were revised: compilation of a training plan, capturing of training transactions, application for a bursary and study loan, identification of training needs, approval of study loans and bursaries and the bursary auditing process. 75% achieved.			Revision of the policies on bursary and study loans was deferred to the next financial year.
			An impact assessment conducted in CCMA regions with 80% favourable outcomes.	An assessment of the service delivery level of ETD services was conducted in regions. 81% favourable result was obtained. In excess of 100% achieved.			
			Implement agreed international Commissioner Development programme.	International Commissioner Development programme agreed and implemented with FMCS (United States). In addition, programmes with ACAS (United Kingdom) and ILRC (Ireland) were agreed and implemented. In excess of 100% achieved			

#	Key Performance Area (KPA)	Target 2015	Target 2011/12	Achieved 2011/12	Score	Identified challenges/reasons for deviations	Comments
	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 CCMA mandate required in four targeted areas.	Communicate and implement best practice standard operating procedures.	Best practice standard operating procedures communicated and implemented with commissioners, interpreters, support staff and users. 100% achieved.	● (green)		
		80% improvement in the quality of settlement agreements, arbitration awards and rulings.	Maintain the monitoring system to continuously improve the quality of settlement agreements at a minimum of 90%.	Settlement agreements routinely perused for quality. 99% of agreements perused compliant with established quality criteria. In excess of 100% achieved.	● (green)		
			Establish a quantitative assessment tool to assess and enhance the perusal of arbitration awards and rulings.	A quantitative assessment tool was designed and tested in one region. 66% achieved.	● (red)		Implementation scheduled for the new financial year.
3.2	Improve accessibility of services to users.	Ensure 20% improvement in the accessibility of CCMA services.	Initial report on the investigation of alternate models to improve accessibility produced.	Investigation commenced. 33% achieved.	● (red)		Formal report not yet tabled.
			Maintain and monitor CMS services to DoL offices	Caseviewer fully functional at all DoL offices, and maintained and monitored. 100% achieved.	● (green)		
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, with specific reference to the Training Layoff Scheme becoming entrenched in the organisation's mandate.	Report on financial and operational impact of entrenching Training Layoff Scheme in the organisation was produced and circulated. 100% achieved.	● (green)		

#	Key Performance Area (KPA)	Target 2015	Target 2011/12	Achieved 2011/12	Score	Identified challenges/reasons for deviations	Comments
			Follow up actions as proposed in the report that was submitted to Treasury in the last financial year in support of the increased grant.	Engagements held with Treasury and DoL on unexpected and unanticipated expenditure. Income grant increased as a result. 100% achieved.	●		
3.4	Transformation of workplace relations with a view to embedding economic development, industrial peace and promotion of social justice.	20% improvement in workplace relations improved in targeted constituencies.	The Building Workplace Relations and Managing Conflict in the Workplace projects marketed and delivered with 40 interventions held.	54 Building Workplace Relations and Managing Conflict in the Workplace interventions conducted. In excess of 100% achieved.	●		
		Impact assessments conducted on Build Workplace Relations, Managing Conflict in the Workplace and Unfair Discrimination interventions.	Unfair Discrimination projects marketed, with a minimum of 60 presentations and workshops delivered.	155 activities held with special attention to unfair discrimination and sexual harassment. In excess of 100% achieved.	●		
3.5	Promotion of user compliance and removal of social justice blockages in the CCMA DR processes	50% improvement in the use of CCMA DR processes of identified problem areas by targeted users, along with the removal of identified social justice blockages.	User DR compliance problems or blockages identified and analysed, with 40 bilateral meetings held with users.	160 activities held on the identification and removal of social justice blockages from CCMA dispute resolution processes. In excess of 100% achieved.	●		
			Social justice blockages identified within the CCMA DR processes and analysed, with 40 engagements held with regional DR structures on the identified blockages.	161 activities held on the identification and removal of social justice blockages from CCMA dispute resolution processes. In excess of 100% achieved.	●		Impact assessment conducted in this area. Report available.

#	Key Performance Area (KPA)	Target 2015	Target 2011/12	Achieved 2011/12	Score	Identified challenges/reasons for deviations	Comments
			Selected staff trained in processes that have been established to remove identified social justice blockages.	Case Manager Officer (CMO) training, with a social justice focus, conducted in all CCMA Regions. Training interventions related to specific social justice blockages. 169 CMOs trained. 100% achieved.	🟢		
3.6	Improve the quality of service delivery to ensure speedy dispute resolution.	Meet and maintain agreed efficiency targets.	Review and agree new efficiencies (where necessary) and with targeted average overall improvement of 2%.	Overall improvement of 25,9% achieved. In excess of 100% achieved.	🟢		
			All regions meet all statutory efficiencies as a minimum.	All cases conciliated within 30 days. 100% achieved. Delivery of awards by commissioners 100% achieved. Delivery to parties within 14 days 98% achieved. Overall target: 99% achieved	🟠		
			Phase 1- to establish timeframe for internal processing of enforcement applications (s143).	Timeframes for internal processing of enforcement applications established at 14 days. 100% achieved.	🟢		
			Phase 1- to establish standard operating procedures for internal processing of review applications.	Process to review current operating procedures and establish a standard operating procedure initiated. 75% achieved.	🔴		Training and implementation scheduled for the new financial year.

#	Key Performance Area (KPA)	Target 2015	Target 2011/12	Achieved 2011/12	Score	Identified challenges/reasons for deviations	Comments
	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.	Organisation that is performance driven and rewards excellence.	Initiate the process to embed performance management culture and system by 31 March 2012.	Process to embed performance management culture and reporting system initiated. Link between individual performance and regional/departmental performance is the accepted norm. Ongoing capacity building support afforded to managers in performance management. In excess of 100% achieved.			
			Approved remuneration policy by 31 March 2012.	Governing Body approved a new remuneration policy for management that was implemented, as remuneration policy for other staff had already been addressed.100% achieved.			
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.	Develop a project plan for the revised Communication strategy and initiate the implementation thereof.	Project plan developed and implementation commenced. Extent of implementation exceeded initial planning. A task team established to review the Communication function, structure and positioning within the organisation in excess of 100% achieved.			
			Commence implementation of enhanced intranet facility.	Proof of concept implemented and testing completed. Process of sourcing a service provider commenced. 66% achieved.		The testing revealed some system compatibility challenges, which are being addressed.	

#	Key Performance Area (KPA)	Target 2015	Target 2011/12	Achieved 2011/12	Score	Identified challenges/reasons for deviations	Comments
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.	Initial implementation of control self assessment using risk registers.	Control self assessment implemented in certain areas including Top 10 organisational risks. 100% achieved.	●		
			Map and automate the standard operating procedures in some key business processes.	Mapping completed in Human Resources (HR), Supply Cahin Management (SCM), Finance and Operations. Automation completed in HR, Finance and Operations. Mapping commenced in Education, Training and Development (ETD) and Training and Development Unit (TDU). 100% achieved.	●		Mapping commenced in ETD and TDU.
4.4	Best practice policies and governance structures implemented.	Review and update all policies to ensure alignment with legal and governance prescripts.	Entrench the governance framework for the review and approval of policies.	The policy approval process was implemented and the GB approved a revised process in order to enhance governance. 100% achieved.	●		
			Implement Phase 2 of the review and development of policies.	The review and development of policies continued within the approved governance environment.	●		

#	Key Performance Area (KPA)	Target 2015	Target 2011/12	Achieved 2011/12	Score	Identified challenges/reasons for deviations	Comments
				Policies reviewed and approved including: policy on exit interviews, policy on retirement, policy on travel and accommodation, guideline on full-time and part-time commissioners appointed without interview, policy on ICT controlling access to information and systems, policy on ICT e-mail and Internet, policy on ICT software licences, policy on ICT network systems management, policy on ICT project management, policy on security framework for VoIP network, policy on ICT acceptable use, policy on disclosure and conflict of interest (combined with the GB policy) and leave policy. In excess of 100% achieved.			
			Implement Governing Body decision register.	Decision Register implemented. 100% achieved.	●		Process initiated to record previous year's decisions.
			Review and implement a standard operating procedure (SOP) for the Governing Body and subcommittee meetings.	Charters for the ASSC, Governing Body, Governance Committee and FRSC, including the Framework on Corporate Governance reviewed and approved by the Governing Body. 100% achieved.	●		

#	Key Performance Area (KPA)	Target 2015	Target 2011/12	Achieved 2011/12	Score	Identified challenges/reasons for deviations	Comments
			Identify capacity building needs and develop project plan to implement capacity building needs of the Governing Body and the subcommittees.	Capacity building needs identified through an assessment process. Project plan to deliver training on a priority needs basis developed. Potential service providers identified. Implementation of capacity building not yet commenced. 76% achieved	● (orange)		Initial capacity building for the GB could not be arranged due to time constraints and is scheduled for the next financial year.
4.5	Ensure Public Finance Management Act (PFMA) compliance and that the organisation operates as a going concern.	Unqualified audit reports.	Unqualified audit reports.	Adequate controls were implemented to ensure that the organisation will receive an unqualified audit report. Significant improvement recorded in addressing previous audit queries. In excess of 100% achieved.	● (green)		
			No new material matters of emphasis.	No matters of emphasis were raised in the audit. In excess of 100% achieved.	● (green)		
			Implement processes to ensure compliance with supply chain management regulations.	Redesigned and enhanced SCM structure. Implementation of enhanced structure commenced. Additional training afforded to SCM staff. Enhanced SCM approval process implemented. In excess of 100% achieved.	● (green)		
		Implement viable income generation models.	Maintain liquidity of the organization at a ratio of at least 0,5:1.	Liquidity ratio of 1:1 achieved. In excess of 100% achieved.	● (green)		

#	Key Performance Area (KPA)	Target 2015	Target 2011/12	Achieved 2011/12	Score	Identified challenges/reasons for deviations	Comments
		Revised funding model implemented.	Continue to implement measures to reduce accumulated deficit.	Deficit reduced from R14,499m to surplus of R17,733m. In excess of 100% achieved.			
			Evaluate Governing Body capacity to deliver on the budgetary management requirements.	Evaluation conducted and capacity building areas identified. 100% achieved.			
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.	Implement fully functional and integrated ICT systems in line with the organisational needs and strategy.	The ICT function revamped, policies redrafted and ICT strategy reviewed. 100% achieved.			
4.7	Efficiently and effectively manage the facilities required by the organisation.	Facilities optimally in place to support delivery of organisational mandate.	Develop and implement standard operating procedure (SOP) for acquisition and renewal of office leases.	SOP implemented with revised standards and incorporating the Greening initiative. In excess of 100% achieved.			
			Issue a new guide for organisational standards regarding office finishings and layout.	Corporate Furniture Guide completed and distributed. 100% achieved.			
			Continue to implement cost reduction measures for travel and accommodation, communication and consumables.	Various cost reduction measures identified and implemented in areas such as telecommunications, consumables, travel and accommodation. In excess of 100% achieved.			
			Review standard operating (SOP) procedure for asset management and control.	A process to review and enhance procedures and to document a revised SOP for asset management and control was commenced. 97% achieved.			Asset management is monitored and controlled via a monthly reporting and evaluation system and the Bid Adjudication Committee (BAC) approving all disposals.

#	Key Performance Area (KPA)	Target 2015	Target 2011/12	Achieved 2011/12	Score	Identified challenges/reasons for deviations	Comments
	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 a fully functional Succession and Retention strategy.	Review, enhance and implement the Succession and Retention strategy.	A framework for Retention and Succession Planning was developed and is undergoing approval processes. In the interim, high risk positions have been identified and plans are in place. 83% achieved.			
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.	Develop a new five-year Employment Equity plan.	A new five-year plan was developed, approved and submitted to the DoL. 100% achieved.			
			Review and implement the Women's Empowerment and Development plan.	All EE policies, targets and goals to address this matter reviewed. Concerted efforts were made to appoint more women in senior leadership positions. 97% achieved.			
5.3	Align the organisational design that facilitates delivery of the strategy.	Optimal organisation design.	Review outstanding areas of organisational design and implement identified areas by 31 March 2012.	Outstanding areas of organisational design reviewed and implemented. Staff complement increased in Corporate Services, Supply Chain Management, Finance and Director's Office. 100% achieved.			

#	Key Performance Area (KPA)	Target 2015	Target 2011/12	Achieved 2011/12	Score	Identified challenges/reasons for deviations	Comments
	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.	Maintain and enhance quarterly reporting mechanism.	Redesigned Strategic Planning Framework developed, adopted and implemented. Enhanced quarterly reporting mechanisms implemented. In excess of 100% achieved.	●		
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.	Communicate and engage on the findings of the Customer Satisfaction Survey (CSS).	Ongoing communication and engagements on the findings effected. Some processes evaluated against findings and refined. In excess of 100% achieved.	●		
			Implement the relevant recommendations from the CSS.	Recommendations incorporated in all planning processes and service delivery. 100% achieved.	●		
			Phase 1 of the process of entrenching the Values implemented by 31 March 2012.	Regular communication on the vision, mission and values continued. Values emphasised at all meetings and through the use of visual media. 100% achieved.	●		
			Implement the CSS continuous monitoring tool.	Scheduled for the next financial year.			Engagements have commenced with the service provider to address an unforseen contractual issue.
6.3	The organisation adds value to the labour market as determined by its mandate.	The CCMA has enhanced and entrenched its mandate and is recognised for the value that it adds in the labour market.	Conduct impact assessment exercises of at least two initiatives in Dispute Management and Mediation.	Three impact assessments conducted. In excess of 100% achieved.	●		Outcomes of all three assessments were largely favourable.

#	Key Performance Area (KPA)	Target 2015	Target 2011/12	Achieved 2011/12	Score	Identified challenges/reasons for deviations	Comments
			Analyse the impact of implemented recommendations identified in Customer Satisfaction Survey.	Scheduled for the next financial year.			Target introduced in current financial year. Impact assessment of the implemented recommend-ations scheduled for the next financial year, as premature for the current financial year.

The CCMA receives the Gold Award for Public Sector Excellence in the Legal Category. Receiving the Award on behalf of the CCMA, from left: Afzul Soobedaar, Ronald Bernickow, Ntombi Boikhutso, Nersan Govender, Advocate Thuli Madonsela (Public Protector) and Eugene van Zuydam

Operations

Nersan Govender
General Manager: Operations

For the first time in its fifteen-year history, the Commission for Conciliation, Mediation and Arbitration has achieved 92 percent of its measured operational targets, which translates into a 57 percent improvement from the previous year. A combination of factors accounted for this massive improvement, which included the continued and consistent performance of some regions, the solid management in others who kept an eye on the ball at all times to lift their performance, and the support mechanisms implemented for the 'underperforming regions'.

In the 2010/11 financial year, there were nine offices (five regions) below the 60 percent threshold of meeting the targets (efficiencies). In the 2011/12 financial year, only two offices (just one region) were below the 60 percent threshold.

The performance of seven of the eleven offices was better than their previous year's performance. This was attributable to a very focused regional management team.

Ekurhuleni and Johannesburg achieved the highest percentage improvements against their targets, closely followed by North West, which not only sustained its high level of performance, but also improved it. The Western Cape has maintained its position as best performing region for the past two years. Overall, the achievement is truly remarkable and one that we will strive to improve further in the forthcoming financial year.

The table below charts the individual office's performance in the financial year under review:

Regional performance against performance indicators, with a target of 60%

Office	2011/12 achievement
Ekurhuleni	85%
Johannesburg	77%
North West	92%
East London	77%
KwaZulu-Natal	92%
Mpumalanga	92%
Western Cape	100%
Port Elizabeth	69%
Free State	77%
Tshwane	85%
Limpopo	54%
Northern Cape	85%

Only one region, Limpopo, did not meet the set national target of 60%. The National Office has engaged with the Limpopo management and implemented a series of initiatives to lift the performance of the region.

Referrals

As anticipated, the case referral rate increased by five percent and, given the current economic climate, this trend is projected to continue into 2012/13. This translates to an average of 649 (646 for the previous year) new cases referred every working day.

Ronald Bernickow
National Senior Commissioner: Operations

The region that experienced the highest growth in referral rate was Ekurhuleni at 32 percent, which was expected as the office was opened in the previous financial year. Port Shepstone is another office that experienced considerable growth in referrals at 27 percent. This augurs well for the CCMA strategy of 'taking its services to the people'. 'Services' refer to the broad CCMA strategy, regardless of office or region.

During the period under review, the CCMA officially opened its doors to the public in George, Rustenburg and Newcastle.

Pre-conciliations

The actual number of pre-conciliations heard increased by 17 percent and the number settled increased by a significant 26 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 George and Newcastle offices achieved the highest settlement for pre-conciliations of their jurisdictional cases at 17 percent and 13 percent respectively.

Con/arbs

Con/arbs heard increased by three percent and the number of cases finalised in one event (the primary objective of the con/arb process) increased by six percent. Some 36 percent of the con/arb cases were settled by parties.

The Pietermaritzburg office finalised the highest number of cases (48 percent) in a single event. The Rustenburg and Newcastle offices improved the finalisation of cases in one event by 12 percent and 10 percent respectively.

Conciliations

The total number of conciliations scheduled outside the 30-day period decreased by a remarkable 236 percent (includes those in which the 30-day period was extended).

The finalisation of conciliation cases (those that were heard and closed) improved by seven percent. Of note is the increased number of cases that were settled (13 percent). One cannot ignore the relatively high increase in the percentage of cases that were withdrawn (21 percent) and those settled by parties (29 percent).

The Durban office achieved the highest improvement in settling cases (seven percent) at the conciliation phase.

Settlement Rate

The actual number of cases settled increased by 11 percent. The final settlement rate stands at 72 percent, which means the elusive 15-year target has finally been realised.

The honour of achieving the highest settlement rate goes to the George office at 84 percent.

CCMA staff manning an information stand at the ILO-Africa conference in Pretoria

Arbitrations

The number of arbitrations heard decreased by six percent, which corroborates the achievement of the higher settlement rate.

The late awards (submitted by commissioners) decreased by a massive 339 percent and this area continues to be tightly managed nationally.

While the late awards sent to parties have been reduced by a colossal 653 percent, it is an area that will require even closer management in 2012/13 as some seven percent of arbitration awards were sent late to parties. This is a statutory requirement, which means that no awards should be sent late to parties. Internal Audit will continue to assist Operations in ensuring that this requirement is met. Cape Town is the only office that met the requirement of sending all awards to the parties within the 14-day period.

Other

Commissioner Usage

Full- and part-time commissioner utilisation remained fairly consistent at the required 40/60 split and this ratio should be maintained in the 2012/13 financial year.

Postponements and Reworks

Postponements of hearings decreased by 21 percent, while process reworks had also decreased by 19 percent.

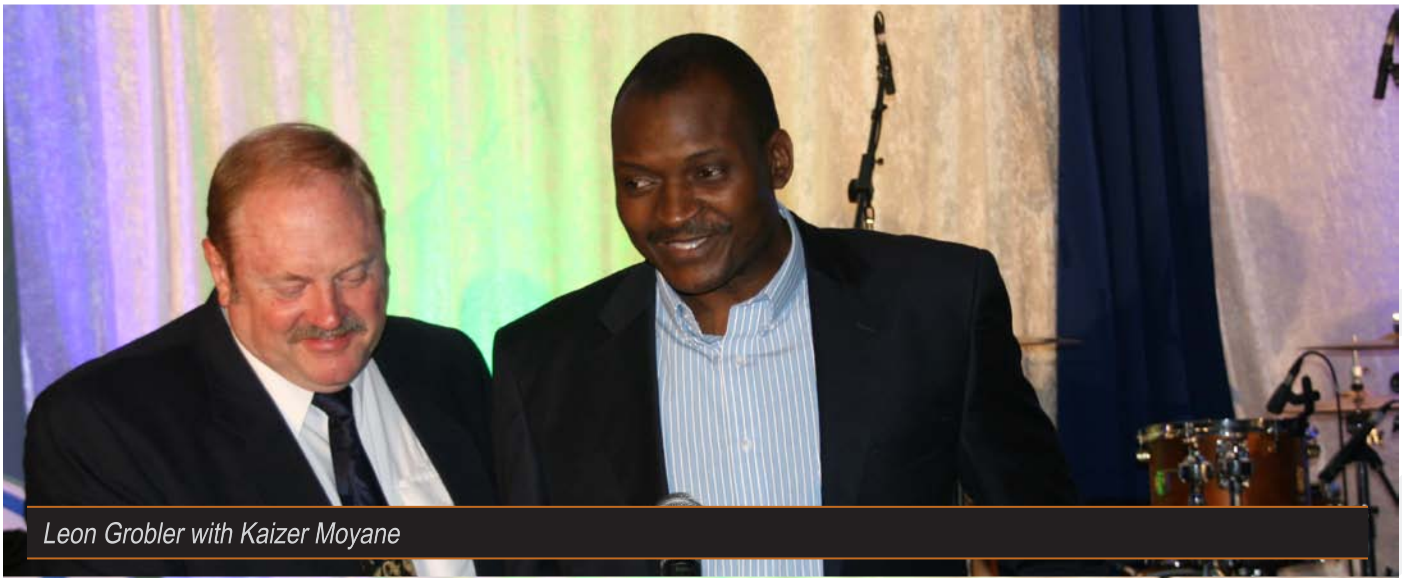
Managing commissioner usage, postponements and reworks have had a direct impact on case disbursement savings. With the exception of the Limpopo office, all offices managed to work well below their case disbursement budgets, resulting in a national saving of eight percent.

Opinion

Despite the increased workload, the organisation has surpassed all expectations due largely to strong operations management. In addition, the regional management and the foot soldiers (commissioners and case management officers) in the regions must be acknowledged for their committed work in ensuring that the organisation achieved its goals and delivered on its mandate.

Solid structures like the MANCO, which focuses on all inclusive operations management, will ensure that the CCMA does indeed become a ‘great’ organisation.

Governing Body members at the Commissioners' Indaba



Leon Grobler with Kaizer Moyane

Elias Monage and Ian Macun

Aruna Ranchod with David Lakay of the Finance and Risk Subcommittee

Ntsoaki Mamashela and Tanya Cohen

Mediation and Collective Bargaining

Afzul Soobedaar
National Senior Commisioner: Mediation & Collective Bargaining

The Mediation and Collective Bargaining department supports the organisational strategy by contributing to Strategic Objective 1: *Enrich the role of the CCMA in the Labour Market* and Strategic Objective 3: *Deliver excellent service rooted in social justice ensuring a balance between quality and quantity.* To this end, the department's primary role is to provide support and guidance for all conciliation, mediation and facilitation processes, and to promote, support and assist in collective bargaining matters.

Operational Performance

In setting the operational targets, cognisance was taken of balancing quantity with quality and also to introduce a social justice element in settlement outcomes. The targets for the 2010/11 financial year were 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 39 percent of disputes at arbitration
- 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
- To ensure that 96 percent of all settlement agreements concluded in processes complied with established quality criteria
- To achieve a total of 20 percent reinstatement and re-employment outcomes (return to work) in settled matters.

The settlement rate target of 64 percent for all conciliation processes was exceeded in respect of rights disputes, with a rate of 66 percent being achieved. This represented a substantial improvement over the previous financial year's result of 62 percent. Success in achieving this target may be attributed to greater focus on front-end processes, as well as ongoing monitoring, support and reporting. The target was, however, not met in respect of mutual interest disputes with a 61 percent result being achieved, due largely to a fairly challenging collective bargaining season. Despite this, the result represented a significant improvement over the previous year's 57 percent.

In the pursuance of quality in conciliation, a Conciliation Quality Assessment (CQA) tool to specifically assess process quality was developed, piloted and rolled out nationally in the last quarter of the financial year. This three-month period was used to bed down the process and results will be measured from 1 April 2012. The CQA is a structured approach to observe and report on individual conciliation processes with a view to assessing and continuously improving process integrity and quality.

Additional support was afforded to commissioners dealing with mutual interest disputes through the hosting of briefing and debriefing meetings before and after the collective bargaining season. The briefing meeting was intended to prepare commissioners for the season through analysis of the extant labour economic environment, together with inputs from social partners on their respective perspectives. The debriefing meeting provided an opportunity for commissioners to engage on the collective bargaining season and to draw learnings from their experiences.

It is gratifying to report that the arbitration settlement rate target of 39 percent was far exceeded and that 43 percent of all disputes were settled at arbitration as compared to 39 percent 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 99 percent of agreements checked (83 percent of all agreements were perused) complying with established quality criteria. The result achieved also represented an improvement over the last financial year's result of 98 percent.

The newly introduced target of 20 percent reinstatement and re-employment outcomes (return to work) in settled matters was not met. A final result of 13 percent was achieved, indicating that more work needs to be done in promoting this measure. The target was not set on an across-the-board basis, but rather based on actual achievement of individual regions gathered from a survey conducted in the last quarter of the previous financial year. To address this situation, a programme of continual awareness raising will be instituted in the new financial year, with monthly monitoring and reporting throughout the year.

Intervention in Public Interest Matters

A total of 209 offers of assistance was made to parties in matters of public interest, with 204 (98 percent) of the offers being accepted by parties. The focused and structured approach to dealing with matters of public interest contributed to the achievement of this target. The experience in previous years of reluctance in the labour market to accept offers of assistance from the organisation has given way to a greater enthusiasm by parties to welcome this assistance. In the last five years, the acceptance of offers of assistance increased by an astounding 94 percent: a tribute to the resounding vote of confidence by the social partners in the organisation and the process of mediation.

Performance on public interest matters fell short of the 64 percent target, with 63 percent being achieved, equalling the performance in the previous financial year. Despite being below target, the result was nonetheless respectable given the fairly challenging collective bargaining season. Significant achievements for the period under review included the successful resolution of disputes in the National Bargaining Council for the Chemical Industry, the Contract Cleaning Sector, the National Bargaining Council for the Wood and Paper Sector, Pikitup and Tolcon. Intervention in these matters led to amicable resolution of disputes that brought an end to industrial action that was already under way.

Collective Bargaining Support and Promotion

Intervention did not stop with the successful resolution of disputes; instead, the department continued to play an aftercare role by facilitating processes for parties to deal with various issues arising from agreements concluded. Facilitated processes were conducted with parties in the Motor Industries Bargaining Council and the National Bargaining Council for the Road Freight and Logistics Industry. In addition, the department was instrumental in conducting verification exercises in the National Bargaining Council for the Chemical Industry (Pharmaceutical chamber) and the Private Security Sector.

Engagement with stakeholders in the Legislative Sector (Provincial Legislatures and Parliament) for the establishment of a voluntary centralised bargaining structure reached a milestone with the conclusion of a frame work agreement to give rise to the National Bargaining Forum for the Legislative Sector. The agreement awaits formal adoption by the Speakers Forum.

Conclusion

The Mediation and Collective Bargaining department had a fairly challenging year but has continued to grow and contribute to the overall success of the CCMA.

Signing the agreement to end the Piktup strike

Afzul Soobedaar and Shawn Christiansen at the Federal Mediation and Conciliation Service in the USA

Capacity Building and Outreach

Jeremy Daphne
National Senior Commissioner:
Capacity Building and Outreach

Education and Training department

Introduction

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

The main functions of ETD are as follows:

- Development and implementation of an annual learning plan linked to organisational needs
- Delivery of the annual commissioner training programme
- Management and support staff capacity building
- Administration and logistical arrangement for all capacity building related activities
- Administration of bursaries and loans
- Quality assurance and impact assessments of learning activities
- Skills Development Act compliance - compilation of the annual Workplace Skills Plan and Training Report.

Strategic Objective

Build skills to achieve professionalism.

Key Performance Area

Under the Siyaphambili Strategy, ETD falls within one KPA, which is to 'Develop and deliver effective human capital training to align with the needs of the organisation and its people'. However, the department has a number of focal areas, each with specific targets. Delivery on each focal area is described below.

Implementation of the Annual Training Plan

Capacity building initiatives were delivered for commissioners, middle management, supervisors and support staff, with 93 percent achievement against an 80 percent target of delivery plans and standards.

The annual training plan was compiled based on an organisational needs analysis. Training initiatives addressed all levels and categories of employees within the organisation. The interventions had high impact in the organisation and large numbers of employees were successfully trained. Many training initiatives were customised to effectively address the specific needs of the CCMA. Some of the major initiatives included:

- Customer service training for support staff
- Basic writing skills and report writing for support staff
- Case Management Officer training for all existing case management officers in the CCMA

- Train-the-trainer for dispute management commissioners and dispute resolution commissioners
- Finance for non-financial managers for National Management Committee members
- Effective ETD administration training for ETD staff
- Supply chain training for National Management Committee members
- Labour Economics course for selected commissioners
- Commissioner Training Programme for new candidate commissioners.

Candidate Commissioner Training Programme

This is one of the major annual deliverables for ETD and has a significant impact on the organisation. The training programme focuses on the development of future CCMA commissioners and takes place in a four-phased approach.

Phase One: Training Programme

The first phase is the completion of the modular training programme by candidate commissioners, which is conducted in a classroom setting but is highly interactive in nature. The training includes the compilation of portfolios of evidence, assignments and final knowledge assessments. The programme consists of the following modules:

- Substantive Law
- Writing Skills
- Conciliation
- Jurisdictional Ruling
- Arbitrations
- Managing Dismissals
- Legal Drafting.

Phase Two: Mentorship Phase One

During this phase the candidate commissioners are required to observe processes within the CCMA regions. This provides the learners with practical exposure to CCMA processes.

Phase Three: Mentorship Phase Two

This involves the learners conducting processes under the guidance and support of experienced, practising commissioners.

Phase Four: Support

This phase involves ongoing mentoring, focusing essentially on any shortcomings identified by the mentor. The region drives this process to ensure that the commissioner is fast-tracked within an acceptable period to deal with all processes.

The Candidate Commissioner Training Programme spans over two financial years and, for the period 2011/12, the following information is available:

Number of learners who enrolled for the commissioner training		
Region	Number of learners who started the training on 6 February 2011	Number of learners on the training as at 31 March 2012
Johannesburg	20	20
KwaZulu-Natal	11	10
Western Cape	7	7
Eastern Cape	17	16
Total	55	53

Modules completed as at 31 March 2012					
Module	Training course date	POE completion date	Assessment date	Supplementary date	Success rate
Substantive Law	6 - 10 Feb 2012	10 Feb 2012	20 Feb 2012	5 March 2012	98%
Writing Skills	13 - 14 Feb 2012	No POE	No assessment		N/a
Conciliation	19 - 23 March 2012	23 March 2012	11 April 2012	24 April 2012	100%
Jurisdictional Rulings	26 - 30 March 2012	30 March 2012	11 April 2012	24 April 2012	100%
The remainder of the modules will be completed in May and June 2012					

Explaining that the CCMA's services are free

Educating schoolchildren about workplace rights

Learning and development information and reporting system
The system was successfully implemented and is functioning effectively. It is used to accurately manage information related to ETD and assists the CCMA with the preparation and submission of the annual workplace skills plan and annual training report.

Capacity Building

The capacity building role and impact of the ETD within the CCMA was enhanced through the introduction of more effective workflows and structures.

Bursary Management

An improved and effective bursary management system was implemented. Sixty-four bursaries were awarded to full-time employees during 2011/12.

Learning Maps

A new initiative was implemented, in the form of learning maps, which will assist managers and employees in future with the compilation and implementation of more meaningful development plans.

Statutory Obligations

All statutory requirements were adhered to in the form of the compilation of the Workplace Skills Plan (WSP) and the Annual Training Plan (ATR). The Skills Development Committee met regularly to discuss the development of staff within the organisation and potential risks.

Departmental Highlights

Impact Assessment

An impact assessment was conducted to obtain feedback from internal customers to determine service delivery levels of ETD. While the response rate to the survey was less than expected, with only 13 managers participating in the survey, an outcome of 81 percent positive response was achieved.

Governance

ETD complied with the prescribed internal reporting requirements and timeframes. The department operated within the approved budget and supply chain policies, and procedures were followed at all times. The risk register was reviewed on an ongoing basis and a continuous effort was made to address and minimise the risks identified in the departmental risk register. The ETD operational plan is tightly managed and weekly staff meetings contribute to the delivery of the plan.

Initiatives and Achievements

One of the major achievements for the department was the introduction of Learning Maps within the organisation. The Learning Maps reflect the training required for each position within the CCMA to assist the employee and manager to identify development areas that will assist performance at the required standard. The map assists the manager to identify suitable development areas and suggest relevant training initiatives for each position.

Another successful initiative was the development of an in-house, supply-chain training programme. This initiative was delivered to the entire management team and was received positively by all participants. The course was practical in nature and was geared towards addressing supply chain capacity needs within the CCMA.

Risks and Mitigation

Time constraints are one of the major challenges facing ETD during the implementation of the annual training plan.

The completion of a Portfolio of Evidence (PoE) is required for selected learning initiatives. This exercise not only assists the

Conducting an outreach workshop in Mpumalanga


Domestic workers' workshop on labour rights

organisation to determine which learners are competent or not yet competent, but also allows the organisation to determine if there was a positive return on the training investment. One of the major challenges for ETD is to get commitment from learners to complete this exercise after the training. This, however, excludes candidate commissioners, as the PoEs required for the Candidate Commissioner Training Programme are mandatory. The completion of PoEs is a risk at this point and is being addressed through the compilation of a standard operating procedure.

Capacity

Empowerment and Transformation

One of the major focus areas of the department is to develop ETD staff and promote exposure to different components of the education and development function. ETD staff was exposed to various internal and external development opportunities and initiatives such as effective ETD administration training, and skills development facilitator training.

ETD staff members are constantly exposed to new ways of work and new systems to improve the service delivery of the department and improved monitoring of information. The development and empowerment of the ETD staff assists with the department's quest to position itself where it is seen to be knowledgeable, competent and understanding of the CCMA's development needs.

Staff Complement

As part of building capacity and repositioning the department more strategically, ETD employed an additional ETD Coordinator. The department now consists of an ETD Manager, an ETD Officer and three ETD Coordinators.

Development Needs Identification

ETD works closely with management and staff within the regions and National Office to identify training and development needs on an ongoing basis. Furthermore, ETD works with the Dispute Management and Prevention department and the Training Development Unit to ensure development needs are addressed in the most appropriate and effective way possible. ETD is represented at various committees and forums to ensure stakeholders are informed and updated on ETD activities on an ongoing basis.

Risks and Mitigation

Identified risks and the interventions planned for their mitigation in the forthcoming financial year include:

- Lack of internal capacity to develop customised in-house training interventions. ETD and TDU are constantly broadening the pool of competencies and materials to address internal development needs.
- The availability of adequate resources to implement change management and its consequent buy-in from managers to implement the personal development system. ETD will embark on a process to ensure sufficient training is provided and effective communication takes place within all regions during the implementation phase.

Conclusion

The objective of the Education and Training department is to deliver an effective, efficient and relevant service to the organisation. Good progress was made in this regard in the year under review, with the emphasis on the strategic repositioning and further building of ETD. Communication and stakeholder management are of utmost importance to the department, and are aimed at ensuring a positive contribution to the strategic goals of the CCMA and ultimately addressing the real needs within the organisation.

The Training Development Unit

Introduction

The Training Development Unit (TDU) forms part of the CCMA Capacity Building and Outreach Cluster, which includes the Education and Training Department (ETD) and the Dispute Management and Prevention Department (DMP).

The primary objective of the TDU is to provide design and developmental support for the CCMA's capacity building and qualifications development activities. The main functions of the TDU are the development and delivery of a Dispute Resolution Practitioner academic qualification, the design, development and update of training material for internal and external use, the enhancement of the CCMA's adult training methodologies and tools, and the development and maintenance of assessment and mentoring methods.

Strategic Objectives

The TDU supports the fulfillment of the CCMA Strategic Objective, 'Build skills to achieve professionalism'.

Key Performance Areas

The TDU has four Key Performance Areas (KPAs), as listed below. Targets for all KPAs were either met or exceeded.

Ensuring the development and delivery of a Conflict Resolution Practitioner occupational qualification

Good progress was made with determining the nature and direction to follow in the delivery of an external Dispute Resolution Practice (DRP) qualification, which is aimed at replacing the current CCMA Candidate Commissioner Training Course.

The CCMA and the Labour Relations Practice (LRP) industry are jointly pursuing the development and delivery of this qualification as an academic qualification under the auspices of the Higher Education Act, involving public higher education institutions. The longer-term objective is to also develop a vocational qualification following the Quality Council for Trades and Occupations route in terms of the Skills Development Act.

A project plan was developed and professional guidance sought on the delivery of a DRP learning programme via the academic route. The process included consultation with industry experts, labour relations industry role players, universities and the appropriate CCMA decision-making structures.

Design and development of training materials and courses to ensure continuous professional development

Three new projects were completed: *Advanced Mutual Interest Training Course, CCMA Guidelines: Misconduct Arbitration* workshop material for commissioners and the *Arbitration and Award Writing Commissioner Revision* manual. The completion of the development of the *Advanced Mutual Interest* course material for experienced CCMA mutual interest mediators was an important achievement, with a considerable amount of consultation, research and development work being applied to the material development process.

Three additional initiatives were completed: workshop material for the *Employment Status of Vulnerable Workers, Dispute Resolution* flow charts and the CCMA Guidelines: *Misconduct Arbitration* - workshop material for users.

The TDU also started drafting the *Capacity Building for Conducting Unfair Discrimination Conciliation Disputes* training material.

Additional quality standards were applied when updating the six commissioner training modules.

To ensure continuous research and development of effective adult-based training methodology and techniques

Adult-based training methodology and tools were implemented in the *Advanced Mutual Interest* training course and form part of the content of the *Capacity Building for the Conciliation of Unfair Discrimination Disputes* training course and the *Arbitration and Award Writing Commissioner Revision* training course.

Development and updating of assessment and mentoring methods

Thirteen summative assessments, nine formative assessments and four recruitment assessments were developed for various projects during 2011/12. The assessments are subjected to pre- and post-assessment screening, which serves to strengthen the fairness, accessibility and integrity of the assessment process.

The 2011/12 commissioner mentorship programme was reviewed with the view of enhancing the quality of the mentorship documentation.

Governance

The TDU complied with internal reporting requirements and conducted its activities within its budget and according to statutory requirements associated with the Public Finance Management Act. Steps were taken to reduce identified areas of risk, including that of protection of CCMA copyright over training material. Furthermore, a positive communication strategy served to achieve progress and agreement amongst members of the Labour Relations Practice industry on the decision to develop the Dispute Resolution Practitioner academic qualification.

Capacity

Empowerment and Transformation

The TDU is continually expanding its pool of material developers and subject matter experts. In particular, the TDU recognises the need to prioritise diversity and equity in the use and capacity building of material developers.

Staff Complement

The TDU has one full-time employee and one part-time commissioner who is contracted to consult to the TDU and to manage the Dispute Resolution Practitioner academic qualification project. All other commissioners are contracted on a part-time or project basis.

Partnership Programmes

The TDU works with the Dispute Management and Prevention department and the Education, Training and Development department to identify training needs, and with the CCMA Legal Department, which oversees the legal accuracy of the training material.

Lastly, the relationship between the CCMA and the Labour Relations Practice industry to develop and deliver the Dispute Resolution Practitioner qualification for commissioners and panelists is another important partnership programme.

Risks and their mitigation

The delivery of the Dispute Resolution Practitioner academic qualification entails a high degree of risk. Each step involved requires careful planning and consideration of legal implications. These also require joint work and consultation with role players within the labour relations industry. The success of this project thus relies on a firm legal and consultative foundation. The legal complexity of the nature of the relationship between universities and the CCMA, and the CCMA's obligations in terms of the Public Finance Management Act, require careful management of potential risks. These risks are mitigated by obtaining and implementing legal advice as well as by regularly consulting with the relevant CCMA decision-making structures.

Conclusion

Conceptualisation and development of training materials and courses is a complex and challenging aspect of CCMA work, and the TDU has succeeded in meeting its targets and managing its challenges in a manner that fosters growth and creativity. The progress made on the development and delivery of the DRP qualification was significant, particularly as the project has the support of the major labour relations practice industry role players.

Commissioner Mduduzi Khumalo handing out information pamphlets

CCMA training session with Correctional Services' inmates in the Western Cape

Job Saving and Training Layoff Project

Introduction

The CCMA Job Saving and Training Layoff Project has its origins in the NEDLAC framework document of February 2009 (Framework for South Africa's response to the international economic crisis), aimed at mitigating the negative effects of the then global economic crisis. The original focus was on delivery of the CCMA's role in the Training Layoff Scheme (TLS), which is one of the measures proposed in the framework document, with the stated aim of providing an additional measure to avoid retrenchment. Originally funded by the Employment Promotions Programme, the TLS was formally opened to the public on 21 September 2009 by the CCMA.

First entitled the CCMA Retrenchment Support and Training Layoff Project, this initiative has gone through an important developmental process over the past two-and-a-half years, where TLS delivery was contextualised within a broader, holistic approach towards addressing job insecurity and business distress. This has evolved into the CCMA Job Saving and Promotion of Employment Security Strategy, which has included the full integration of the original project into the CCMA's structures and budget. It now forms part of the CCMA's daily operations in its respective regions.

The overall objective of the project is to dynamically and effectively contribute to the stability of businesses and sectors, along with the job and employment security of workers, thus assisting in the maintenance of an 'industrial base' on which job creation initiatives can be built. Contributing to the employability of workers is a further and important objective of the project. The main function of the project is to deliver on the CCMA Job Saving and Promotion of Employment Security Strategy, which includes awareness raising and capacity building, facilitation of dialogue and partnership formation, continuous improvement of approaches to address job insecurity and business distress, and the practical application of job saving mechanisms, including the TLS.

Strategic Objectives

This initiative falls under the CCMA Strategic Objective 'Enrich the Role of the CCMA in the Labour Market' and is making an important contribution in this regard.

Key Performance Areas

The Key Performance Area involved is the 'Promotion of Employment Security'. Good progress was made in realising this KPA, with the Job Saving and Promotion of Employment Security Strategy fully developed and its operational functionality involving some impressive success stories (see departmental highlights). The main activities and outcomes achieved are summarised below.

Development of the Job Saving and Promotion of Employment Security Strategy

In the course of the 2011/12 year, the CCMA further developed a holistic, integrated approach to dealing with business distress and job insecurity, which evolved into the Job Saving Strategy. The strategy entails a multi-faceted process aimed at dealing with the factors at play in a potential or actual job insecurity situation. Delivery of the strategy requires continuous exploration of new and improved mechanisms through ongoing sharing of experiences and learnings, along with partnership building and pooling of associated resources. Emphasis is also placed on being clear about the vision involved and the need for mindset change, for both the parties and CCMA facilitators.

The overall objective of the strategy is 'to leave no stone unturned' in pursuing the quest for business health and job security. Only where it is not possible to save jobs is the objective to not let any retrenched worker 'walk into the sunset' without facilitating the provision of survival and support mechanisms.

The following are the key aspects of the strategy:

- Business recovery and partnership building, involving early, workplace-based interventions in collaboration with other institutions, such as Productivity SA and the Industrial Development Corporation (IDC).
- Determination and understanding of the economic rationale for business distress through analysis of the company's finances to ascertain whether income or job loss is warranted.
- Enhancement of the section189A retrenchment facilitation process, including exploration of appropriate alternatives to income loss and retrenchment, and the strategic and effective use of the TLS and variants of it. This includes facilitators knowing how to identify and suggest viable options, together with being well informed about those options.
- Facilitation of access to survival and support mechanisms for retrenched workers in collaboration with the Department of Labour Public Employment Services, the Unemployment Insurance Fund and other organisations.

Capacity Building

Emphasis has been placed on building the capacity of CCMA commissioners in facilitating business distress and job insecurity situations. This included a national capacity building workshop in September 2011 for training layoff co-ordinators and commissioners who deal with section 189A (large scale) retrenchments. The workshop addressed all the key aspects of the Job Saving Strategy and there was also a focus on the building of partnerships with other institutions to assist with business recovery. In this regard, Productivity SA and the Industrial Development Corporation made presentations to commissioners, explaining their respective roles in business rescue, funding and turnaround strategies. The aim was to identify areas in a job insecurity situation where the CCMA could partner with other institutions involved in business rescue.

Extensive awareness raising and capacity building with CCMA users regarding effectively dealing with job insecurity was also conducted by the CCMA's Dispute Management and Prevention department. This is reported under the DM&P section.

Building of Partnerships

The building of partnerships to achieve key aspects of the strategy still requires additional attention and, in particular, the bedding down of collaborative relationships in the various regional offices of the CCMA, where implementation of the strategy is ultimately delivered. However, there have been encouraging cases of significant success at partnering with other institutions to save businesses and jobs (see departmental highlights). A memorandum of understanding is close to completion between the CCMA, the Industrial Development Corporation and the Economic Development Department, and a working relationship is developing with Productivity SA.

Delivery of the Training Layoff Scheme

As of 31 March 2012, the following overall progress had been made in delivering the TLS since it's initiation in September 2009 (the figures beyond the CCMA stage are not completely accurate due to the difficulty in obtaining up-to-date information on the other implementation phases).

There were 28 cases where training had been completed, involving 6 811 workers. Relatively speaking, this constitutes good progress over the past year, as at 31 March 2011 there were only six cases where the training had been fully completed, involving 1 243 workers. However, an analysis of the quality and impact of the training has not been forthcoming (with the exception of certain case studies) and this constitutes a significant omission in the overall analysis of the scheme's impact.

In a further 20 cases, the training layoff requests were fully processed by the CCMA, National Skills Fund (NSF) and the Project Evaluation Committee (PEC), with the SETA training process under way, involving 2 071 workers. This compares to 13 cases involving 4 891 workers at 31 March 2011.

At 31 March 2012, thirty-two cases were with the relevant SETA and the NSF for processing before submission to the PEC, involving 2 435 workers. Blockages at this stage continue to be a problem. As this is beyond the CCMA stage, it is difficult to offer an analysis of their causes.

In total, the active application of the scheme, since its inception in September 2009, has involved 83 companies, with associated trade unions, involving 11 489 workers. This constitutes relatively good uptake over the past twelve months, as at 31 March 2011, active application of the scheme involved 39 companies and 7 531 workers.

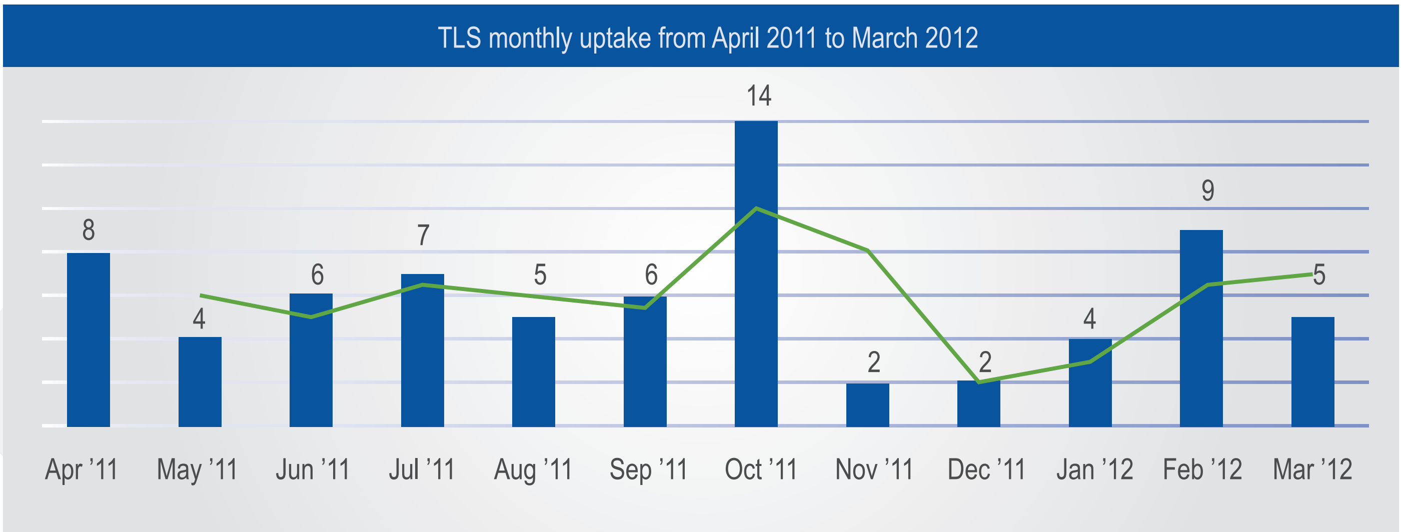
In 34 cases the parties involved withdrew for various reasons, involving 2 281 workers. One significant reason for withdrawal was the stabilisation of the businesses.

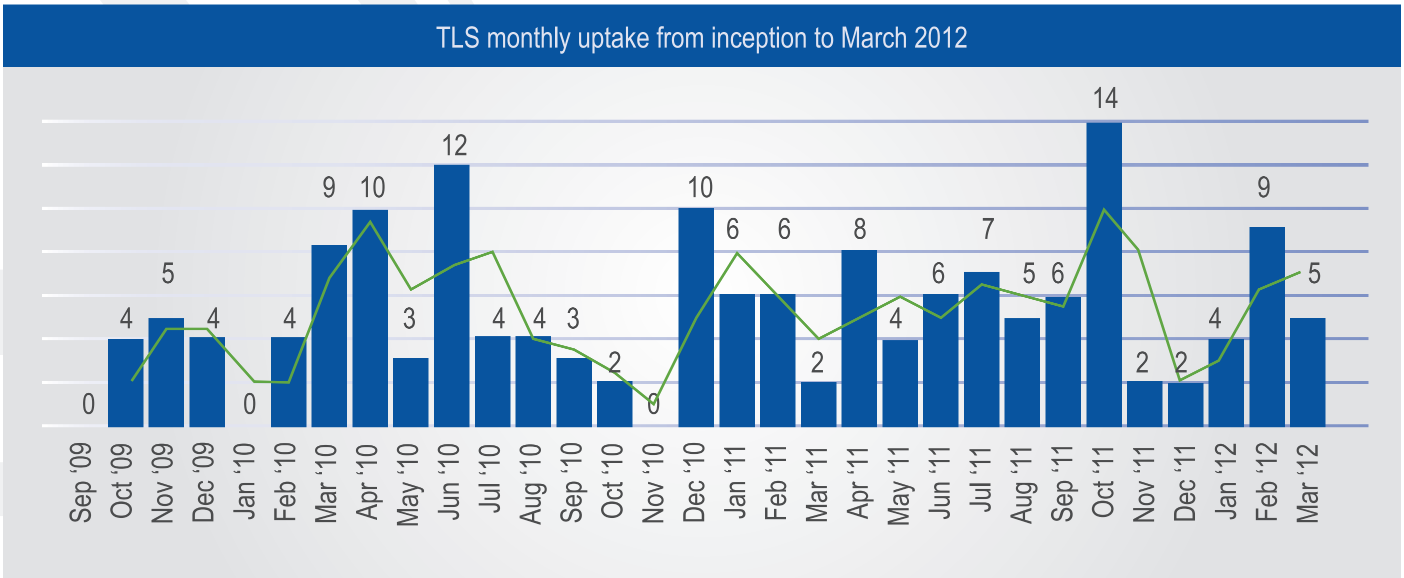
In 39 cases, involving 3 910 workers, training layoff was not recommended by the CCMA Advisory Committee. In the majority of these cases this was due to the business not actually being in distress. This is a significant factor that requires further investigation.

In a further three cases, involving 250 workers, the companies were liquidated.

The grand total of cases processed by the CCMA is 160 companies involving 18 330 workers (including cases withdrawn and not recommended).

TLS uptake by month (fully completed training layoff requests received by the CCMA) over the 2011/12 year and since inception of the scheme is as follows:





As can be seen, monthly uptake over the period under review has varied between two and fourteen cases, but overall there has been reasonably consistent uptake. Higher uptake levels were initially anticipated by social partners, but when placed within the context of the TLS being one mechanism within a broader, multifaceted job saving strategy, the effectiveness of this mechanism is its most significant aspect.

Important administrative developments were the transfer of the administration of the scheme to the Department of Higher Education and Training and the setting up of a task team to make recommendations on the long-term sustainability of the TLS and addressing blockages to the effective delivery of the scheme. Overall, while a number of challenges prevail, a key achievement has been the bedding down and recognition of the TLS as an effective mechanism to address business distress and avoid job loss where used appropriately and in conjunction with a broader, holistic approach.

Departmental Highlights

The Sappi Case

This case involved a partnership with the Department of Trade and Industry (DTI) and the Economic Development Department (EDD) to save 793 jobs at Sappi. The company had issued retrenchment notices to employees and their unions, CEPPWAWU, UASA and Solidarity. The company highlighted difficulties experienced in paper manufacturing in South Africa; in particular that paper can be produced more cheaply in other countries, and that it intended making major structural and operational changes, which would lead to job reductions.

In the course of the facilitation, DTI and EDD proposed a package of possible incentives and initiatives to boost the South African paper industry, including ways to improve competitiveness, protection against imports through tariffs and government procurement policies. There is even the possibility of job creation as government agreed to assist Sappi to obtain thousands of acres in Maputaland to grow trees, on condition that it creates 30 000 to 40 000 jobs.

As these initiatives would take time to materialise, the use of the TLS was proposed as an interim survival measure, which would save jobs and assist the employer financially in the short-term. It would also buy time for government to agree on new tariffs and formulate other incentives, while improving the skills of workers.

The agreement must be seen as a major achievement, given that it saves all the jobs at stake and in addition, the whole sector stands to benefit. Moreover, the collective involvement of the CCMA and other key government agencies and departments has provided a template for future facilitations and delivery of the CCMA's job-saving strategy. Clearly this intervention demonstrated the value of an integrated and holistic approach to job saving and employment security.

The Colibri Case

Another success story involves Western Cape towelling manufacturer Colibri and the union SACTWU. The company was experiencing severe financial difficulties as a result of poor management and cheaper or illegal imports. Colibri avoided liquidation by entering into a business rescue process, which involved the IDC making cash injections to pay creditors. Colibri has also engaged in a programme with SARS to assist the industry by guarding against the influx of illegal towelling products.

The training layoff was explored as an option to relieve worker distress while the IDC acquired the company and business rescue measures were implemented. The parties agreed that 125 Colibri workers would participate in the training layoff scheme, which started after the factory had been closed and workers were without jobs for a period of ten months.

The workers are currently undergoing training, learning how to increase productivity and improve quality, as well as how to work with different types of products and the impact of absenteeism. In addition, workers have been provided with life skills training on, for example, goal setting, budgeting and HIV/AIDS awareness.

Once again, this case demonstrates the benefits of partnering with other institutions and adopting an approach that tackles the business distress and job insecurity situation with a number of compatible interventions operating simultaneously. In particular, the training layoff has proved to be a valuable mechanism for saving jobs in the short-term, while other interventions are applied, and improving workers' skills at the same time. According to Nick Steen, Senior Business Rescue Practitioner at Colibri, "We have had interventions from a number of government departments that will greatly assist in getting Colibri up and running again and the TLS stands up there amongst the most influential."

One worker said of the training layoff, "This is the way forward for our jobs. It's so interesting. Things we didn't know, we know now." Operations manager, Mark Siddons, said that the scheme was essential for the company's recovery, "We've been able to restart the machines, re-skill and retrain from within. Without the scheme, I don't know how the business would have got going again."

Workers at Colibri undergo training: on the line and in the classroom. Training was split 50/50 between 'theory' and 'practical'.

Capacity

DMP commissioners in the twelve regional offices are responsible for promotion of the holistic approach, including the TLS, and the building of partnerships with other organisations. Each region has also identified a Training Layoff Commissioner who is responsible for delivery of the Job Saving Strategy in the region – from promoting a change in mindset to exploring alternatives to retrenchment.

At the national office, delivery of the strategy lies with the Senior Commissioner: Operations and National Projects and, ultimately, the National Senior Commissioner: Capacity Building & Outreach. Co-ordination and administration of the scheme is conducted by the Capacity Building & Outreach Professional Assistant.

Now that the holistic approach and the TLS are fully operational, it is not envisaged that the staff complement for delivery of the strategy will be increased. Going forward, the focus is on building capacity of the TLS co-ordinators and other commissioners who deal with job insecurity situations to analyse the economic rationale, to identify business distress, to suggest informed and viable alternatives to retrenchment and to develop partnerships at a regional level.

As identified above, the strategy recognises the need to build partnerships with organisations that are involved in business rescue and sector development on the one hand, and support mechanisms for retrenchees on the other.

It is gratifying to note that this initiative has been absorbed as part of CCMA-mandated work.

Dispute Management and Prevention department

Introduction

The CCMA's Dispute Management and Prevention Department (DM&P) offers a range of support services to trade unionists, advice officers, managers and workers.

From small beginnings involving a few workshops, these services now deliver a multitude of activities each year, reaching communities all over South Africa and including most, if not all, rural areas. The focus of the services is on capacity building, information sharing, awareness raising and problem solving.

The main objective of the DM&P department is to ensure effective and proactive 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.

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 a synopsis of delivery for each. The department exceeded all its set targets for the year.
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 206 activities held nationwide (examples under highlights).

Conduct user and stakeholder empowerment and capacity-building initiatives.

- A total of 800 activities was conducted under this KPA, involving radio talk shows, road shows and izimbizo meetings.

Contribute towards the promotion of employment security.

- 296 activities were held involving awareness-raising, education and training initiatives, as well as the promotion of the CCMA holistic approach on job saving and business turnaround.

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 209 activities was conducted under this KPA through building workplace relations, managing conflict in the workplace and initiatives dealing with unfair discrimination.

Promote user compliance and the removal of social justice blockages in the CCMA's dispute resolution processes.

- 336 activities were conducted in addressing user compliance problems and social justice blockages for users, and CCMA internal dispute resolution processes.

Departmental Highlights

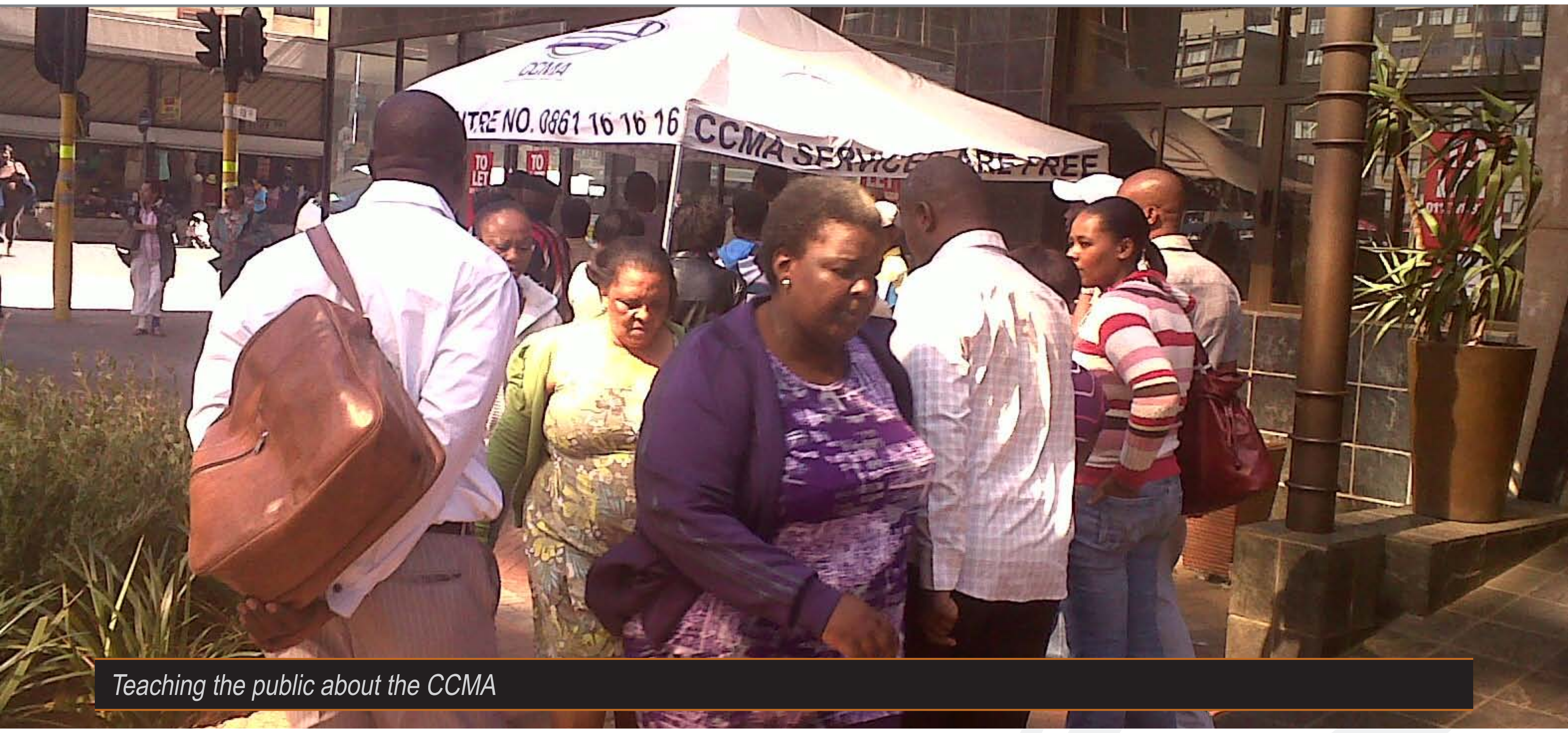
The DM&P department's delivery for the year under review again reached all corners of South Africa, including rural areas. The impact of the departmental initiatives was considerable, as shown by the positive results of the impact assessments conducted on three DM&P focal areas, namely:

- Community radio talk-show programme, which reached approximately 10,7 million listeners.
- The promotion of user compliance and removal of social justice blockages in the CCMA's dispute resolution processes, designed to assess the effectiveness of the DMP project on identifying potential social justice blockages, both internally and externally. This project has the potential to reduce time and costs involved in the resolution of disputes referred.
- A proactive workplace intervention. In the case of the Indlovu Super Spar in Hazyview, the intervention was aimed at reducing incidents of workplace misconduct relating to under-ringing by cashiers. It has led to greater job security for employees, reduction in shrinkage for the company and reduced referral of disputes to the CCMA. A real win-win.

These three impact assessments exceeded the Siyaphambili Scorecard requirement of conducting two impact assessments.

The DM&P department delivered training workshops for users on the CCMA Arbitration Guidelines: Misconduct Arbitration. The recipients of these workshops include Edcon, COSATU and FEDUSA affiliates, and a number of parties to bargaining councils. This initiative has considerable strategic significance regarding its role in promoting best practice, both in arbitration hearings and in workplace disciplinary enquiries.

The Western Cape DM&P function embarked on an initiative, in partnership with the Community Corrections offices, to train parolees and probationers at the Worcester Prison on the



Teaching the public about the CCMA

role of the CCMA and employment law. The purpose of this initiative was to provide support to offenders who become parolees and probationers.

A number of high impact interventions was conducted through the Building Workplace Relations (BWR) project. This included a BWR exercise with the North West Provincial Legislature, where working relations between labour and management had deteriorated significantly, undermining collective bargaining processes and associated activities. This intervention successfully assisted parties to identify specific problem areas and develop mutually agreeable objectives and plans to address their issues.

The department produced and published two articles in the South African Labour Bulletin on topical labour market issues. It also held and participated in a number of labour market and social partner events such as the CCMA's 15th Anniversary facilitated 'Think Tank' session, the Department of Labour-International Labour Organisation (ILO) Tripartite Stakeholder workshop, the twenty-fourth annual Labour Law Conference, the ILO/ILERA (International Labour and Employment Relations Association) Public Sector Seminar and the South African Society for Labour Law (SASLAW) Conference.

The DM&P department derives its priorities from the Siyaphambili strategic plan and, in turn, effects delivery informed by its annual Operational Plans and Year Calendars of all planned events by region and nationally.

Delivery is also based on national and regional risk registers, which are monitored and updated on a regular basis. One of the challenges facing the department is increasing demand for services.

Capacity

A number of internal capacity building activities were held during the year under review, including a Train the Trainer and Managing Conflict in the Workplace workshops for commissioners. The workshops were held to build capacity across regions to deepen the pool of trained commissioners and were targeted at ensuring effective delivery of the two services across all CCMA regions.

Gender representation in the department is more than equitable, with 58 percent of commissioners and 90 percent of administrators being female.

Collaboration with various organisations, such as Productivity South Africa and the Economic Development Department, was further strengthened and a new collaborative effort was pursued with the Department of Labour's Inspectorate Unit.

Conclusion

Overall, excellent progress was made during the year under review, with all targets exceeded. Demand for DM&P services continues to increase from both business and labour, which reflects positively on the quality of services delivered. The reach and impact of DM&P services and activities continued to increase, with a number of activities held involving thousands of CCMA users and social partners as shown by the number of activities conducted under each Key Performance Area.

The impact of the DM&P services could be illustrated by the results of the impact assessment conducted on the department's community radio programmes, where the results illustrated that radio talk shows reached approximately 10,7 million listeners, with the majority being vulnerable workers in rural areas.

Dispute Resolution, Legal and Statutory Bodies Liaison

Eugene van Zuydam
National Senior Commissioner:
Dispute Resolution and Legal

Introduction

The Department consists of three sections, namely Dispute Resolution, Legal and Statutory Bodies Liaison.

The Dispute Resolution section is responsible for dispute resolution in general and in particular for all post arbitration hearings processes. It also keeps commissioners abreast of new labour law and practice and procedures and renders support services to the Essential Services Committee.

The Legal section is responsible for the settling of all CCMA contracts and attends to all litigation by and against the CCMA. It also gives advice, opinions and guidance where required.

The Statutory Liaison Bodies section monitors and evaluate the quality of dispute resolution functions of bargaining and statutory councils. The section also manages the accreditation processes of councils and the payment of subsidies to councils.

Strategic Objectives

The department continues to contribute to the goals of the Siyaphambili Strategy which is now in its third year by:

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

Key Performance Areas

The first strategy objective is addressed through input to the Minister of Labour in respect of the proposed amendments to the labour legislation as well as suggestions to improve dispute resolution processes in the CCMA.

The department also continues to engage the Labour Court, NEDLAC, bargaining and statutory councils and the Department of Labour with the view of improving the role of the CCMA in dispute resolution.

To support the second goal, the department revises the Practice and Procedure Manual for commissioners annually. The manual is distributed to each commissioner as a reference and guide not only to ensure professional service, but also to create some consistency in dispensing social justice in processes.

Arbitration guidelines were published and several training sessions to introduce the guidelines have been conducted.

Commissioners are required to 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 department protects and, where required, defends the interests of the CCMA.

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

The team established to revise the CCMA Rule and its forms has commenced with its task.

The department organises consultative meetings with councils on a regular basis where labour market issues and the improvement of dispute resolution are discussed.

A new fee structure for commissioners has been implemented which drastically reduced the number of arbitration awards.

Capacity

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

Targets

The department plans to:

- Revise the CCMA Rules and its forms
- Develop and implement a process to improve the quality of awards
- Further engage the Sheriffs' Board to make enforcement processes more accessible and effective.

The department foresees no risks to achieving these future objectives.

Conclusion

The department continuously strives to ensure effective and efficient dispute resolution and compliance with labour laws.

Visiting Nigerian judges with senior CCMA staff

Essential Services Committee

Luvuyo Bono
Essential Services Committee Chairperson

The Essential Services Committee is established in terms of Section 70 of the Labour Relations Act. In terms of this section the functions of the Committee are:

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

In exercising its responsibilities 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, in terms of Section 213 of the Act, it can be shown that:

'…… the interruption of that service has the effect of material physical destruction to any working area, plant or machinery'.

In previous years' reports the Committee noted that whereas the definitions above have been in existence and have been applied since the promulgation of the Act in 1994, it was obvious that there was limited appreciation of the meaning and application of the definitions amongst some parties. For this reason the Committee recognised the need to embark on a major awareness raising campaign to build increased understanding and appreciation of the meaning of essential and maintenance services amongst the social partners and the broader public.

During the course of 2011 the Committee took the fist steps towards meeting this need. A document which addressed frequently asked questions was developed and placed on the CCMA website. In addition, in November the Committee arranged and conducted a workshop for key stakeholders in the public and private sectors. The objective of the workshop was to both build understanding and to promote dialogue on how some of the current problems experienced by parties and the Committee could be addressed to better effect.

The workshop included input from a number of local and international experts and was evaluated by participants as being a resounding success. The Committee is currently developing plans to build on this success by conducting a number of shorter workshops for targeted economic sectors and bargaining councils.

This report would be incomplete without reference to the support that was provided by the ILO and the PSCBC for the workshop conducted in November. The ILO provided funding for the workshop and the PSCBC made available its premises at no cost. Without such support the workshop would not have been conducted. Similarly, this report would be incomplete without reference to the fact that the workshop was arranged and conducted on a collaborative basis with the CCMA and the manner in which the Commission and the Committee were able to cooperate in this activity has enhanced the relationship that exists between them.

During the year under review the Committee dealt with a number of applications. Of particular importance were the applications from parties in the private healthcare, social care and emergency service sectors. These applications, whilst yet to be finalised, have raised important questions in regard of the essential nature of services in the private sector and any determinations made in regard of these will have undoubtedly long-term implications for national labour relations.

In addition to the referrals above, the Committee also finalised its determinations in respect of various services at airports and security services to institutions involved in the payment of social pensions and grants. These determinations, whilst having taken longer than anticipated, warranted considerable thought and attention. Notwithstanding, the Committee recognises that they took too long to finalise and that the period that the parties were kept waiting for their finalisation was not justified. The Committee has taken active steps to prevent reoccurrences of such problems.

During the period covered by this report, The Supreme Court of Appeal found that where, there was a dispute in respect of minimum services; it was ‘a dispute which only the ESC could determine under the provisions of s73’. Its judgment followed from a long outstanding dispute between Eskom and a number of unions (NUMSA, NUM and Solidarity) and it settled any uncertainties about possible conflicting roles between the CCMA and the Committee in respect of minimum services designations. On the other hand, the judgement also brings new challenges to the Committee and means that even greater attention will have to be given to the nature and resources required by the Committee. This has become even more evident recently as a result of NUMSA having requested the Committee to now determine minimum services at Eskom.

The Committee has noted the proposed amendments to the Labour Relations Act and to the provisions relating to the structure and functioning of the Committee in particular. More specifically, the Committee has noted with some satisfaction that the amendments provide for an independent ‘authority’ (the Committee) to be maintained rather than the processes of essential and maintenance services determination being subsumed under, for example, the CCMA and/or the Labour Court. Furthermore, the need for the Committee to be provided with adequate resources to initiate and conduct investigations and to be able to operate more proactively than is currently the case the need for a pool of skilled facilitators equipped to provide support, direction and guidance to parties engaged in negotiations relating to minimum service agreements.

In addition, the Committee has noted with some concern that little attention has been given to the need for a highly skilled and specialised panel to conduct interest arbitrations and the need for a full time secretariat comprising of management and administrative staff. In the absence of these, the Committee is concerned that its mandate will remain difficult to achieve in the most efficient and effective manner.

During the past 12 months, the Essential Services Committee comprised of the following members:

- Grahame Matthewson (Acting Chairperson)
- John Mawbey
- Johan Koen
- Sifiso Khumalo
- Themba Zulu
- Vikashnee Harbhajan
- Coleen Slabbert
- Ruben Baloyi.

The former Chairman, Advocate Afzal Mosam, tendered his resignation to the Minister of Labour in July 2011. Over the period that Advocate Mosam chaired the Committee, the number of referrals and the time required to deal with these increased substantially, making it difficult for him to dedicate the requisite time and energy to leading the Committee. Despite this, he continued to perform his role as Chairman and the Committee owes much to his leadership and to the support that he provided to individual Committee members during the various investigations that they conducted.

Grahame Matthewson was appointed as Acting Chairperson by the Minister in October and he acted in this capacity for the remainder of the period covered by this report. Advocate Luvuyo Bono was subsequently appointed as Chairperson in March 2012.

Corporate Services

Itumeleng Masege
General Manager: Corporate Services

The role of the Corporate Services section 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 through the strategic objectives and key performance areas outlined below.

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 (KPA)

- 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.

Functions of the Section

During the year under review, the section, under the leadership of the General Manager: Corporate Services, has implemented a number of improvements to enhance the functioning of the organisation.

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 achievements of the section according to the relevant KPA.

Policy Development

The review and development of policies continued within the approved governance environment. Thirteen policies were either drafted or reviewed over the period and after undergoing internal governance processes were adopted by the Governing Body. The adoption of most of these policies, especially those for Information Communications Technologies (ICT), had the effect of addressing most of the audit queries in ICT that were raised by the Auditor-General in the previous audit. Embedding the process has ensured ownership of the policies, but it has been identified that, going forward, a refinement of the process would ensure optimal delivery in this area.

Monitoring and Evaluation

The Governing Body is required to review the performance of the organisation against established targets on a quarterly basis and determine whether the organisation is still on track to fulfil its obligations as stipulated in the Siyaphambili Strategy. Corporate Services has, after a detailed process of piloting a scorecard for measuring Corporate Services items, had the Corporate Services-specific scorecard approved. This will be implemented from the first month of the new financial year. The Corporate Services scorecard was developed as part of the organisation's aim of being able to measure all of its services and providing feedback to line managers on areas for improvement. This inherently measures all aspects related to Human Resources, Facilities Management and Administration. This scorecard will also contribute to the holistic monitoring mechanism of the organisation.

Highlights

Lease Management

During the year under review, the organisation managed the renewal of eight operating leases. Furthermore, the, leases for the Head Office (Johannesburg), Northern Cape (Kimberley) and Rustenburg were renegotiated, resulting in the organisation continuing existing occupancy.

Intensive negotiations and alterations were carried out in Rustenburg and included the redesign of the office, as well as further streamlining of the work process. The main aim of such extensive refurbishment was to enable this office to provide the public in the region with a faster, more efficient and professional service. The refurbished office was officially opened on 29 March 2012 by Mr Les Kettledas who was then the Acting Director General for the Department of Labour.

As a major addition to the provision of accessibility to CCMA services, a new facility, the 'Ekurhuleni Office', was officially opened in Benoni on 15 August 2011. Ekurhuleni Member of the Parliamentary Portfolio Committee on Labour, the Honourable Eric Nyekemba, officiated at the opening ceremony. Also attending was the Chairperson of the Labour Portfolio Committee, the Honourable Mamagase Elleck Nchabeleng, other Members of the Portfolio Committee and social partner representatives. This office serves a large, densely populated area across the East Rand.

The leases for the Port Elizabeth, Limpopo and Witbank offices underwent open bidding processes, resulting in new leases being entered into for these office. As a result of this, the Port Elizabeth office successfully relocated to their new premises after the new landlord had redesigned and refurbished the building to meet the needs of the CCMA. The Limpopo office has remained in the same premises after the current landlord

From left: Les Kettledas (Department of Labour), Tanya Cohen, Nerine Kahn and Elias Hlongwane at the official opening of the Rustenburg office

The Honourable Eric Nyekemba (MP) and the Director officially opening the Ekurhuleni office

The Honourable Eric Nyekemba (MP), The Honourable Mamagase Elleck Nchabeleng (MP), Nerine Kahn, Arnause Mohlala and Phutase Tseki cutting the Ekurhuleni cake was successful in the open bid process. The CCMA office in Witbank relocated to new premises in the town, retaining the important aspect of accessibility for our users. While there were some challenges in the Mpumalanga relocation, these were successfully addressed by co-operative team work in the organisation.

To enable the provision of services to the CCMA's customers in rural and outlying areas, new leases were signed for venue offices in Tzaneen (Limpopo Province) and Nelspruit (Mpumalanga Province). Furthermore, the organisation continued to expand its services by sending commissioners to some of the outlying country areas to hear cases.

Travel and accommodation

The CCMA successfully completed an open bidding process for an in-house travel agent to be based at the National Office, Johannesburg. It is envisaged that the contract will be in place during the second quarter of the new financial year. As a result of the turn-around strategy approved by the Governing Body to improve the financial position of the organisation, there was improved management of travel and accommodation in the organisation. Although the organisational policy has always been that everyone travels economy class, a further enhancement was made wherein the use of low-cost, budget airlines was championed, as well as using restricted tickets where appropriate. Furthermore, the revised focus on using Bed and Breakfast facilities has also contributed in assisting the organisation to turn around the deficits of the last two financial years.

Fleet Management

The CCMA has a fleet of 13 vehicles and the leases of five vehicles will be expiring. The process of ensuring that the organisation does not suffer adversely as a result of this expiry has commenced, with the aim of replacing these vehicles.

As part of improving its systems, the organisation has also started the process of identifying a suitable electronic fleet management systems to improve the management of its fleet and the attendant drivers. There is also a detailed management process for monitoring the usage of vehicles, as well as how this contributes to the organisation's sustainability project.

Green Projects

The organisation began a project during the year which was aimed at promoting the sustainability of the environment. This included providing a presentation to all management where the greening project was launched and environmental matters highlighted. A resolution was passed at this meeting that all meetings should be conducted in a paperless environment, that the usage of electricity should be monitored to enable its reduction and that a concerted effort should be made to reduce the usage of paper. The latter was an extension of an existing project that required better encouragement and monitoring. The organisation has now resolved to promote the recycling of paper and the necessary bins have been acquired.

To ensure that this matter is taken seriously in the organisation it has been included in the Corporate Services scorecard and regions are scored on this item. For any project of a transformative nature to become successful it is important that the leadership of the organisation should support it. In this regard the Greening project has the support of top management and the Director is particularly enthusiastic about this undertaking.

Source and retain the best talent for the organisation

In order to ensure that the CCMA is able to deliver social justice, and comply with and live the Batho Pele principles, the Human Resources section plays a central role in assisting the organisation to meet its legislative and social mandate. Cases in the organisation are conducted by commissioners, whose needs are taken care of by the Human Resources section. The organisation utilises a hybrid model in terms of the recruitment of commissioners, whereby there are both full- and part-time commissioners, as well as part-time interpreters. The Human Resources section has developed processes and systems that address the requirements of both its full-time employees as well as independent contractors.

Implementation of Human Resources Standard Operating Procedures

As an improvement on processes that have already been put in place to ensure proper growth of the human capital of the organisation, the human resources processes were outlined and documented. This has improved the service levels to the regions and departments as all stakeholders are aware of the requirements. It is envisaged that, with the aim of enhancing the delivery of human resources services to the organisation, the section will enter into Service Level Agreements (SLAs) with the various regions and departments in the new financial year. This will ensure compliance with the standards to which the section has committed itself and that any deviations will be properly addressed.

Remuneration Project

Approximately five years ago, the CCMA reviewed the remuneration levels of the Bargaining Unit staff, resulting in the adjustment of most salaries in that unit. However, the review of the salaries of management was held in abeyance and as a result the organisation had been experiencing salary creep. The Governing Body agreed in 2009 that the salaries of management should be reviewed to bring them in line with comparable market remuneration levels.

The initial phase of the review of the organisational compensation (remuneration) strategy was completed at the end of 2011 after complying with all requisite governance processes. The first phase of this project was related to the comprehensive review of the National Management Committee (NMC) remuneration scale and underlying key principles. The NMC is comprised of all managers in the organisation and includes executive managers, regional heads (convening senior commissioners), full-time senior commissioners, registrars and all other functional managers. The services of a company, expert in remuneration matters, were obtained for this project. The main underlying principle of the approved phase is that all remuneration increases for managers will be performance based.

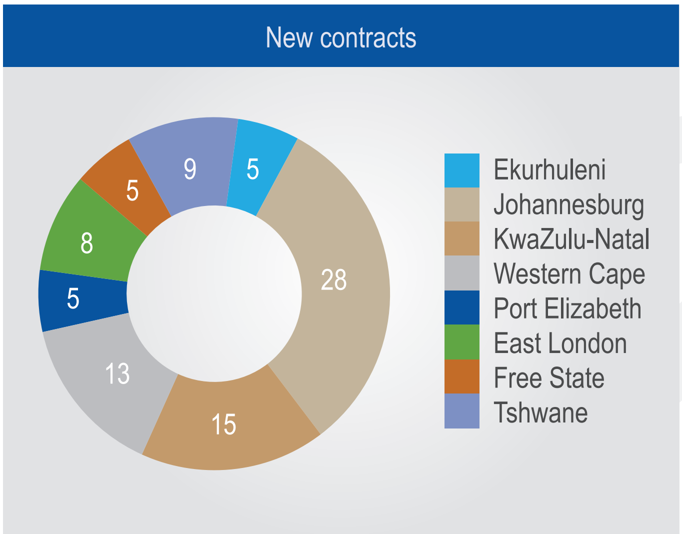
The second phase of reviewing the organisational compensation strategy will be completed by the end of the 2012/13 financial year.

Commissioner Recruitment

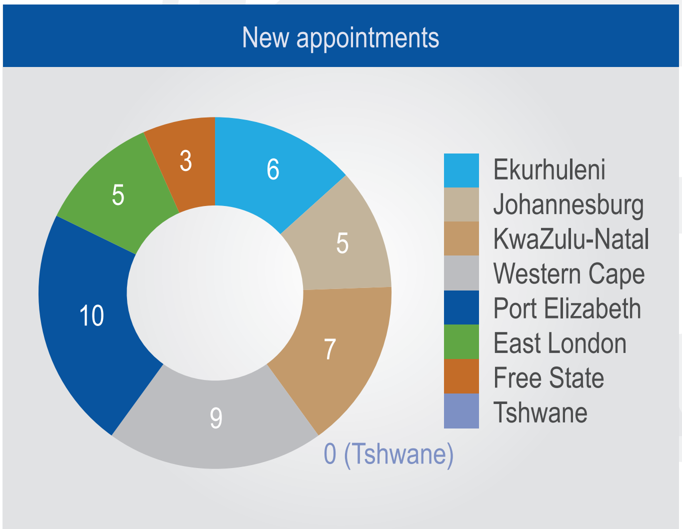
In terms of the Labour Relations Act (LRA) the recruitment and termination of commissioners is the exclusive function of the Governing Body and this structure plays a central role throughout the commissioner recruitment process. It is a policy of the organisation that there is no automatic renewal of contracts when they expire, but that all commissioners are required to re-apply for new contracts. The Governing Body had resolved to separate the commissioner recruitment into two phases, with some regions recruiting in 2011 and the remainder in 2012.

The regions that recruited in 2011 included Johannesburg, Ekurhuleni, Port Elizabeth, East London, Western Cape and KwaZulu-Natal. There were 592 applications received and these were processed through a phased, project-managed approach that included written assessments and two sets of interviews. The recruitment process commenced in June 2011 and was concluded with the newly appointed commissioners commencing training on 1 February 2012. The appointment of new commissioners is only finalised after the successful completion of commissioner training that takes place over a six-month period.

There were 88 new contracts issued for existing commissioners whose contracts had expired and who had applied for new contracts.

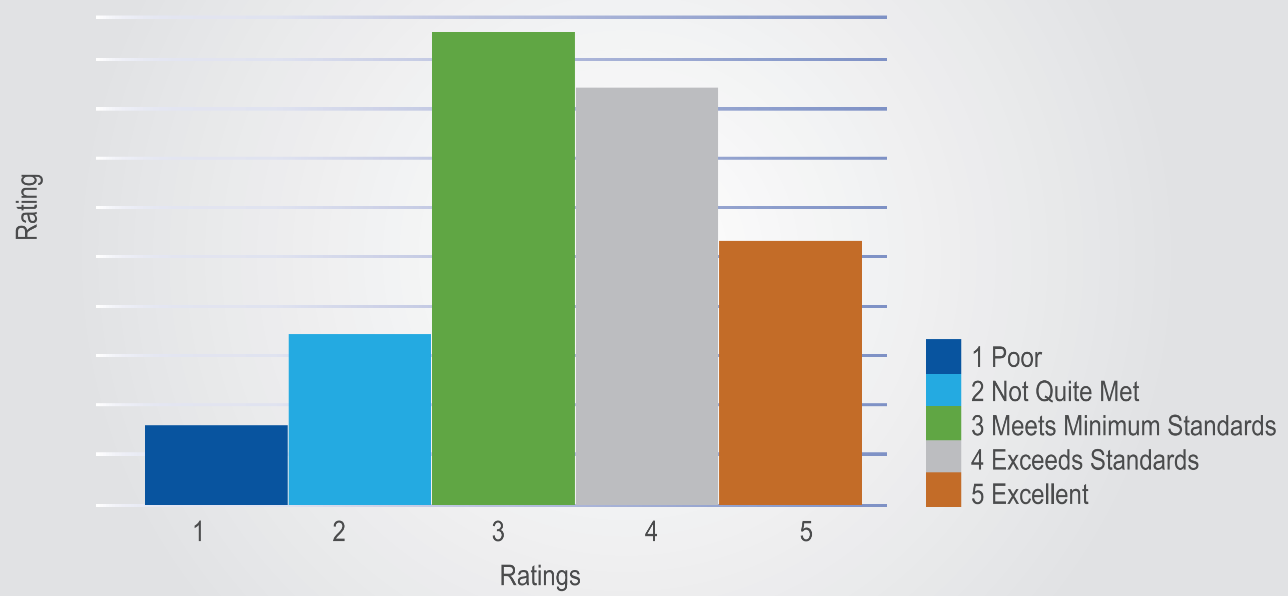


There were 45 new appointments made for full- and part-time commissioners within the recruiting regions.



After the completion of the 2011 commissioner recruitment process, an internal evaluation was conducted of the entire value chain involved in the recruitment of commissioners. The main objective of the evaluation was to obtain the input of the stakeholders on the recruitment process, as well as developing recommendations on how to improve the process in future.

Overall ratings of project



The performance of the recruitment was rated favourably although there were recommendations made to improve the effectiveness and efficiency of the process. Theses recommendations have been incorporated into the 2012 commissioner recruitment process, which is scheduled to commence in June 2012.

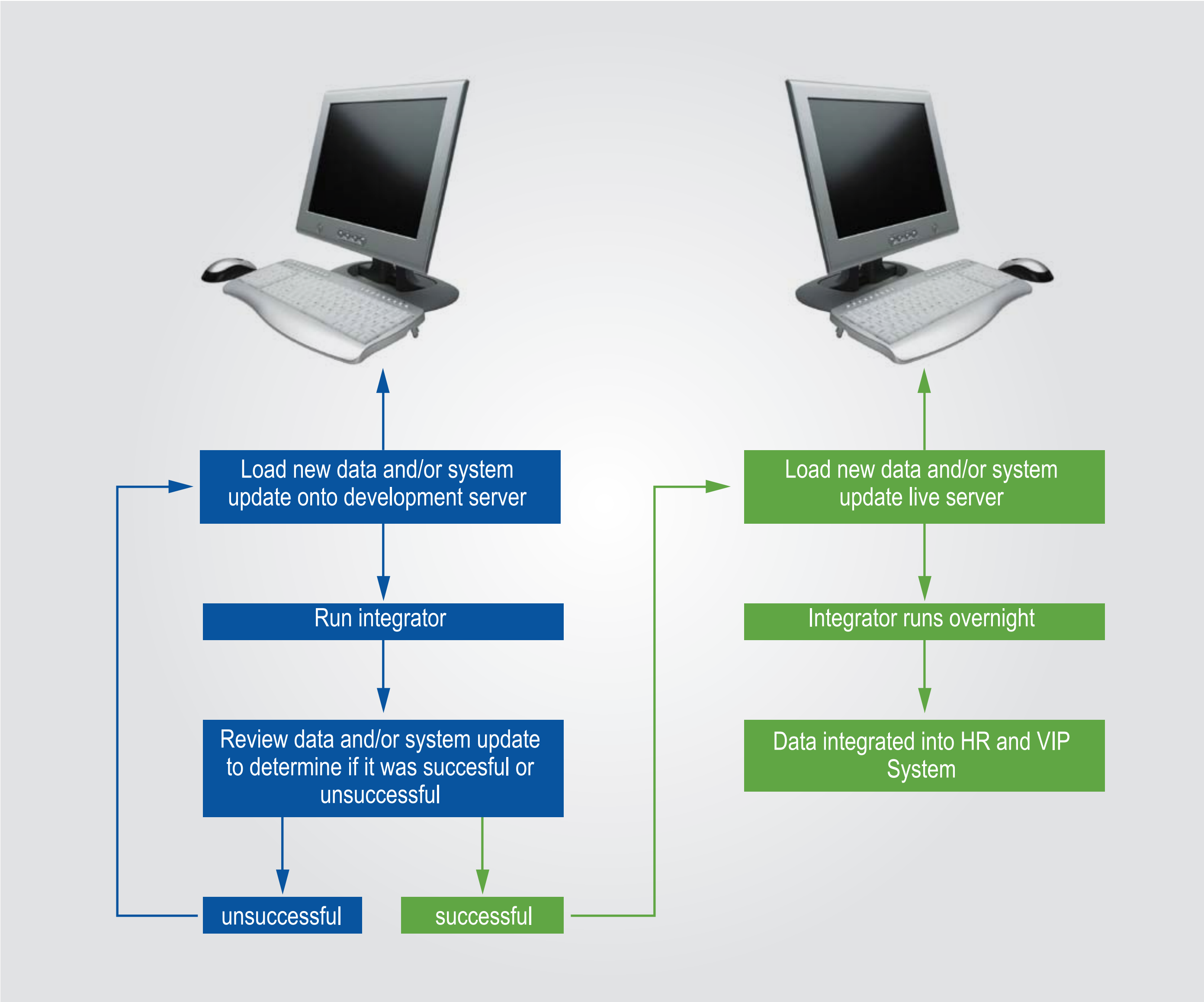
Recommendations include:

- That complaints and queries from candidates should be handled with a sense of urgency by the Human Resources section at Head Office.
- The process of gathering commissioner recruitment statistics should be investigated and a three-year history established
- There should be structured interview questions for all interview phases to ensure that there is consistency. All dimensions and aspects outlined in the interview guide should be included.

Human Resources Information System (HRIS)

The CCMA embarked on a project to implement an electronic Human Resources Information System (HRIS). This project has been successful through the planned implementation of various modules. The outstanding module for recruitment, which forms part of the commissioner recruitment process, will be implemented in the new financial year. The human resources administration and payroll systems are fully integrated, ensuring that the information and reports stored on the system are accurate and consistent.

A system-testing environment was implemented alongside the live system in testing new updates and changes before introduction into the live system.



Employee Benefits

An employee benefits 'basket' was established, detailing all the benefits currently offered by the organisation. Some of the benefits currently being offered are: leave (annual, sick, maternity (four months paid), study, family responsibility and paternity), medical aid facilitation, provident fund, corporate cell phone package, funeral cover, library services, car and household insurance and salary packaging for certain categories of employees.

These benefits are one component of the CCMA's Employee Wellbeing programme. The Employee Assistance Programme (EAP) is currently being revised through the drafting of a Quality of Worklife Balance policy to address all aspects of the work environment.

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.

Retirement Fund and Group Risk Benefits

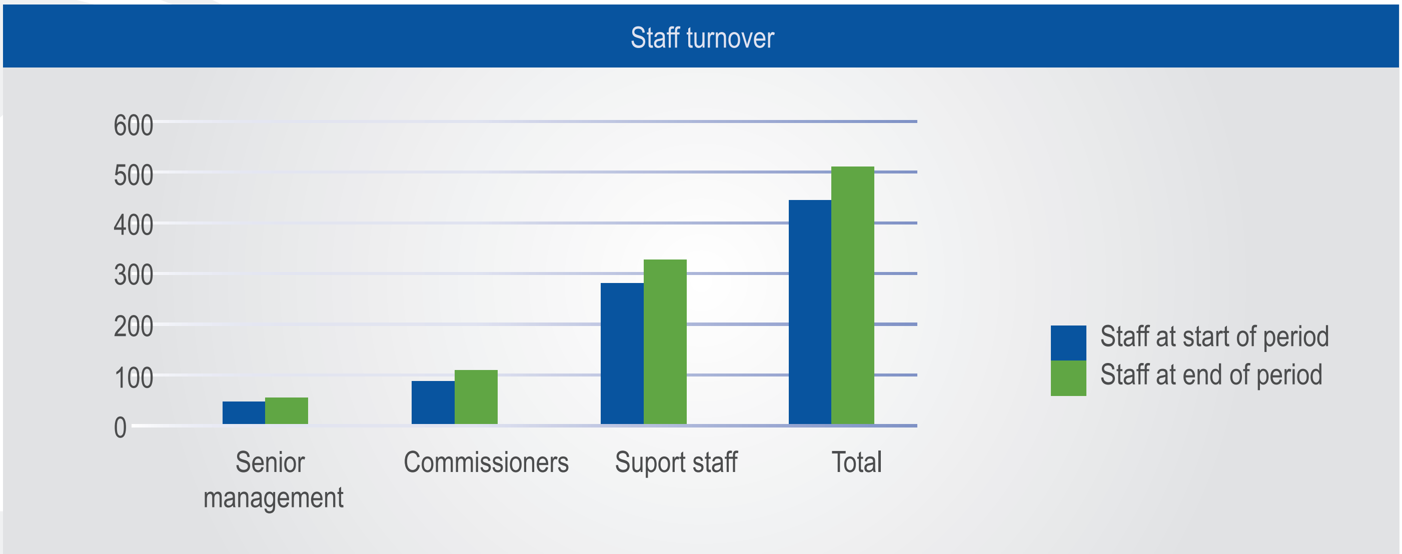
The section 14 transfer of the fund to a new retirement fund administrator was completed during the 2010/11 financial year and all benefits are paid out by the new service provider. Access has been allowed through an internal portal for employees to be able to monitor the performance of the fund in real-time. This process has negated the historic method of giving employees their benefits in hard copy and on an ad hoc basis. All employees are now fully briefed at any point in time with regard to their investments. The group risks of the employees of the CCMA are also managed through a formal agreement with a service provider, providing for all the needs of the employees in this respect.

Medical Aid

In line with best practice and in order to derive best value-for-money for employees, a service provider was appointed as medical aid consultants to the organisation during the financial year to assist in the identification and implementation of a new medical aid scheme. The parties are in the process of agreeing a project plan for the implementation of the service level agreement, which includes the identification of the best possible medical aid scheme for the organisation, as well as general consulting services. It is envisaged that the new medical aid service provider will be appointed during the new financial year.

Recruitment of Management and Support Staff

During the 2011/12 financial year, six management and forty-eight support staff vacancies were filled to ensure and maintain service level standards. In the same period, 18 employees left the organisation.



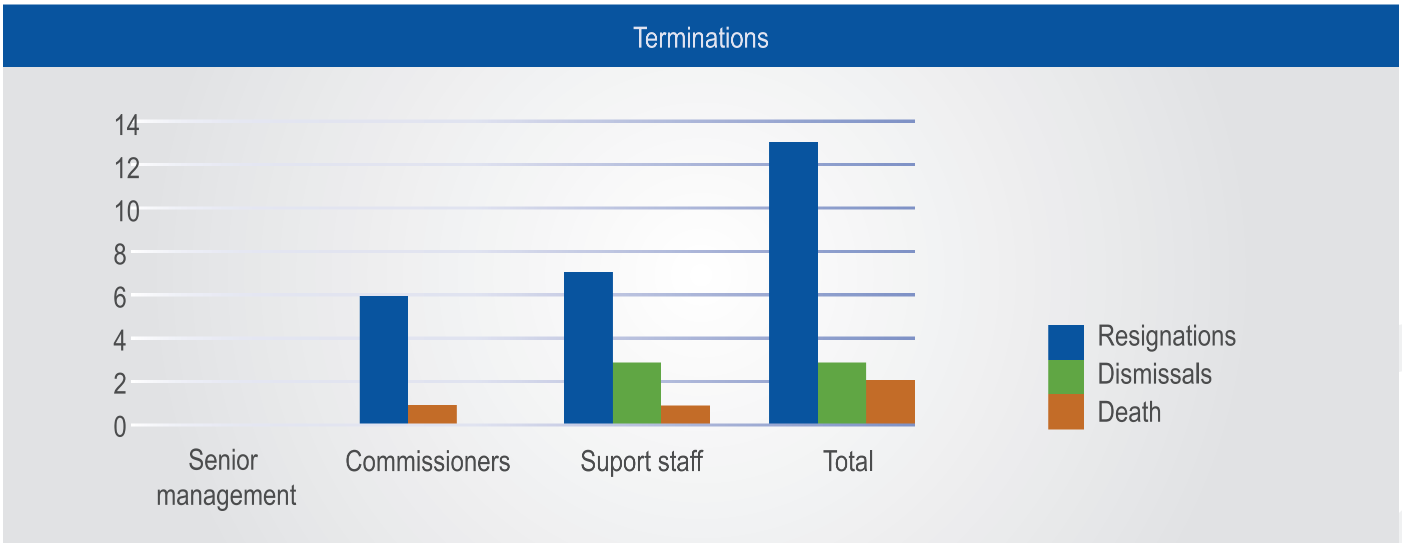
During the 2011/12 financial year the organisation filled critical positions in the following areas:

- Convening Senior Commissioner: Tshwane
- Convening Senior Commissioner: Ekurhuleni
- Chief Financial Officer
- Supply Chain Specialist
- Manager: Risk.

Terminations

During the 2011/12 financial year the overall staff turnover was at zero for senior managers, 3,8 percent for support staff management and 1,45 percent for commissioners. Industry benchmarks vary depending on the nature of the business, but in general, turnover should not be more than ten percent and key losses should not exceed ten percent. The CCMA target turnover rate is between five and ten percent.

It is clear that the expanded benefits that the CCMA offers to staff, as well as the improved working environment, have made the CCMA an employer with which most staff members want to be associated. The organisation has invested heavily to transform the CCMA into an employer of choice and the statistics above are a positive indicator of the rewards that such an investment is yielding.



Align the organisational structure that facilitates the delivery of the strategy

The organisational structure is geared towards dispensing social justice, meeting the requirements of the Siyaphambili Strategy. It has been realised that although the organisation has not compromised on its ability to meet its requirements, this came at the expense of an under resourced 'back office'. Furthermore, the additional burdens that have been placed on the organisation by the continually increasing reporting and governance requirements have necessitated that the CCMA should strengthen back office operations in the new financial year. The ability of the organisation to fulfil its legislative mandate of dispensing social justice is firmly entrenched and the structure is flexible to allow for any variance.

In addition, the organisation has adopted a number of policies and strategies in the last financial year to ensure that the staff is well taken care of and this has led to the performance of the organisation improving. It is essential that the CCMA's structure should remain flexible to compensate for variances in delevery requirements through work load increases and the adoption of new policies and strategies to improve organisational performance and staff wellbeing.

Employee Relations

A settlement agreement outlining an improvement in remuneration and conditions of employment for all staff in the Bargaining Unit was agreed with the Commission Staff Association and implemented during the 2011/12 financial year. This agreement was only applicable for one financial year and has since lapsed.

Negotiations on salaries and conditions of employment are currently under way between the Management Negotiating Team (MNT) and the Commission Staff Association (CSA). The parties are exploring the possibility of concluding a multi-term agreement in order to focus on building the relationship.

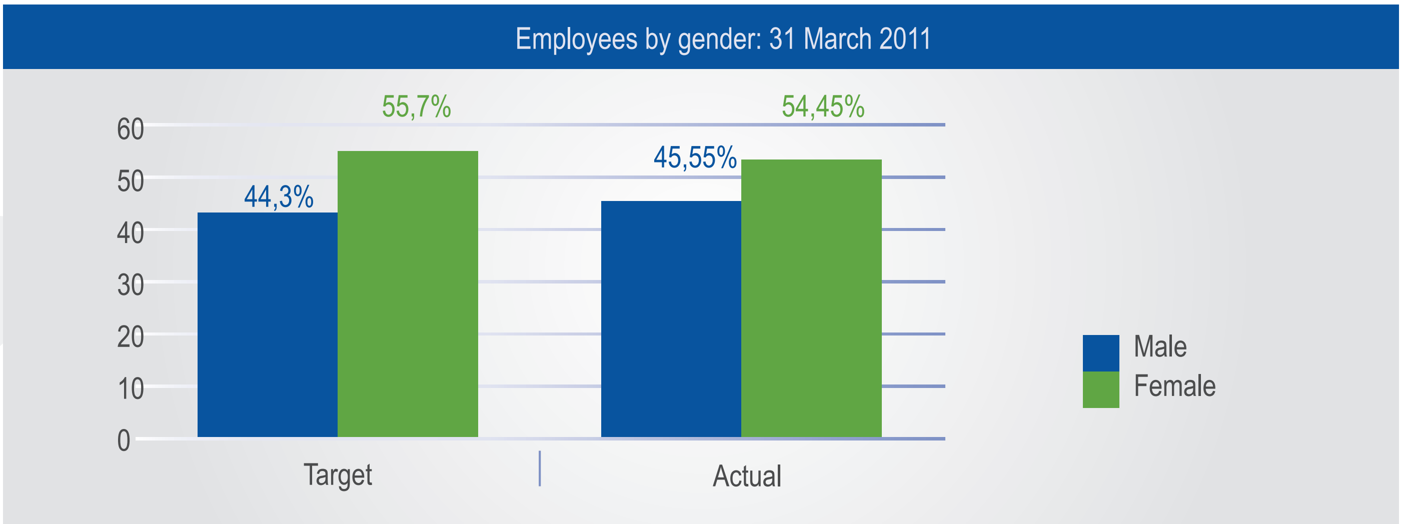
The Discipline and Grievance Management policy has also been reviewed by the MNT and internal governance processes will be finalised in the forthcoming financial year.

Employment Equity

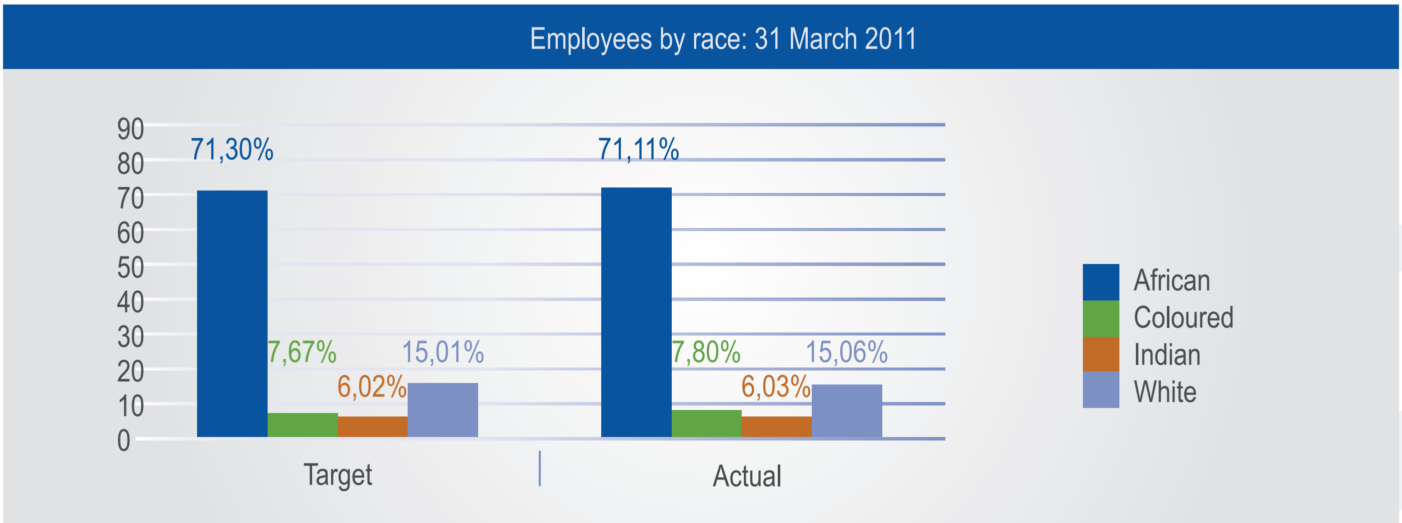
A five-year Employment Equity Plan (2011-2016) was approved by the Governing Body and implemented. The Annual Employment Equity Report was also submitted to the Department of Labour. A new Chairperson was appointed to the Employment Committee and other new members were appointed with the aim of ensuring that employment equity issues are given prominence in the organisation. In addition, the General Manager: Corporate Services was designated as the senior manager responsible for the implementation of employment equity throughout the organisation.

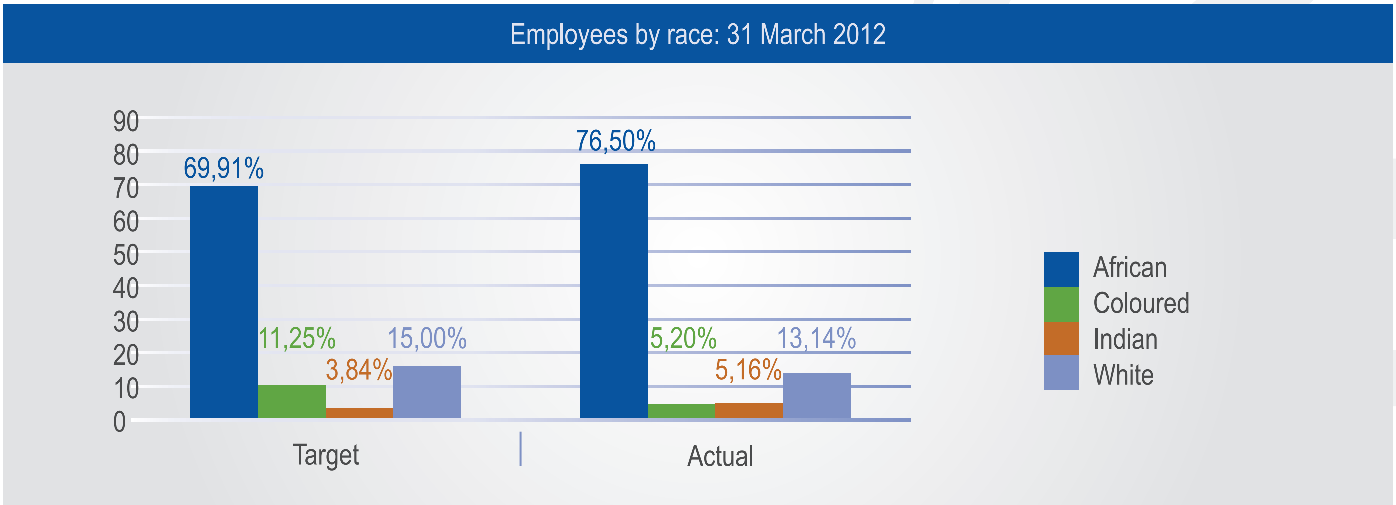
The CCMA liaised with those organisations that specialise in the recruitment of people with disabilities and this yielded positive results. The organisation currently has 21 people with disabilities in its ranks, which translates to 1,68 percent of the staff complement. This is a very positive picture when juxtaposed with the organisational target for the employment of people with disabilities.

Below is a summary of the achievement of annual numerical race and gender goals as outlined in the Employment Equity Plan:



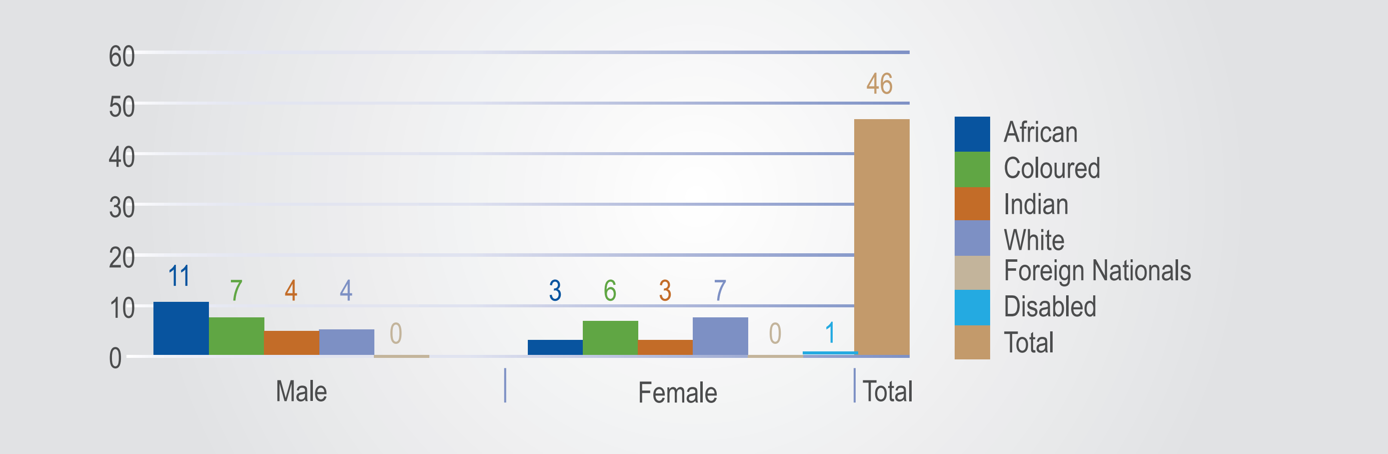
The organisation has designed programmes and processes to enhance the appointment of more women into the organisation and this has resulted in the appointment of a Black female to the Executive Committee, occupying the position of Chief Financial Officer, as well as an increased number of women in management.



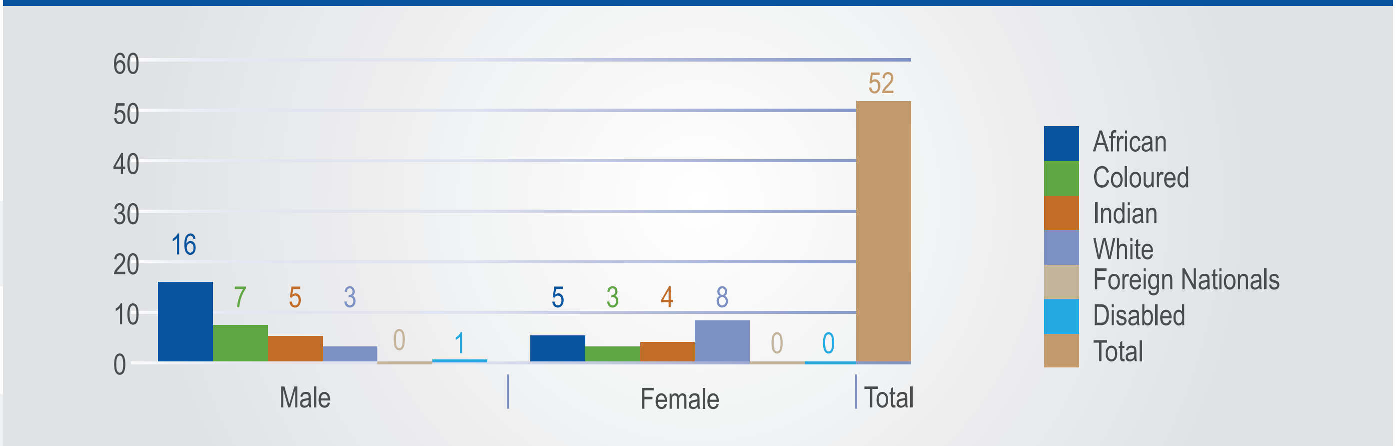


The CCMA also implemented a requirement for all recruitment processes to provide feedback in terms of the required employment equity targets for any position that was being filled. The aim of this process is to assist the organisation in identifying progress towards meetings its stated targets, as well as to highlight challenges that might be encountered.

National Management Committee: March 2011



National Management Committee: 31 March 2012



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

The CCMA established a Strategy Committee (Strat Com) that is responsible for the development, review, and monitoring and evaluation of the organisational strategy. This committee is responsible for consolidating the quarterly scorecard (a monitoring and evaluation tool) which, after undergoing an internal governance process, is tabled at the Governance Subcommittee, which in turn recommends the scorecard to the Governing Body for approval. The Strat Com has also developed a policy document outlining the CCMA's strategic planning model, and how the strategic plan is formulated, implemented, monitored and evaluated. The framework drew on guidelines issued by the National Treasury, including the Framework for Strategic Plans and Annual Performance Plans (2010) and the Framework for Managing Programme Performance Information (2007). The Governing Body approved the CCMA Strategic Planning Framework during the year under review

The CCMA follows a conventional strategy formulation process consisting of an environmental scan and a series of planning workshops involving the Governing Body, Executive Committee (EXCO) and Management Committee. All activities of the strategy formulation process are coordinated by the Strategy Committee (a subcommittee of EXCO) and reported to EXCO.

The CCMA employs a scorecard to monitor and evaluate performance against the strategic plan on a quarterly and annual basis. The scorecard reflects strategic objectives and associated key performance areas and targets for the period under review, and fulfils the requirements of an Annual Performance Plan as required by Treasury.

The scorecard is designed to provide for both external reporting and internal performance management requirements. For external reporting purposes, a three-condition scale is employed, reflecting the level of achievement against targets:

- Target achieved
- Target partially achieved
- Target not achieved.

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

In the previous financial year the organisation conducted a customer satisfaction survey (CSS), which was aimed at determining the overall experience of all our users and stakeholders. The input received from the survey was incorporated into all planning processes of the organisation and subsequent annual targets were designed to address the concerns that emanated from the survey. The CSS had, for instance, identified particular challenges with regard to the corporate image. The ability of the organisation to become recognised as one of the leading institutions in the dispensing of service delivery resulted from a concerted effort by management to transform the organisation. Concern with regard to the accessibility of our buildings for people with disabilities was also highlighted in the CSS. As a result, the standards of all premises have been enhanced.

The study concluded that there was general satisfaction with the process involved in the organisational provision of services. The report indicated that as a result of the respective commissioners explaining the process to the involved parties, even those parties that were not successful with their case expressed satisfaction with the process followed. Irrespective of this outcome, the organisation took extra steps to further enhance the process and make the experience of our users positive when visiting any CCMA office. Added effort was also put into inculcating the code of ethics and addressing any deviation swiftly and constantly updating the complainant of any progress made, including the outcome.

Another important recommendation was the continuation of the outreach work performed by the CCMA. Since the findings of the CSS in 2010, there has been added impetus made to the capacity building intiatives of the organisation, both internally and externally.

The organisation is of the view that, after implementing the outcomes of the CSS over a two-year period, it is now ready to conduct a snap survey to ascertain progress, as well as establishing the organisational culture. It is envisaged that the first phase of the latter project will be completed during the following financial year.

Capacity

Corporate Services has a total staff complement of thirty-one, including regional staff responsible for human resources. The section was fully resourced during the financial year under review and most vacancies were quickly addressed as soon as they arose. A need has been identified to provide more capacity in the Facilities section to assist with all occupational health and safety matters, security and general administration.

The Human Resources departmental structure for Head Office was revised during the 2010/11 financial year. As a result of the amount of work involved in recruitment, a need was identified to review the Talent and Succession sub-section, which is responsible for recruitment, and improve its capacity. In view of the relative workloads, one person was transferred from Employee Relations to Talent and Succession.

The management of the recruitment of commissioners has been identified as an intensive project requiring specific focus. To this extent a new, permanent position has been created for the ongoing management of commissioner recruitment, reporting and general human resources project management.

Targets for the following year

After numerous engagements with parliament, the CCMA has resolved to explore alternative methods of increasing accessibility throughout the country. It is envisaged that the initial phase of this project will be completed during the following financial year.

The organisation started a greening project that required that regions and sections meet particular goals towards creating a sustainable 'green' work environment. It is planned that Greening Teams, in line with the organisational environmental project, will be established and these will be chaired by Greening Champions, who will be drawn from senior management.

A home-grown green presentation and an environmental video will be screened to staff nationally to create and maintain green awareness. Green posters are in process of reproduction and Mondi recycle bins for the collection of recyclable paper have been implemented.

The organisation is engaging with the Department of Labour and all relevant stakeholders to secure suitable accommodation following the expiry of the National Office and other leases in 2013.

A five-year Human Resources strategy and implementation plan was approved by the Governing Body during the 2010/11 financial year. Progress reports against the targets that have been identified in this plan are tabled at the HRSC on a quarterly basis. As a result of such monitoring the HRSC has, inter alia, recommended that the organisation should improve its succession and retention strategy for critical skills and management. Initiatives are in place to further reduce the organisation's leave liability and a leave report indicating all types of leave has been implemented.

As a result of the increased reporting requirements from national government that are being placed on a lean system, it has become necessary to review the structure of the section. As such, a new position, Co-ordinator: Strategy and Reporting, will be added to the structure to ensure that compliance is not compromised, while the quality of our reports is maintained.

Other targets of the Corporate Services section are to:

- Entrench the performance management framework linking organisational and individual performance. Monitor and evaluate the new performance management and development structure
- Implement an integrated communication and engagement plan, emphasising internal communication channels initiated, with quarterly newsletters
- Continue the policy review process with at least ten policies revised and the implementation of approved policies
- Hold at least four capacity-building sessions for the Governing Body and the subcommittees
- Embed energy-saving practices and ethos in the organisation
- Continue the implementation of the retention and succession planning strategy
- Entrench a Management Development strategy
- Streamline organisational structures as necessary
- Implement the Remuneration strategy
- Finalise implementation of organisational design
- Align the planning, budgeting and reporting cycle
- Conduct the annual review of the five-year rolling strategy
- Implement initiatives to change organisational culture and evaluate the effectiveness of the process.

Conclusion

Corporate Services has ensured that the support required by the organisation in meeting its strategic goals was always available, with emphasis on providing Operations with solid support functions.

The cluster identifies and examines business opportunities that will not only save costs but also assist the organisation to meet its strategic objectives. The increased national emphasis on greening initiatives throughout the country has been heeded by the CCMA and Corporate Services will ensure that the organisation plays its role in the conversation of resources.


CCMA
COMMISSION FOR CONCILIATION, MEDIATION & ARBITRATION
1996 – 2011

Office of the Chief Financial Officer

Ntombi Boikhutso
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 and excellent service delivery.

Strategic Objectives

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
- Ensure Public Finance Management Act (PFMA) compliance and that the organisation operates as a going concern
- Maintain a healthy liquidity position.

The strategic targets for 2011/12 for the office of the Chief Financial Officer, as embedded in the operational plan of the department, were to:

- Manage working capital effectively to record a surplus
- Maintain liquidity of the organisation (ratio 1:1)
- Embed a risk management culture to ensure that risks are mitigated to residual level
- Perform annual risk assessments
- Execute key preventative and detective controls, and common risk registers.

Departmental Highlights

The office of the CFO has aligned its operational plans to the achievement of the strategic goals and objectives of the Siyaphambili Strategy. The strategic targets were pursued with vigour. Highlights for the year under review include:

- The organisation managed its working capital and expenditure effectively, and reported a R32,2 million surplus
- The organisation has improved its liquidity and closed the year with a cash surplus of R73 million and the liquidity ratio achieved at 1:1,13
- The organisation managed to reverse the accumulated deficit of R14,5 million to close at an accumulated surplus of R17,7 million
- The Supply Chain Management unit successfully implemented the new Preferential Procurement Policy Framework Act that was promulgated on 7 December 2011
- The unit successfully conducted a supply chain

management workshop over two days in December for the National Management Committee to deepen the understanding of the organisation's supply chain management framework and treasury regulations

- The CCMA has risk registers evaluated to residual risk level with action plans for controls that are not in place
- All risk assessments have been undertaken and incorporated in the risk register
- The common risk register has been developed and implemented for the year under review.

Financial Management

The section 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 no 1 of 1999 (as amended), Labour Relations Act no 66 of 1995 (as amended) and other legislative prescripts. The section's main functions are financial accounting, management accounting and reporting, payroll and treasury.

Risk Management

The primary risk management function is to review the effectiveness of the organisation's systems, processes and procedures, and to provide recommendations for improvement. The unit is tasked with helping to embed risk management within the organisation, to assist in identifying, assessing and recording strategic risks and to monitor procedures aimed at mitigating them.

Management develops and enhances these risks and control procedures on an ongoing basis. This is aimed at continuously improving the identification, assessment and monitoring of risks. A full risk 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 by the regulatory audit of the Auditor-General and the Internal Audit department. Risk Management and Internal Audit work closely together to provide combined assurance on the identification and management of key risks faced by the organisation.

Supply Chain Management

The unit focuses on the management of the interdependent activities of demand, acquisition, logistics and disposal, with the goal of increasing their effectiveness and efficiency. All procurement processes of the CCMA are handled centrally through an electronic system to enhance compliance throughout the organisation.

The implementation of demand management in the organisation was broadened to goods and services costing in excess of R30 000. This has resulted in identifying common projects that can be procured together so that the CCMA can benefit from economies of scale and improve turnaround time in the procurement process.

Grant Income

The government grant allocated to the CCMA for the financial year under review has increased by 11,46 percent from the previous financial year to R448 million.

Case Disbursements

Case disbursement expenditure increased by 8,33 percent year-on-year as a result of an increase in caseload of five percent to 161 588, or a daily average of 649 new referrals throughout the year. The marginal increase was as a result of the control of case disbursement expenditure through implementation of the Governing Body strategy, which adopted an allocation of 40 percent of cases to full-time commissioners and 60 percent to part-time commissioners. This principle has ensured that the organisation utilises more of the fixed costs (full-time commissioners) before utilising variable costs (part-time commissioners). The other contributing factor was to remunerate senior part-time commissioners at Level A commissioner rates for non-complex cases.

Employee Costs

Employee costs have increased by 9,8 percent, year-on-year. Contributing to this increase was the seven percent, across-the-board increase negotiated with the Commission Staff Association (CSA), which took effect from 1 April 2011, various performance-based staff payments, together with new appointments. The temporary staff costs decreased by 15,2 percent year-on-year as a result of better cost control and ensuring that full-time staff is performing at an optimum level.

Operating Expenses

Operating expenses grew by 6,5 percent year-on-year, which is in line with inflation.

Supplementary Information

Below is the four-year review of the finance statistical information. The value added statements reflect the utilisation of the government grant income received from the Department of Labour for the years reflected.

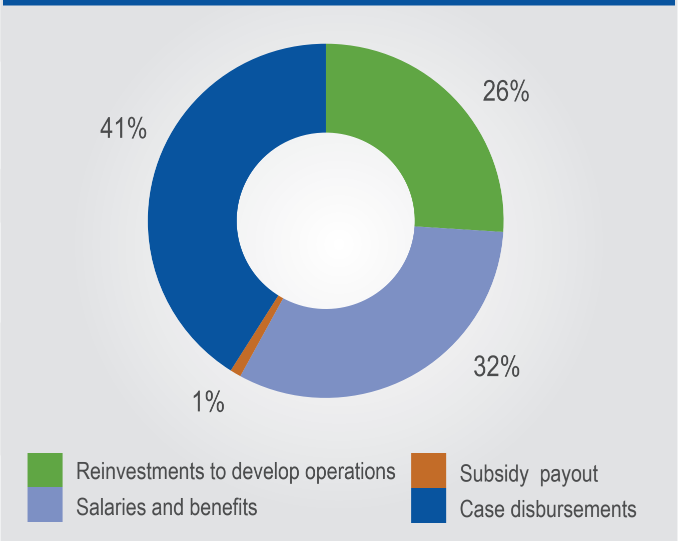
Table 1. Four-year review

Four-year review (R'000)				
	2009	2010	2011	2012
Grant income and services rendered	283 407	359 578	403 523	450 859
Operating expenditure	327 659	380 419	381 346	427 923
Surplus/(deficit) for the year	(36 950)	(15 240)	31 879	32 232
Interest received	7 252	3 685	5 453	7 556
Investments and cash	6 186	11 531	35 191	73 097
Average cost per case referred	2 334	2 476	2 485	2 648
Average cost per settlement	5 738	5 852	5 430	5 406
Staff costs as percentage of grant income	34%	34%	32%	32%
Total costs as percentage of grant income	116%	106%	95%	95%
Current ratio	1:0,16	1:0,18	1:0,58	1:1,13

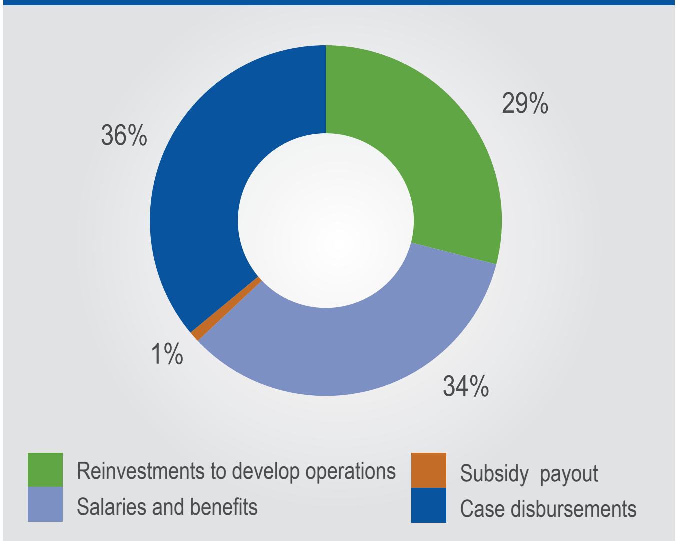
Table 2. Value added statement

Four-year review (R'000)		
	2011	2012
Salaries and benefits	130 867	143 753
Subsidy pay-out	5 025	5 367
Case disbursements	144 259	156 170
Reinvestment to develop operations	101 195	122 633

Value distribution 2011



Value distribution 2012



The Minister of Labour, the Honourable Nelisiwe Oliphant (MP), at the ILO-Africa conference in Pretoria

Capacity

'Risk Champions' were appointed in all CCMA offices and units as part of integrating the risk management process in day-to-day activities. The Accounting Officer has established an internal risk management working committee, comprised of senior managers, with clearly defined terms of reference.

Targets

The strategic targets for 2012/13 for the office of the Chief Financial Officer, as embedded in the operational plan of the department, are to:

- Maintain a healthy liquidity position
- Maintain and enhance processes to ensure compliance with supply chain management regulations
- Implement a Risk Management System, through the use of a tool
- Develop a Risk Management Strategy, which will include an annual strategic risk assessment tool
- Ensure competitive and better insurance cover for the organisation
- Fully implement an amended planning and budgeting process
- Explore alternative avenues of income generation.

Conclusion

It is pleasing to report that the annual financial statements of the Commission for Conciliation, Mediation and Arbitration, for the year ended 31 March 2012, were subjected to an external audit by the Auditor-General of the Republic of South Africa and received an unqualified audit opinion.

Internal Audit

Sello Hlalele
Head: Internal Audit

The Commission for Conciliation, Mediation and Arbitration believes strongly in the key role that the Internal Audit function plays in ensuring overall good corporate governance. This role is performed through examining and evaluating the organisation's activities with the objective of giving assurance to the Governing Body and management on the adequacy, effectiveness and efficiency of controls within the organisation.

An organisation's internal controls are implemented by an organisation's Governing Body, 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.

The Internal Audit unit is responsible for developing a 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 emerging risks and new or changing services, processes, operations and control processes coincident with their development, implementation, and/or expansion. It also assists in the investigation of significant suspected fraudulent activities.

Control Environment within the CCMA

For the year under review, our assessment of the control environment is that the key controls remain relevant and were in consistent application within the organisation. Internal Audit has not identified any significant lapses in internal controls, as designed and implemented by management, that could have led to the organisation not achieving its strategic objectives and, or impacted adversely on its constitutional mandate to advance economic development, social justice, labour peace and the democratisation of the workplace.

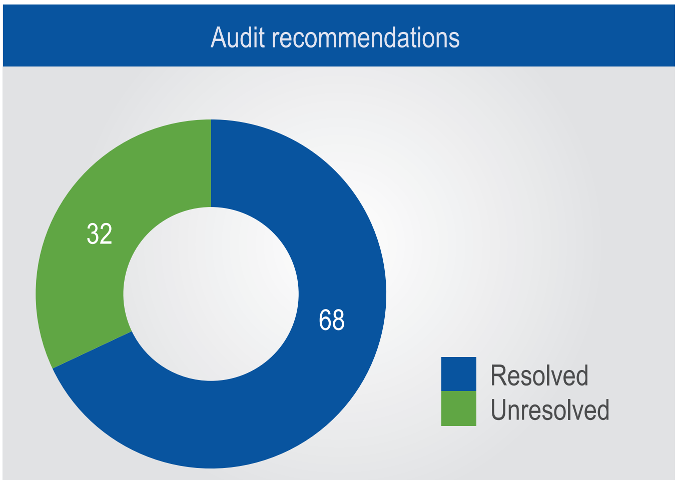
During the financial year we reported one area of concern that if not addressed adequately would impact negatively on the year-end regulatory audit.This area was Fixed Assets Management and management has implemented a number of measures to mitigate this risk. Monitoring this project will form part of the Internal Audit area of focus in the 2012/13 financial year and the it will be regularly reviewed.

Fraud, Irregularities, Waste and Abuse

Internal Audit has not undertaken any new irregularity and wasteful expenditure investigations, neither has it received any new anonymous tip-offs or management request that resulted in an investigation.

Review of 2011/12 Internal Audit work performed

During the 2011/12 financial year, a total of 18 audits was conducted in accordance with the plan. There is only one audit that has been rolled over to the 2012/13 financial year. Overall, the control environment is satisfactory, assuring that the adequacy of design and effectiveness of controls are as management had intended. There is room for improvement, especially around continuous monitoring of such controls.



Compared to the previous period, i.e. 2010/11, there has been a marked improvement in the control environment within the organisation. The chart below depicts the status of audit recommendations as at 31 March 2012 issued during the 2011/12 financial year.

Key issues addressed by management in the 2011/12 financial year are as follows:

- System Development Life Cycle
  - o Design and implementation of various Information Technology and Communication policies
- Supply Chain Management
  - o Continuous adherence to supply chain policy and guidelines
- Human Resources Management
  - o Continuous leave management
- Enterprise Risk Management
  - o Revision of ERM framework.

Convening senior commissioners, with the Director, celebrating the CCMA's 15th Anniversary at the Commissioners' Indaba

The CCMA Executive Committee

CCMA

COMMISSION FOR CONCILIATION, MEDIATION & ARBITRATION

Annual Financial Statements for the year ended 31 March 2012

Auditor-General's Report

Report of the Auditor-General to Parliament on the financial statements of the Commission for Conciliation, Mediation and Arbitration.

Report on Financial Statements

Introduction

1. I have audited the financial statements of the Commission for Conciliation Mediation and Arbitration (CCMA) as set out on pages 88 to 127, which comprise the statement of financial position as at 31 March 2012, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

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

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the CCMA as at 31 March 2012, and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the PFMA.

Report on other legal and regulatory requirements

7. In accordance with the PAA and the General Notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 22 to 41 of the annual report.

9. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information.

   The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

10. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Compliance with laws and regulations

11. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA are as follows:

Procurement and contract management

12. Services of a transaction value above R500 000 were procured without inviting competitive bids as per the requirements of Treasury Regulation 16A6.1.

Internal Control

13. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on compliance with laws and regulations included in this report.

Leadership

14. The existing controls to ensure compliance with procurement have not been adequately designed and correctly implemented, resulting in increased exposure to irregular expenditure.

Financial and performance management

15. Non-compliance with laws and regulations could have been prevented had compliance been properly reviewed, monitored and addressed in a timely manner.

Auditor-General

Pretoria
31 July 2012

AUDITOR-GENERAL
SOUTH AFRICA
Auditing to build public confidence

General Information

Legal form of entity

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

Nature of business and principal activities

The CCMA's compulsory statutory functions are to:

- Conciliate workplace disputes
- Arbitrate certain categories of disputes that remain unresolved after conciliation
- Establish picketing rules
- Facilitate the establishment of workplace forums and statutory councils
- Compile and publish information and statistics about its activities
- Accredit and consider applications for subsidy by bargaining councils and private agencies
- Provide support for the Essential Services Committee.

Business address

JCI House
28 Harrison Street
Marshalltown
Johannesburg
2001

Postal address

Postal address
Private Bag X94
Marshalltown
2107

Jurisdiction

The CCMA is a national public entity under the Department of Labour

Accounting Authority

Governing Body

Audit Committee's Report

We are pleased to present our report for the financial year ended 31 March, 2012.

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. For the current year under review, the committee did not meet as per the terms of reference. The office term of the preceding office bearers ended on the 31 July 2011. There was a time delay in the appointment and/or nomination from the two constituencies, namely Labour and Business. The resultant factor of the delay was that the committee could not meet on 19 August 2011 and 14 October 2011.

Name of member	Number of meetings attended
M Vilakazi	1 - Chairperson till 31 July 2011
F Petersen	1 - Member till 31 July 2011
M Burger	1 - Member till 31 July 2011
D Lakay	1 - Member till 31 July 2011

Following the nominations by constituencies and appointments of independent members, the committee continued to carry out its responsibilities. The following members were appointed on 28 February 2012, at the last 2011/12 planned audit committee meeting:

S Kholong	Chairperson (Independent)
V Pangwa	Member of the committee (Independent)
F Petersen	Member of the committee (Government)
J Wilson	Member of the committee(Organised business)
R Clark	Member of the committee (Organised labour - May 2012)

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 adequate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and recommendations to enhance the controls environment. The committee has reviewed the audit report on the annual financial statements of 2011/12 read together with the management letter issued by the Auditor-General. However, there are still some weaknesses in terms of compliance with procurement prescribed policies and procedures that have been reported.

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
- 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.

Shami Kholong
Audit Committee Chairperson
31 July 2012

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, 2013 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 86.

The annual financial statement set out on pages 86 to 88, which have been prepared on the going concern basis, were approved by the Governing Body on 31 July, 2012 and were signed on its behalf by:

Tanya Cohen
Governing Body Chairperson
31 July 2012

Nerine Kahn
Director

Accounting Authority's Report

The Governing Body members submit their report for the year ended 31 March, 2012.

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 and the resultant consequences, such as job losses and business closures, influenced organisational operations. In the last three financial years, the organisation has been constantly challenged by an ever-increasing workload, as well as the extension of its mandate. The organisation, with its core business being to deal with workplace disputes as effectively and efficiently as possible, was called upon to respond with creative and innovative solutions to the persistent increase in service demand, while trying to remain within allocated resources. This demonstrates that the CCMA is required to continually align itself to 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 medium-term expenditure framework (MTEF) period and submit it for approval to the relevant Executive Authority. The CCMA has prepared a Strategic Plan, which runs from April 2010 to March 2015.

The current strategy of the CCMA, referred to as the Siyaphambili Strategy, has been implemented to provide strategic direction for the CCMA for the period from April 2010 to March 2015. This strategy has just completed its second year at the reporting date of 31 March 2012. The key highlights, achievements and challenges of the implementation of the strategy during the 2011/12 financial period are outlined in the Chairperson's and Director's reports, which form part of the annual report. Achievement of the strategy was assessed against the CCMA scorecard, which is comprised 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.

This section provides a summary of progress against each of the strategic goals of the CCMA. The agreed targets for the 2012 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 2013 target is to be met.

3. Review of Activities

Main Business and Operations

Dispute Resolution Operations review

During the 2011/12 financial year, a total of 161 588 disputes was referred to the CCMA: an average of 649 (646 for the previous year) new cases referred every working day. This represented a five percent caseload increase over the 2010/11 financial year and the trend is projected to continue into 2012/13.

The region that experienced the highest growth in referral rate was Ekurhuleni at 32 percent. As a newly opened office, and as part of the implementation of the better accessibility aspect of the strategy, this was duly anticipated. Port Shepstone was another office that experienced strong growth in referrals at 27 percent. This demonstrates the need for the CCMA strategy of 'taking its services to the people'.

Pre-conciliations

The actual number of pre-conciliations heard increased by 17 percent, and the number settled increased by a significant 26 percent. Most regions consistently met their targets throughout the period under review. This process provides the 'quickest and most cost effective' resolution of disputes.

The George and Newcastle offices achieved the highest settlement rates for pre-conciliations of their jurisdictional cases at 17 percent and 13 percent respectively.

Con/arbs

Con/arbs heard increased by three percent and the number of cases finalised in one event (the primary objective of the con/arb process) increased by six percent. Some 36 percent of the con/arb cases were settled by parties. The Pietermaritzburg office finalised the highest number of cases (48 percent) in a single event. The Rustenburg and Newcastle offices improved the finalisation of cases in one event by 12 percent and 10 percent, respectively.

Conciliations

The total number of conciliations scheduled outside the 30-day period decreased by a remarkable 236 percent (this includes those where the 30-day period was extended). The finalisation of conciliation cases (those that were heard and closed) improved by seven percent. Of note is the increased number of cases that were settled (13 percent). One cannot ignore the relatively high increase in the percentage of cases that were withdrawn (21 percent) and those settled by parties (29 percent). The Durban office achieved the highest improvement of settling cases (seven percent) at the conciliation phase.

Settlement Rate

The actual number of cases settled increased by 11 percent. The final settlement rate stands at 72 percent, which means that the elusive, 15-year target has finally been realised. The honour of achieving the highest settlement rate goes to the George office at 84 percent.

Arbitrations

The number of arbitrations heard decreased by six percent, which corroborates the achievement of the higher settlement rate. The late awards (submitted by commissioners) decreased by a massive 339 percent and this area continues to be tightly managed on a national basis. The late awards sent to parties have been reduced by a significant 653 percent. It is an area that will require even closer management in 2012/13, as some seven percent of arbitration awards were still sent late to parties. This is a statutory requirement, which means that no awards should be sent late to parties.

Grant Income

The government grant allocated to the CCMA for the financial year under review increased from the base of the 2010/11 financial year by 11,46 percent and has been effectively managed. The CCMA has reduced the accumulated deficit to zero and is currently in a net surplus position. ‘Other income’ is for services rendered in furthering the mandate of the CCMA to promote social justice and stabilise workplace relations.

Case Disbursements

Case disbursement expenses over the previous year have increased by 8,33 percent, from R144 million to R156 million. Although there was a significant increase in caseload during the year, the case disbursement expenditure was controlled by a continuation of the strategy adopted over the past two years of an allocation of 40 percent of cases to full-time commissioners and 60 percent to part-time commissioners. This principle has ensured that the organisation utilises more of its fixed costs (full-time commissioners) before employing variable costs (part-time commissioners).

The other factors identified in prior years as part of the ‘going concern’ strategy were maintained and this also contributed to further cost savings. Going forward, the CCMA is concerned about the sustainability of all the aspects of the going concern strategy, and it will be reviewing this in the upcoming financial year. The end result may be an escalation in case disbursement costs for the coming financial years as the allocation strategy is revised, and more cases are inevitably allocated to part-time commissioners. The organisation has achieved the cost saving in relation to case disbursement notwithstanding the caseload increase of five percent. Improving accessibility through the opening of new offices also contributed to the growth in case referrals.

Employee Costs

Employee costs have increased by 9,8%, year-on-year. The cost increase is attributable to the following:

- The implementation in September 2011 of a collective agreement signed with the bargaining unit, with an across-the-board increase of seven percent, which was effective on 1 April 2011, and a performance-based increase to non-bargaining unit employees rated 3 (0,5 percent), 4 (1,5 percent) and 5 (3 percent), also effective on 1 April 2011.
- The long-awaited management remuneration review, which better aligns senior management compensation to the market place, was completed, with partial implementation in December 2011. Temporary staff costs decreased by 15,2 percent, year-on-year, as a result of better cost control and ensuring that full-time staff is performing effectively.

Administrative Expenses

Administration expenses increased in line with inflation, except for new leases for diginet lines, the upgrade of existing lines in various regional offices and the roll-out of leased infrastructure for Voice over Internet Protocol (VOIP) and some consultant expenses which were project related, such as, upgrade on the Enterprise Resource Planning (ERP) system and the CCMA’s 15th Anniversary commemoration. The savings from the use of VOIP will be realised in the next financial year.

Other expenses that have increased more than inflation, year-on-year, are the result of opening new offices and an escalation in office leases. The CCMA continues to put controls in place to monitor expenses and implement initiatives to reduce costs, such as the ‘Greening Project’, which is promoting lower usage of water and electricity and encouraging staff to think twice before printing a document.

Dispute Management and Prevention department

The Dispute Management and Prevention (DM&P) department’s delivery for the year under review again reached all corners of South Africa, with rural areas and communities prioritised. A wide range of capacity building, information sharing, awareness raising and problem-solving services were delivered.

Over 800 awareness-raising and capacity-building activities were conducted through community radio sessions, road shows, izimbizo meetings, seminars and workshops. An example was the workshops on the CCMA Arbitration Guidelines: Misconduct Arbitration. Interventions focusing on workplace transformation were carried out through the building workplace relations, managing conflict in the workplace and dealing with unfair discrimination projects. User compliance problems and social justice blockages related to the CCMA’s dispute resolution processes were addressed through problem identification and solving engagements.

The department held and participated in a number of labour market and social partner events such as the CCMA's 15th Anniversary facilitated Think Tank session, the Department of Labour/International Labour Organisation (ILO) Tripartite Stakeholder workshop, the twenty-fourth annual Labour Law Conference, the ILO/International Labour and Employment Relations Association's Public Sector Seminar and the South African Society for Labour Law (SASLAW) Conference. The impact of the departmental initiatives was considerable, as shown by the positive results of impact assessments conducted.

The DM&P department derives its priorities from the Siyaphambili strategic plan and in turn effects delivery informed by its annual operational plans and year calendars of all planned events by region and nationally. Delivery is also based on national and regional risk registers, which are monitored and updated on a regular basis. One of the challenges facing the department is the increasing demand for services as opposed to limited budget allocations.

Education, Training and Development department

The CCMA has maintained its strong commitment to management and employee training and development through its Training and Development Unit (TDU) and its Education and Training Department (ETD). Following a needs analysis exercise conducted through skill audits, performance appraisals and focus group meetings, twenty-four types of learning programmes were developed and delivered. These were incorporated into the 2011/12 Workplace Skills and Training Plans adopted by the CCMA.

Training initiatives addressed all levels and categories of employees within the organisation. Major initiatives included:

- Customer service training, and basic writing skills and report writing for support staff
- Case Management Officer training
- Train-the-trainer capacity building for Dispute Management and Prevention and Dispute Resolution commissioners
- Finance for non-financial managers
- Training for National Management Committee members
- Supply chain training for National Management Committee members
- Labour Economics training for selected mutual interest mediators
- Candidate commissioner training for newly appointed commissioners (subject to successful completion of the course).

The Candidate Commissioner training programme constituted a substantive part of the TDU/ETD delivery for the year. Emphasis was placed on further improving the quality of materials, the facilitation and learning process, and assessment and mentoring.

The year also saw the implementation of international initiatives in sending commissioners to the USA, the United Kingdom and Ireland on study tours, while the Director contributed her skills to a developmental project with the ILO.

Dispute Resolution and Legal department

During the period under review, the DR&L department contributed to the enhancement of the quality of dispute resolution under the auspices of bargaining councils and statutory councils. Councils were monitored on an ongoing basis to assess their performance in effecting dispute resolution functions for which they were accredited.

Special emphasis was placed on rendering high quality awards and also improving on the statutory requirement of fourteen days to render an award. There are currently 40 accredited councils that are subsidised by the CCMA. During the period under review, 4 555 bargaining council awards were certified through section 143. A project to interrogate the exceptionally high number of non-compliant employers is currently in process.

Mediation and Collective Bargaining department

The Mediation and Collective Bargaining department's primary role is to provide support and guidance for all conciliation, mediation and facilitation processes, and to promote, support and assist in collective bargaining matters. The department's efforts in promoting conciliation and mediation yielded positive results.

Highlights for the period under review included a significant improvement in the settlement rate across all conciliation and arbitration processes, achieving 66 percent and 39 percent respectively and, in both instances, representing a significant improvement over the previous financial year.

The continued focus on settlement quality resulted in a near-perfect result, with 99 percent of all agreements concluded complying with established quality criteria. In respect of collective bargaining, some 209 offers of assistance were made to parties in public interest disputes, with 98 percent of offers being accepted. A respectable 63 percent settlement rate was achieved in these matters, despite a challenging collective bargaining season.

Other significant achievements included the successful resolution of disputes in the National Bargaining Council for the Chemical Industry, the Contract Cleaning Sector, the National Bargaining Council for the Wood and Paper Sector, Pikitup and Tolcon.

Corporate Services

The section's role is to provide operational and strategic management for organisational strategy and management, human resources, national facilities and administration, office management and corporate governance to enable the CCMA to achieve its objectives.

A new scorecard to enable the Governing Body to measure the performance of the section against established targets was developed and approved during the year, and will be implemented from 1 April 2012.

Premises leases were renegotiated for eight of the organisation's offices and refurbished offices were officially opened in Rustenburg in March 2012. In support of the CCMA's drive to improve accessibility of its services, new facilities were made available in Tzaneen (Limpopo) and Nelspruit (Mpumalanga) during the year.

Continued cost containment exercises have resulted in an improvement in travel management costs, including the increased use of bed and breakfast, where appropriate. Vehicle fleet management processes have been improved to include vehicle use monitoring. Events, such as the Commissioner Indaba and the 15th Anniversary were largely organised through the use of internal resources, resulting in significant cost management.

The CCMA has resolved to promote projects and programmes to minimise its effect on the environment. Efforts to contain the consumption of electricity, water and paper have resulted in a number of initiatives, the measured effects of which will be more fully reported in the next annual report.

Initiatives in the past year have resulted in meaningful improvements to ensure that human capital development is accurately documented and monitored. Facilitation of staff services is considered as a critical component of Corporate Service's responsibilities.

The CCMA has expended considerable effort to ensure that the human resources management is in line with best practice. The organisation has continued to build on its basket of benefits that are offered to staff, entrenched the performance management system and adopted a new five-year plan for the implementation of employment equity principles.

Furthermore, at the conclusion of a process that began in 2009, the Human Resources Subcommittee approved the adjustment of management salary packages to bring them in line with prevailing market offerings. A collective agreement was implemented during the year under review, which sought to improve the remuneration of the Bargaining Unit staff. There has also been a considerable effort made to reduce the leave liability of the organisation and, in addition, the leave policy was reviewed and amended.

The commissioner recruitment process was successfully undertaken, resulting in new commissioners starting with their training towards the end of the financial year.

4. Subsequent Events

The members are not aware of any matter or circumstance arising since the end of the financial year to the date of this report, not otherwise dealt with in the financial statements, which could significantly affect the financial position of the CCMA or the results of its operations.

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 with the previous years.

Capital expenditure for the year amounted to R6 319 thousand (2011: R3 792 thousand). Full details of the non-current assets are contained in notes 13 and 14 to the financial statements.

7. Accounting Authority

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

Name	Nationality
Tanya Cohen - Chairperson of the Governing Body	South African
Nerine Kahn - Director	South African
Thembinkosi Mkalipi	South African
Ian Macun	South African
Ntsoaki Mamashela	South African
Elias Monage	South African
Kaizer Moyane	South African
Aruna Ranchod*	South African
Narius Moloto	South African
Bheki Ntshalintshali	South African
Leon Grobler*	South African
David Carson^	South African
Mary Malete^	South African

*Aruna Ranchod and Leon Grobler assumed their positions on the Governing Body on 1 June 2011
^David Carson completed his term of service on the Governing Body on 1 June 2011 and Mary Malete hers on 1 August 2011

8. Corporate Governance

General

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

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

Chairperson and Director

The Chairperson is a non-executive and independent director, as defined by the Code and the Labour Relations Act.

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

Remuneration

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

Executive Meetings

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

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

Audit Committee

The Audit Committee should meet four times in the year as per its approved terms of reference. For the current year under review, the committee did not meet as per the terms of reference. The office term of the preceding office bearers ended on 31 July 2011. There was a time delay in the appointment and/or nomination from the two constituencies, namely Labour and Business. The resultant factor of the delay was that the committee could not meet on 19 August 2011 and 14 October 2011. The new committee was appointed on 28 February 2012 with the following members:

S Kholong	Chairperson (Independent)
V Pangwa	Member of the committee (Independent)
F Petersen	Member of the committee (Government)
J Wilson	Member of the committee (Organised business)
R Clark	Member of the committee (Organised labour - May 2012)

9. Auditors

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

The annual financial statements set out on pages 88 to 127, which have been prepared on the 'going concern' basis, were approved by the Accounting Authority on 31 July, 2012 and were signed on its behalf by:

Tanya Cohen
Governing Body Chairperson
31 July 2012

Nerine Kahn
Director

Statement of Financial Position

	Note(s)	2012 R'000	2011 R'000
Assets			
Non-Current Assets			
Property, plant and equipment	13	21 034	16 824
Intangible assets	14	5 609	6 448
		26 643	**23 272**
Current Assets			
Inventories	15	889	1 184
Trade and other receivables from exchange transactions	16	174	273
Prepayments	17	2 376	2 194
Cash and cash equivalents	18	73 097	35 191
		76 536	**38 842**
Total Assets		**103 179**	**62 114**
Liabilities			
Non-current Liabilities			
Operating lease liability	19	12 868	9 293
Deferred income	20	2 824	-
		15 692	**9 293**
Current Liabilities			
Operating lease liability	19	1 515	1 855
Trade and other payables from exchange transactions	21	58 152	54 203
Provisions	22	10 087	11 262
		69 754	**67 320**
Total Liabilities		**85 446**	**76 613**
Net Assets / (Liabilities)		**17 733**	**(14 499)**
Net Assets / (Liabilities)			
Accumulated surplus /(deficit)		17 733	(14 499)

Statement of Financial Performance

	Note(s)	2012 R'000	2011 R'000
Revenue			
Rendering of services	2	2 755	1 506
Government grants and subsidies	3	448 104	402 017
Other income	4	1 470	4 131
Total Revenue		**452 329**	**407 654**
Expenditure			
Employee-related costs	5	(143 753)	(130 867)
Administration	6	(103 467)	(81 973)
Depreciation and amortisation	7	(1 828)	(616)
Subsidies	8	(5 367)	(5 025)
Operating expenses	9	(173 508)	(162 865)
Total Expenditure		**(427 923)**	**(381 346)**
Surplus or (deficit) on sale of assets and liabilities	10	270	118
Income from investments	11	7 556	5 453
Surplus for the year		**32 232**	**31 879**

Statement of Changes in Net Assets

	Accumulated (deficit)/surplus R'000
Balance at 31 March 2010	**(46 378)**
Surplus for the year as previously reported	31 879
Balance at 31 March 2011	**(14 499)**
Surplus for the year	32 232
Balance at 31 March 2012	**17 733**

Cash Flow Statement

	Note(s)	2012 R'000	2011 R'000
Cash flows from operating activities			
Cash receipts from customers			
Government grant	3	448 104	402 017
Interest income	11	7 556	5 453
Services and other receipts		4 495	5 755
		460 155	413 225
Payments			
Employee costs		(143 172)	(129 719)
Suppliers		(268 779)	(251 315)
Subsidies		(5 367)	(5 025)
		(417 318)	(386 059)
Net cash flows from operating activities	23	**42 837**	**27 166**
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(5 357)	(3 781)
Disposal of property, plant and equipment	13	256	168
Proceeds from sale of property, plant and equipment	10	270	118
Purchase of other intangible assets	14	(100)	(11)
Net cash flows from investing activities		**(4 931)**	**(3 506)**
Net increase in cash and cash equivalents		**37 906**	**23 660**
Cash and cash equivalents at the beginning of the year		35 191	11 531
Cash and cash equivalents at the end of the year	18	**73 097**	**35 191**

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

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

Rendering of services

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

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

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

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.

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.

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 fittings	3 to 16 years
Office equipment	2 to 16 years
IT equipment	3 to 16 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.

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. Rentals payable under operating leases are charged to surplus or deficit on a straight-line basis over the term of the relevant lease.

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

1.9 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:

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 qliabilities are recognised on the entity's statement of financial position when the entity becomes a party to the contractual provion for the instrument.

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.

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.

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.

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.

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 is included in note 22.

Property, plant and equipment

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

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 are based on the probable costs payable on completion of cases against the CCMA.

Cases in process

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

1.13 Unauthorised expenditure

Unauthorised expenditure means:

- Overspending of a vote or a main division within a vote
- Expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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

1.14 Fruitless and wasteful expenditure

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

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

1.15 Irregular expenditure

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

- This Act
- The State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act
- 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 2012 or later periods:

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 needs to be presented on initial adoption of this standard.

Directive 3 - Transitional provisions for high capacity municipalities states that no comparative segment information needs to be presented on initial adoption of the standard. Where items have not 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 state that no comparative segment information needs to be presented on initial adoption of the standard. Where items have not been recognised as a result of transitional provisions under 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 standards is for years beginning on or after 1 April 2012.

The entity expects to adopt the standards for the first time in the 2013 annual financial statements.

GRAP 25: Employee benefits

The objective of GRAP 25 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
- An expense when an entity consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

GRAP 25 must be applied by an employer in accounting for all employee benefits, except share-based payment transactions.

GRAP 25 defines, amongst others, the following:

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

The effective date of the standard is for years beginning on or after 1 April 2012.The entity expects to adopt the standard for the first time in the 2013 annual financial statements. It is unlikely that the standard will have a material impact on the entity's annual financial statements.

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 prepare and present 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
- A merger.

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
- 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 prepare and present 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 Function Between Entities Under Common Control)
- 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 as 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

		2012 R'000	2011 R'000
2	**Rendering of services**		
	Revenue from non-exchange transactions	2 755	1 506
3	**Government grant**		
	Grant income	448 104	402 017
4	**Other income**		
	Seminars and other sundry income	1 470	4 131
5	**Employee-related costs**		
	Basic salaries	109 016	98 112
	Performance awards	791	897
	Temporary staff	229	270
	Leave pay provision charge	1 292	2 072
	Post-employment benefits - defined contribution pension plan	22 940	20 458
	Medical aid - company contributions	5 698	4 993
	UIF	732	706
	WCA	519	847
	SDL	2 373	2 435
	Other salary related costs	163	77
		143 753	**130 867**
6	**Administrative expenditure**		
	General and administrative expenses	47 513	36 474
	Governing Body	872	744
	Auditors' remuneration	5 057	2 668
	Travel and subsistence	8 480	6 395
	Rentals in respect of operating leases		
	- Buildings	32 008	25 888
	- Fixtures and equipment	9 176	9 375
	- Vehicles	361	429
		103 467	**81 973**
7	**Depreciation and amortisation**		
	Leasehold improvements	(152)	1 684
	Furniture and fittings	494	1 514
	Office equipment	158	802
	IT equipment	389	(245)
	Computer software	939	(3 139)
		1 828	**616**
8	**Subsidies**		
	CCMA-accredited bargaining councils - subsidy payments	5 367	5 025

		2012 R'000	2011 R'000
9	**Operating expenses**		
	Bad debts	33	(18)
	Case disbursements - other expenses	50 547	48 138
	Case disbursements - part-time fees	105 623	95 878
	Consulting costs	4 272	2 443
	EPP research expenses	62	4 047
	Entertainment	-	(72)
	Legal expenses	2 303	2 747
	Loss on sales of non-current assets	121	73
	Maintenance, repairs and running costs	6 448	6 982
	Training	4 099	2 647
		173 508	**162 865**
10	**Gains on sale of fixtures and equipment**		
	Insurance recoveries	270	118

11 Investment income

Total interest income was calculated using the effective interest rate on financial instruments, not at fair value, through surplus or deficit amounted to R7 556 (2011: R5 453).

		2012 R'000	2011 R'000
	Interest income		
	Bank deposits	7 556	5 453
12	**Auditors' remuneration**		
	Current year	2 405	-
	Prior year	2 652	2 668
		5 057	**2 668**

13 Property, plant and equipment

	2012			2011		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fittings	16 773	(7 778)	8 995	13 950	(7 266)	6 684
Office equipment	5 252	(3 004)	2 248	5 022	(3 057)	1 965
IT equipment	10 348	(2 616)	7 732	10 063	(3 736)	6 327
Leasehold improvements	8 939	(6 880)	2 059	8 921	(7 073)	1 848
Total	**41 312**	**(20 278)**	**21 034**	**37 956**	**(21 132)**	**16 824**

13 Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Disposals	Other changes, movements	Depreciation	Total
Furniture and fittings	6 684	3 833	(204)	(823)	(495)	8 995
Office equipment	1 965	500	(22)	(37)	(158)	2 248
IT equipment	6 327	1 799	(30)	26	(390)	7 732
Leasehold improvements	1 848	59	-	-	152	2 059
	16 824	**6 191**	**(256)**	**(834)**	**(891)**	**21 034**

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**

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.

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

	2012			2011		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	9 551	(3 942)	5 609	9 423	(2 975)	6 448

14 Intangible assets (continued)

Reconciliation of intangible assets - 2012

	Opening balance	Additions	Other changes, movements	Amortisation	Total
Computer software	6 448	128	(28)	(939)	5 609

Reconciliation of intangible assets - 2012

Computer software	3 366	11	5 474	(2 403)	6 448

	2012 R'000	2011 R'000
15 Inventories		
Consumable stores	889	1 184
Inventories recognised as an expense during the year	5 822	5 031
16 Trade and other receivables from exchange transactions		
Trade debtors	264	329
Less: provision for doubtful debts	(90)	(57)
Employee study loans	-	1
	174	273

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 2012, R75 thousand (2011: R41 thousand) was 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:

	2012 R'000	2011 R'000
One month past due	4	24
Two months past due	64	1
Three months past due	75	(41)
17 Prepayments		
Advances	319	319
Payroll	11	78
Prepayments	2 046	1 797
	2 376	2 194
18 Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	28	22
Bank balances	71 903	34 011
Pledged funds	1 166	1 158
	73 097	35 191

		2012 R'000	2011 R'000
18	**Cash and cash equivalents (continued)**		
	As required in section 7(2) and 7(3) of the Public Finance Management Act, the National Treasury has approved the local banks where the bank accounts are held		
	The total amount of undrawn facilities available for future 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 is 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.		
19	**Operating lease asset (liability)**		
	Long-term lease obligation	(12 868)	(9 293)
	Short-term lease obligation	(1 515)	(1 855)
		(14 383)	(11 148)
20	**Deferred income**		
	Deferred income	2 824	-
	The deferred income refers to the income received in advance for which expenditure will be incurred in the next financial year.		
21	**Trade and other payables from exchange transactions**		
	Trade payables	9 807	4 197
	Accruals: general expenses, bargaining councils and case disbursements	43 396	39 093
	Learnership and project funds	80	80
	Payroll creditors	137	6 418
	Skills development levy	2 972	2 654
	Workmen compensation	1 760	1 761
		58 152	**54 203**

22 Provisions

Reconciliation of provisions - 2012

	Opening balance	Additions	Utilised during the year	Total
Cases in process	11 262	10 087	(11 262)	10 087

Reconciliation of provisions - 2011

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

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.

		2012 R'000	2011 R'000
23	**Cash generated from operations**		
	Surplus	32 232	31 879
	Adjustments for:		
	Depreciation and amortisation	1 828	616
	Surplus on sale of assets and liabilities	(270)	(118)
	Income from equity accounted investments	(7 556)	(5 453)
	Movements in operating lease assets and accruals	3 234	1 187
	Movements in provisions	(1 175)	(5 388)
	Changes in working capital:		
	Inventories	295	(271)
	Trade and other receivables from exchange transactions	99	216
	Prepayments	(182)	(2 068)
	Trade and other payables from exchange transactions	3 952	1 113
	Deferred income	2 824	-
	Interest received	7 556	5 453
		42 837	**27 166**

24 Commitments

Authorised capital expenditure

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.

Operating leases - Buildings

Minimum lease payments due	2012 R'000	2011 R'000
- within one year	35 012	8 643
- in the second to fifth year inclusive	107 017	77 319
- later than five years	48 020	109 811
	190 049	**195 773**

Operating leases - Vehicles

Minimum lease payments due	2012 R'000	2011 R'000
- within one year	511	427
- in the second to fifth year, inclusive	2 038	337
	2 549	**764**

Operating lease - Fixtures and Equipment

Minimum lease payments due	2012 R'000	2011 R'000
- within one year	14 774	15 482
- in second to fifth year, inclusive	5 996	19 898
	20 770	**35 380**

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.

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

2012	Salary	Pension paid or receivable	Expense allowance	Performance bonus	Total
Director: N Kahn	1 397	186	68	-	1 651
Other executive managers	7 691	735	139	-	8 565
	9 088	**921**	**207**	**-**	**10 216**
2011					
Director: N Kahn	1 016	142	-	-	1 158
Other executive managers	5 653	763	70	-	6 486
	6 669	**905**	**70**	**-**	**7 644**

Non-executive

2012	Emoluments	Pension paid or receivable	Expense allowance	Gain on exercise of options	Total
Chairperson: T Cohen	-	-	104	-	-
Business representatives on Governing Body	-	-	81	-	-
Labour representatives on Governing Body	-	-	70	-	-
	-	**-**	**255**	**-**	**-**
2011					
Chairperson: T Cohen	-	-	154	-	-
Business representatives on Governing Body	-	-	26	-	-
Labour representatives on Governing Body	-	-	63	-	-
	-	**-**	**243**	**-**	**-**

26 Financial instruments

Fair values

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

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

26 Financial instruments (continued)

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.

27 Financial assets by category

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

2012	Loans and receivables	Total
Trade and other receivables	264	264
Cash and cash equivalents	71 903	71 903
	72 167	72 167

2011		
Trade and other receivables	329	329
Cash and cash equivalents	34 011	34 011
	34 340	34 340

	2012 R'000	2011 R'000
28 Related parties		
Trading transactions		
Service income		
Eskom	-	9
Purchases from related parties		
South African Post Office Ltd	12	8
Telkom SA Ltd	8 094	6 368
Government Printing Works	44	28
Owing by CCMA		
Telkom SA Ltd	749	626
Government Printing Works	-	3

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

	2012 R'000	2011 R'000
Administration fees paid to (received from) related parties		
David Lakay (member of FRSC)	94	134

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 David Lakay who serves as a member on the Finance and Risk Subcommittee (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.

29 Irregular expenditure

	2012 R'000	2011 R'000
Reconciliation of irregular expenditure		
Opening balance	1 598	58 346
Add: Irregular expenditure - current year	1 212	1 598
Less: Amounts condoned	(2 206)	(58 346)
Irregular expenditure awaiting condonation	**604**	**1 598**

29 Irregular expenditure (continued)

Irregular Expenditure - Awaiting condonation

Incident	Management comments	2012 R'000	2011 R'000
1. Not inviting three quotations in acquiring courier services contravening Practice Note 8 paragraph 3.3.3.	Management has designed and implemented a process to ensure that officials request deviation from a normal procurement process if necessary and deviation is approved by the Accounting Officer. Furthermore, the Finance Accounts Payable section checks payment vouchers for compliance with SCM policies and non-compliant payment vouchers are sent back to the end-user department.	178	
2. The evaluation criteria used in appointing a service provider for least cost routing was not specified in the bidding documents as required by Treasury Regulations16A6.3(b).	The Director of the CCMA has appointed the Specification Committee. The committee ensures that an evaluation criterion is included as part of the specification and that it is communicated to the prospective suppliers at the tender briefing meeting. The committee also ensures that that there is consistence in the evaluation criteria that are not biased.	271	
3. A service provider with an expired tax clearance certificate was awarded a security contract. The supplier also charged for VAT when it was not registered for VAT.	The Supply Chain unit has developed a report that tracks, amongst others, the expiry date of tax clearance certificates and VAT certificates and advises the relevant supplier that the certificate is about to expire and requests that once a new one is obtained, it is to be forwarded to the CCMA. The report is reviewed monthly.	68	
4. Not inviting three quotations in acquiring services contravening Practice Note 8 paragraph 3.3.3.	Management has designed and implemented a process to ensure that officials request deviation from a normal procurement process if necessary and deviation is approved by the Accounting Officer. Furthermore, the Finance Accounts Payable section checks payment vouchers for compliance with SCM policies and non-compliant payment vouchers are sent back to the end-user department.	87	
		604	

29 Irregular expenditure (continued)

Analysis of irregular expenditure incurred, identified and condoned in the current year

Incident	Management comments	2012 R'000	2011 R'000
1. Enter into a new lease for the Rustenburg office and cancelling the old lease before expiry.	The total lease contract value was R10 119 171 over 10 years. It was impractical to invite competitive bids due to the following reasons: Investigation conducted by the Risk Management Unit concluded that the premises that the CCMA occupied did not meet Occupational Safety and Health regulations. The risk that could have developed during the period required for competitive bidding for the new building, which would have taken approximately twelve months, was too high. Furthermore, the costs of terminating the lease before expiry was prohibitive, hence the CCMA negotiated with the current landlord for alternative premises. **The CCMA has taken the following steps to ensure that there is no reoccurrence of a similar nature.** a. An investigation was conducted into the office lease process to determine where failures in the process occurred. A new procedure was drafted and is being implemented. b. All contracts have been captured into a spreadsheet and are being continuously monitored with special attention being paid to contracts that are expiring in the next 6 to 12 months to ensure that the correct supply chain management process is being followed. c. A review of all procurement plans was conducted and end-user departments were engaged. d. End users were trained on supply chain management processes. e. Flow charts were developed for each procurement threshold so that timelines and delegation levels are clear.	446	

		2012 R'000	2011 R'000
29 Irregular expenditure (continued)			
Analysis of irregular expenditure incurred, identified and condoned in the current year (continued)			
Incident	**Management comments**		
2. Mpumalanga lease contract	It was impractical to invite competitive bids for the second time after the initial competitive bid was unsuccessful, due to the following reasons: The CCMA went out on an open tender for this procurement. The Bid Evaluation Committee met to assess the bids received. However, a suitable supplier could not be identified. A process to look for a suitable building commenced, resulting in three proposed suppliers being submitted to the Bid Adjudication Committee for consideration. Risk analysis was conducted and concluded that the building the CCMA was occupying at that time was in a poor condition and exposed employees and external parties to health and safety hazards. No costs were incurred in the financial year under review. The expenditure was condoned in the current year.	-	
3. Think Tank event held to commemorate the CCMA's 15-year anniversary	After receiving initial quotations, it was established during the evaluation process that all the quotes were above R1 million. The treasury regulation at that time did not allow for a contract to be awarded, based on quotes, if the value was greater than R500 000. Going out on open tender would have compromised the time frames of the project. Management reviewed the terms of reference and asked the suppliers to quote only for the cost of managing the event (management fee). The planning for this event was carried out in two processes. Firstly there was a planning committee that was responsible for the content of the event and secondly, the logistical arrangements were carried out internally. Regular reports were tabled at Exco and the decision to call for further quotes as a result of the initial cost exceeding R1 million was taken at a special Exco. The documentation received was discussed and a resolution taken to restart the process.	702	
4. Sourcing and appointment of staff from suppliers not on the list of prospective suppliers	Curricula vitae were sourced from service providers that were not on the approved suppliers list. The CCMA has taken the following steps to ensure that there is no recurrence of a similar incident. All new suppliers are approved by the Bid Adjudication Committee before they are placed on the database. All staff has been trained on supply chain processes and regulations.	64	
Current year		**1 212**	

		2012 R'000	2011 R'000
30	**Reconciliation between budget and statement of financial performance**		
	Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:		
	Net surplus per the statement of financial performance	32 232	31 879
	Adjusted for:		
	Increase / (decrease) in provisions	(16 628)	(21 386)
	Increase / (decrease) in staff costs	3 104	18 796
	(Increase) / decrease in government grants	(19 000)	(28 200)
	(Increase) / decrease in other income	171	(1 207)
	(Surplus) / deficit on sale of assets	121	118
	Net surplus (deficit) per approved budget	-	-

The CCMA submits a compliance budget to the Department of Labour and National Treasury on or before 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

31 Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government Gazette No 27636, issued on 30 May 2005, states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that the reasons for any deviations are recorded and reported at the next meeting of the accounting authority and a note to the annual financial statements is included.

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	2012 R'000	2011 R'000
Current year	2 857	1 768

32 Financial liabilities by category

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

	Amortised cost	Total
2012		
Trade and other payables	9 807	9 807
2011		
Trade and other payables	4 199	4 199

Notes

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RP: 288/2012
ISBN: 978-0-621-41268-0