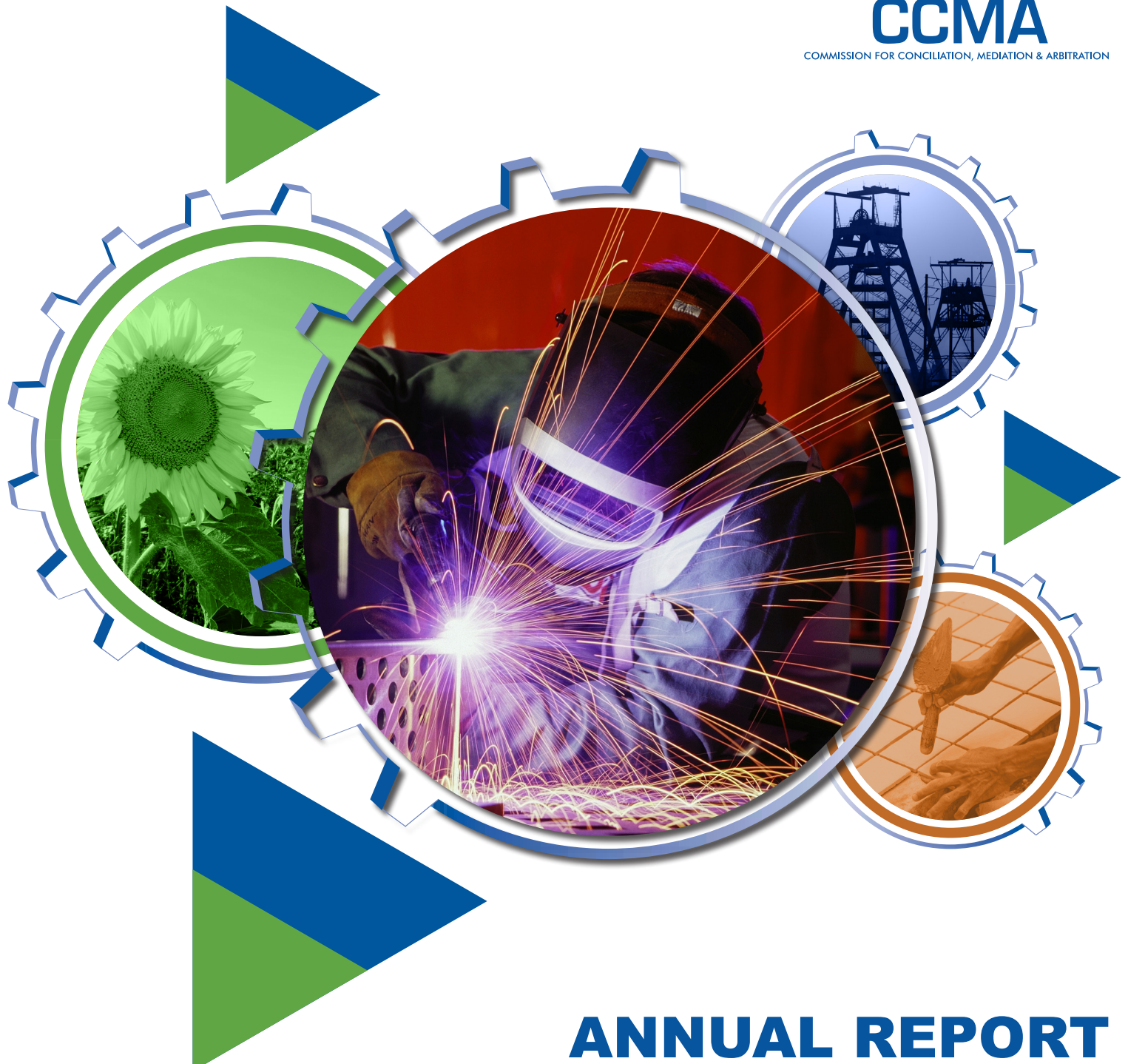




CCMA

COMMISSION FOR CONCILIATION, MEDIATION & ARBITRATION



ANNUAL REPORT
2016/2017



CCMA

COMMISSION FOR CONCILIATION, MEDIATION & ARBITRATION

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24 days

was the average to deal with conciliation cases as compared to the legislated target of 30 days

188 449

is the registered caseload (compared to the 179 528 of the 2015/16 financial year)

60 days

was the average to deal with arbitration cases against a set target of 60 days

PART A GENERAL INFORMATION



CCMA

COMMISSION FOR CONCILIATION, MEDIATION & ARBITRATION

1. GENERAL INFORMATION

REGISTERED NAME Commission for Conciliation Mediation and Arbitration

REGISTERED OFFICE ADDRESS JCI House
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Johannesburg
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EXTERNAL AUDITOR'S NAME Auditor-General of South Africa

EXTERNAL AUDITOR'S ADDRESS 300 Middle Street, Brooklyn, Pretoria

BANKER Standard Bank of South Africa

COMPANY SECRETARY Edmund Nyamakupe (Acting)



2. LIST OF ABBREVIATIONS

ACAOSA	Association of Community Advice Offices of South Africa
AFS	Annual Financial Statements
AG	Auditor-General
AMCU	Association of Mineworkers and Construction Union
APP	Annual Performance Plan
ARC	Audit and Risk Committee
BAS	Business Application Systems
BIA	Business Impact Analysis
BC	Bargaining Council
BCCEI	Bargaining Council for the Civil Engineering Industry
BCEA	Basic Conditions of Employment Act (No. 75 of 1997), as amended
BCM	Business Continuity Management
BWR	Building Workplace Relations
CAE	Chief Audit Executive
CCMA	Commission for Conciliation, Mediation and Arbitration
CEO	CCMA Director in terms of the PFMA
CFO	Chief Financial Officer
CGE	Commission for Gender Equality
CMS	Case Management System
CMU	Complaints Management Unit
CSC	Convening Senior Commissioner
CSD	Centralised Supplier Database
CSR	Community Social Responsibility
CWU	Communication Workers Union
DAFF	Department of Agriculture, Forestry and Fisheries
DEPACU	Democratic Postal and Communications Union
DMP	Dispute Management and Prevention Unit
DMR	Department of Mineral Resources
DOL	Department of Labour
DOPs	Departmental Operational Plans
DPSA	Department of Public Service and Administration
DR	Dispute Resolution
EEA	Employment Equity Act (No. 55 of 1998)
EEAA	Employment Equity Act, as amended

ELA	Employment Law Amendments
ERM	Enterprise Resource Management
ERP	Enterprise Resource Planning
ESC	Essential Services Committee
ESU	Employment Security Unit
ETD	Education Training and Development
ENE	Estimates of National Expenditure
EXCO	Executive Committee
FHR	Foundation for Human Rights
FIVCRT	Fruit Industry Value Chain Round Table
FMPI	Framework for Managing Performance Information
GB	Governing Body
GCRS	Governance, Compliance Risk and Strategy
HOSPERSA	Health and Other Services Personnel Trade Union of South Africa
HR	Human Resources
HRM	Human Resources Management
IBTC	Items Being Tracked for Correction
ICT	Information and Communications Technology
ILO	International Labour Organisation
IMATU	Independent Municipal and Allied Trade Union
ISA	International Standards on Auditing
JAVS	Justice Audio Video Solutions
KPA	Key Performance Area
KPAs	Key Performance Areas
LAC	Labour Appeal Court
LC	Labour Court
LDRP	Labour Dispute Resolution Practice
LRA	Labour Relations Act (No. 66 of 1995)
MCW	Managing Conflict in the Workplace
MoU	Memorandum of Understanding
MSAs	Minimum Service Agreements
MTEF	Medium-Term Expenditure Framework
NABC	National Association of Bargaining Councils
NBC	National Bargaining Council



NBCCI	National Bargaining Council for the Chemical Industry
NBCSMRI	National Bargaining Council for the Sugar Manufacturing and Refining Industry
NDP	National Development Plan
NBCWPS	National Bargaining Council for the Wood and Paper Sector
NEDLAC	National Economic Development and Labour Council
NEHAWU	National Education, Health and Allied Workers' Union
NMC	National Management Committee
NSC	National Senior Commissioner
NUM	National Union of Mineworkers
OHS	Occupational Health and Safety
OPD	Out-Patient Department
PEC	Project Evaluation Committee
PFMA	Public Finance Management Act
PPCL	Parliamentary Portfolio Committee on Labour
PPM	Planning and Performance Monitoring
PPPFA	Preferential Procurement Policy Framework Act
PSA	Public Servants Association
PSCBC	Public Service Co-ordinating Bargaining Council
RAT	Risk Appetite and Tolerance
RMU	Risk Management Unit
ROPs	Regional Operational Plans
SADC	Southern African Development Community
SALGBC	South African Local Government Bargaining Council
SAMWU	South African Municipal Workers' Union
SAPWU	South African Postal Workers' Union
SCM	Supply Chain Management
SDA	Skills Development Act
SETAs	Sector Education Training Authorities
SG	Strategic Goal
SO	Strategic Objective
SP	Strategic Plan
TDU	Training Development Unit
TLS	Training Layoff Scheme
UASA	United Association of South Africa
UIA	Unemployment Insurance Act

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Sifiso Lukhele

FOREWORD BY THE **ACTING CHAIRPERSON**

I am honoured to have served as the Acting Chairperson of the Governing Body of the Commission for Conciliation Mediation and Arbitration (CCMA) during the 2016/17 financial year, following the end of term of the former Chairperson, Mr Daniel Dube.

The 2016/17 financial year was a very special year for the CCMA as an organisation, wherein we celebrated 20 years of existence of serving the labour market by delivering expeditious social justice. This celebration of 20 years is very significant in that it comes very close after South Africa celebrated its 20 years of freedom and democracy in 2014, making the CCMA one of the first organisations to institutionalise democracy.

As the organisation celebrated this special anniversary, it also provided an opportunity for all of us to reflect on the journey travelled, and obligated the CCMA, in its entirety, to remind itself of its mission for existence; that of giving effect to every citizen's constitutional right to fair labour practices, the institutionalisation of social harmony, social justice, economic stability, growth and development.

OVERVIEW OF STRATEGY AND PERFORMANCE

The 2015/16 financial year, having been the first year of the five-year Senz'umehluko "Making a Difference" Strategy, was a year of transition and change management, of trial and error and learning from those mistakes, of acquiring buy-in from Users and stakeholders. The 2016/17 financial year, on the other hand, being the second year of the strategy, with the

foundation firmly laid in the first year, required the CCMA to intensify efforts to accelerate service delivery.

For this reporting period, the CCMA indeed made considerable progress towards the attainment of the two strategic goals of the strategy, namely: "Enhance and extend service delivery to transform workplace relations and advance development" and "Strive for organisational effectiveness". One of the CCMA's strategic objectives of enhancing the labour market to advance stability and growth, seeks to encourage investor confidence by proactively providing guidance and support in Collective Bargaining matters, with an overriding aim to promote labour market stability and economic growth and, in so doing, create more jobs. It is noteworthy to mention in this regard that 5 038 mutual interest or potentially strike-related matters were dealt with across all CCMA offices during the 2016/17 financial year.

The large volumes of referrals streaming into the CCMA daily, reflected in the CCMA's operational reports, bear testimony to the state of the South African labour market. Despite the caseload of the CCMA registering at 188 449 during this period, the CCMA ensured that expeditious dispute resolution was delivered. It is pleasing to note that on average, the CCMA operations took 24 days (against a legislated target of 30 days) to complete the conciliation process from the date of the referral. In terms of the arbitration turnaround times, the CCMA took an average of 60 days (against a set target of 60 days) to complete the arbitration process calculated from the date of arbitration referral.



This demonstrates the CCMA's efficiency and effectiveness in implementing its legislated mandate, to ensure that social justice is delivered expeditiously to the benefit of the vulnerable workforce. It is also noteworthy to mention that the CCMA settled 75% of all cases referred to it, as per the settlement rate target.

The significant challenges facing the South African labour market and economy posed a key challenge for the CCMA to play a more proactive role in addressing the high levels of workplace conflict, dispute and job loss. During the reporting period, the CCMA exercised its discretionary functions and implemented proactive strategies to intervene earlier in the labour market to prevent disputes by building capacity. The paradigm shift from Dispute Resolution (DR) to Dispute Management and Prevention (DMP) was one of the strategic drivers of the organisation during the 2016/17 financial year, and remains a consistent priority for the CCMA for the 2017/18 financial year.

Economic growth is a national imperative and a key priority as documented in the National Development Plan (NDP). Job creation, poverty alleviation and addressing inequality are underpinned by economic stability. A key component of this is employment security, one of the strategic drivers of the CCMA. The dedicated efforts by all CCMA Regional offices ensured that, in the course of section 189A facilitations, the CCMA assisted in saving 52% jobs (25 196) of those likely to be retrenched (48 448), with actual retrenchments recorded at 22 293 during the 2016/17 period. This achievement was against a target of 20%.

The CCMA delivered successful results against its 2016/17 Annual Performance Plan (APP), achieving a 91% performance. This is a significant improvement of 15% when compared against the 2015/16 financial year, wherein a 76% performance was registered. I congratulate the Director, Management and CCMA staff as a whole on this commendable performance.

STRATEGIC PARTNERSHIPS

The CCMA's relationship with the Department of Labour (DOL) continues to thrive, with both parties sharing various platforms on a number of occasions. Furthermore, the Director and Management participated in the DOL's quarterly Management Committee meetings, as well as the DOL's Communications Forum.

After eight years of attempt, the CCMA's Case Management

System (CMS) was successfully rolled out to three DOL provinces, namely: Free State (Phuthaditjaba), Limpopo (Thohoyandou) and the Eastern Cape (Lusikisiki and Mount Ayliff). This was done in the bid to increase accessibility to CCMA services to vulnerable Users in rural and remote areas of South Africa. The plan is to roll out the CMS incrementally to some 130 DOL offices.

The CCMA continued to partner with its sister labour public entities. A Memorandum of Understanding (MoU) was signed with Productivity South Africa (PSA) in December 2016, for the purpose of saving jobs. The CCMA also facilitated the signing of a Labour Market Accord with the National Economic Development and Labour Council (NEDLAC).

In order to assist workers in the execution of awards in their favour, the relationship with the South African Board for Sheriffs was maintained. As part of professionalising the labour market and building knowledge and skills, partnerships with the various universities are sustained to ensure the successful delivery of the Labour Dispute Resolution Practice (LDRP). We intend expanding this programme to other institutions that have not yet come on board.

The relationship between the CCMA and the Sector Education and Training Authorities (SETAs) continues to address the labour relations practice in the industry. The new Chamber of Mines and CCMA partnership will ensure timeous sharing of information as an early warning mechanism aimed at addressing and mitigating job insecurity and job losses in the mining sector. A new mutually beneficial partnership was also created with the Law Society of South Africa (LSSA) during the reporting period.

The CCMA is indeed an internationally recognised brand, with the CCMA's business model and CMS used for benchmarking purposes by Swaziland, Italy and Bangladesh during the 2016/17 financial year, just to mention a few. This demonstrates the CCMA's international footprint confidence. The CCMA remains committed to assisting DR organisations in the Southern African Development Community (SADC), and is spearheading the resuscitation of the SADC Forum.

Regular meetings between the CCMA and the International Agencies ensure a healthy functionality of the relationship between the parties. The strategic partnership with the International Labour Organisation (ILO) was also maintained. It is critical to mention that plans are underway for the CCMA to sign a historic partnership MOU with the ILO on the annual training course on "Building Effective Labour Dispute Prevention and Resolution Systems".

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

THE YEAR AHEAD

The five strategic priorities of the CCMA for the 2017/18 financial year, as depicted in the APP, are as follows:

- i. Effectively and efficiently implement the legislated mandate of the CCMA;
- ii. Enhance and expand the employment security mechanisms to save jobs and alleviate business distress;
- iii. Facilitate improved collective bargaining to promote orderly and healthy labour relations;
- iv. Intensify DMP interventions to reduce conflict in the workplace and transform workplace relations; and
- v. Strive for maximum compliance to prescripts and best practice to improve business processes.

As the CCMA enters into 21 years of existence in the 2017/18 financial year, the organisation is ready to render excellent, world-class service across all facets of the CCMA business. The organisation will continue to grow and mature its systems and processes in a bid to achieve a clean audit; embed a culture of good Corporate Governance, improve compliance; manage all risks; decrease irregular, fruitless and wasteful expenditure; remain financially healthy; deliver against the legislated mandate; and ensure effective and efficient performance against set targets in order to have an impact in the labour market. To ensure the sustainability of the CCMA, succession planning and talent management have also been prioritised. Furthermore, Business Continuity Management Plans are in the process of being developed to ensure that the delivery of CCMA services can continue in the event of business disruptions.

ACKNOWLEDGEMENTS AND WORDS OF APPRECIATION

May I, on behalf of the Governing Body, thank the Executive Authority, the Honourable Ms Mildred Oliphant, the Minister of Labour, for her support over the last financial year. My appreciation is also extended to all Governing Body and Committee Members for their service and support.

My gratitude also goes to the CCMA Director, Mr Cameron Sello Morajane, for his dedication, hard work, astute and innovative leadership during the year under review. I also congratulate him on his first successful year as the CCMA Director, and wish him well for the rest of his tenure.

The Management Team, Commissioners and Staff are thanked for their service to the people of South Africa.



Sifiso Lukhele

Acting Chairperson of the Governing Body

GOVERNING BODY



Sifiso Lukhele
Acting Chairperson

ORGANISED BUSINESS REPRESENTATIVES



Kaizer Moyane



Elias Monage



Sifiso Lukhele

ORGANISED LABOUR REPRESENTATIVES



Bheki Ntshalintshali



Narius Moloto



Steve Harris

GOVERNMENT REPRESENTATIVES



Ntsoaki Mamashela



Ian Macun



Thembinkosi Mkalipi



Cameron Sello Morajane
CCMA Director
(*Ex-officio* member)



Cameron Sello Morajane

DIRECTOR'S OVERVIEW

The 2016/17 financial year was a very special year for the CCMA, wherein the organisation turned 20 years old. A 20 year birthday is a celebration of the gestation of an organisation, its twilight, and the apex of its teen. I am very privileged that the first year of my tenure as Director of the CCMA coincided with this coming of age. As the organisation celebrated this milestone on 11 November 2016, it was very important to reflect on the past, and also ask the question: “How did the CCMA fare, throughout its years of existence?”

Over the 20 years of service, the CCMA registered a total of approximately 2,7 million referrals. Approximately 800 000 arbitrations, and 1,8 million conciliations were heard.

Furthermore, over the years, the CCMA played a pivotal role in ending many protracted strikes. For example, in 1998, the CCMA resolved the largest single dispute involving 250 000 employees who belonged to the South African Municipal Workers Union (SAMWU), and the CCMA also played a major role in defusing tensions associated with violent strikes in the security and chemicals sectors. The CCMA also assisted to bring to an end the six-month long Airport Workers’ strike of 2004. In 2010, the CCMA played a major role in ensuring the success of the 2010 FIFA World Cup by intervening to prevent industrial action. In 2016, the CCMA resolved the Comair strike within two days of being asked to intervene by one of the parties. The CCMA also successfully intervened in the five-week municipal Pikitup strike, ending the strike within a week.

The Labour Appeal Court confirmed the CCMA’s authority to

enforce its awards during this period. On 31 October 2016, a three-year agreement was signed following the CCMA’s successful resolution of wage dispute/deadlock between AMCU and Lonmin, which included a peace obligation that is applicable over the same period.

The CCMA also contributed constructively in the review of Employment Laws during 2014. The CCMA’s facilitation in 2015 led to the signing of the first ever strategic labour market accord between the Phalaborwa Mining Company and its stakeholders, which include surrounding communities, organised labour, government, business and tribal authority.

These figures are just not statistics or a page from our history books, but rather, they represent 20 years of correcting hundreds of wrongs, resolving thousands of abuses, restoring hope and dignity, advancing and stabilising the labour market, and rewriting the dispute resolution landscape of South Africa; 20 years of ensuring that millions have acquired the freedoms of workplace citizenship and a new vocabulary of rights.

Each and every Member of the CCMA family should feel proud that they have contributed to the important mission of democracy. The CCMA has re-affirmed the principles of the Constitution of the Republic of South Africa, which calls for a democratic and open society, in which every citizen is equally protected by law.



GENERAL FINANCIAL REVIEW

The CCMA receives its entire funding from the fiscus through grant transfers from the DOL. An increase of 5% on the government grant over the previous year brought the total to R770.5m. This grant transfer was augmented with interest received from investment income (R17.7m) and income earned from rendering of services (R4.6m).

Over the last fiscal year, the entity maintained its going concern status through sound financial management. The organisation continues to be in a financially healthy position, with cash and cash equivalents closing at R89.2m, equivalent to a 1:1 cash cover ratio, and a current ratio of 1.4:1.

The net assets are reported as R62m as at 31 March 2017. The prior year's accumulated surplus of R50.7m was approved for roll-over, augmenting the total budget by 6.4%, adjusted during the mid-term budget cycle, to cater for expenditure related to the implementation of the Employment Law Amendments (ELA), the absorption of the appointment of the full-time interpreters, as well as increase in case load and accessibility of the CCMA services.

SPENDING TRENDS

Despite the baseline increase emanating from the implementation of the ELA, the opening of new venues, and the establishment of the Employment Security Unit (ESU), the total expenditure over the past two financial years was reduced from an average of 12% (2015/16) to 3% (2016/17) year-on-year, owing to the vigorous implementation of cost containment initiatives. The goods and services spend increased by 5% whilst total staff costs increased by 9%, due to the cost of living adjustments and performance-based incentives from the previous year.

The incessant annual increase in case load resulted in an additional 7% expenditure from R309m (2015/16) to R332m (2016/17) being appropriated to the appointment of additional Commissioners, as well as to the annual cost of living increases in Commissioner fees. The subsidies transfers towards Bargaining Councils, Statutory Councils and Public Service Bargaining Councils increased by 26%, due to increased caseloads. The capital expenditure for the 2016/17 financial year was approximately 2.2% lower than the previous year, mainly due to delayed procurement processes.

CAPACITY CONSTRAINTS AND CHALLENGES

Despite the growing number of the cases referred to the CCMA, the CCMA has been able to deliver on its legislative mandate effectively and efficiently. The period under review was greatly characterised by new thinking and innovation. An analysis of activities resulted in organisational realignment. This was undertaken in order to amplify strategic focus and to provide more emphasis on the core mandate of the CCMA.

Competition for the same skill was a potential threat, however, the CCMA's recruitment drive provides for career growth and thorough understanding of the labour market.

CCMA continued to attract and retain Commissioners as well as key personnel to execute its legislative mandate. It also continued to strengthen its sector specific training for Commissioners to be able to respond to matters that have global effect.

The vacancy rate remained a challenge mainly due to limited budget and delayed Human Resources (HR) processes. This placed a strain on HR capacity to deliver. The CCMA continues to find effective ways of addressing these constraints.

The CCMA National Operations Department experienced some turbulences as a result of the technically vacant position of the National Senior Commissioner (NSC): Operations. However, continuity was maintained through acting arrangements. Even though this was not an ideal situation, much effort was given by the acting personnel. I thank Mr Marius Kotze and Mr Carlton Johnson for their hard work and dedication during their respective acting tenures.

REQUEST FOR THE ROLL-OVER OF FUNDS

As at 31 March 2017, a cash and cash equivalent balance of R89.2m, as well as the receivables balance of R7.5m, were reported for year under review, and will be utilised to fund the reported short-term liabilities and commitments of R96.6m in the new financial year. The total surplus reported is R21k, the CCMA has reported and requested for the roll-over of these cash surplus funds to the new financial year.

CONCLUDED UNSOLICITED BID PROPOSALS FOR THE YEAR UNDER REVIEW

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

SUPPLY CHAIN MANAGEMENT

Management implemented 60% (nine projects) of the approved 2016/17 Procurement Plan. Delays in the procurement processes prevented 100% implementation. It is important to note that during the reporting period, Management was successful in the application of a cost-effective method of acquiring office leases.

AUDIT REPORT MATTERS IN THE PREVIOUS YEAR

68% of accepted audit findings from the 2015/16 financial year were fully resolved. This is an increase, as compared to the 30% of resolved findings of the 2014/15 financial year. 32% of the findings remained partially resolved. The audit findings raised in the 2016/17 financial year represent a 64% decrease, as compared to the 2015/16 financial year.

PLANS FOR THE FUTURE TO ADDRESS FINANCIAL CHALLENGES

During the 2016/17 and 2017/18 financial years' budget preparation process, it has become evident that the CCMA's allocated grant is becoming insufficient. National Treasury has since encouraged entities to robustly embark on the process of ensuring revenue collection where applicable, in order to augment the budget to cater for any shortfalls.

A comprehensive campaign has been embarked upon to solicit income generation concepts. It is envisaged that these efforts will significantly contribute to the financial stability of the CCMA in a cost containment environment.

In an environment of cost containment, increasing case load and regulatory compliance, the CCMA will continue to strive for organisational effectiveness, and has developed several targets over the medium-term to achieve this.

EVENTS AFTER THE REPORTING DATE

The CCMA concluded the bidding process for the appointment of a commercial banker to provide banking services for the organisation, in terms of the Banking Framework, prescribed under section 31 of the Treasury Regulations. After 31 March 2017, a project team constituting the CCMA and Nedbank delegates embarked on the migration project to switch CCMA from the previous banker (Standard Bank) to the new banker

(Nedbank). Internal and external communication has been circulated to inform all stakeholders about this significant change.

ECONOMIC VIABILITY

The Financial Sustainability Strategy will be developed during the 2017/18 financial year to ensure that the current economic outlook of the organisation is maintained and further improved.

2016/17 FINANCIAL YEAR ACHIEVEMENTS AND PLANS FOR 2017/18

The 2016/17 financial year was a year of transition, which comes with many challenges. However, of the 33 set strategic targets, 30 were achieved. This translates into a 91% performance, a 15% performance increase from the 2015/16 financial year. Furthermore, during the 2016/17 financial year, Management introduced new and exiting initiatives that revolutionised the CCMA.

There is a story to tell about the registered 91% performance achievement. Trials and tribulations, long hours, dedication and selfless service by Management and Staff is the root of ensuring that the 2016/17 financial year is a success.

The role and function of the Internal Audit, for the first time, was elevated in the CCMA. I recognise Internal Audit as a key role- player to achieve the clean audit that the CCMA is pursuing in the medium-term.

The 91% performance registered will not have materialised without streamlining the planning and performance monitoring of service delivery initiatives. During the reporting period, the CCMA developed its first ever Framework for Managing Performance Information (FMPI), which outlines mechanisms for managing performance information. Of importance is the introduction of the early warning mechanism, which enabled the timeous identification of service delivery bottlenecks which require intervention. To further improve the performance information management process, the 2017/18 financial year will see the development of the Integrated Scorecard and the automisation of performance information processes.

The 2016/17 financial year was the second year of the five year strategy, and alongside reflecting on the 20 years of the CCMA, internal reflections on the performance of the new



COMPARISON OF 2015/16 AND 2016/17 ANNUAL PERFORMANCE

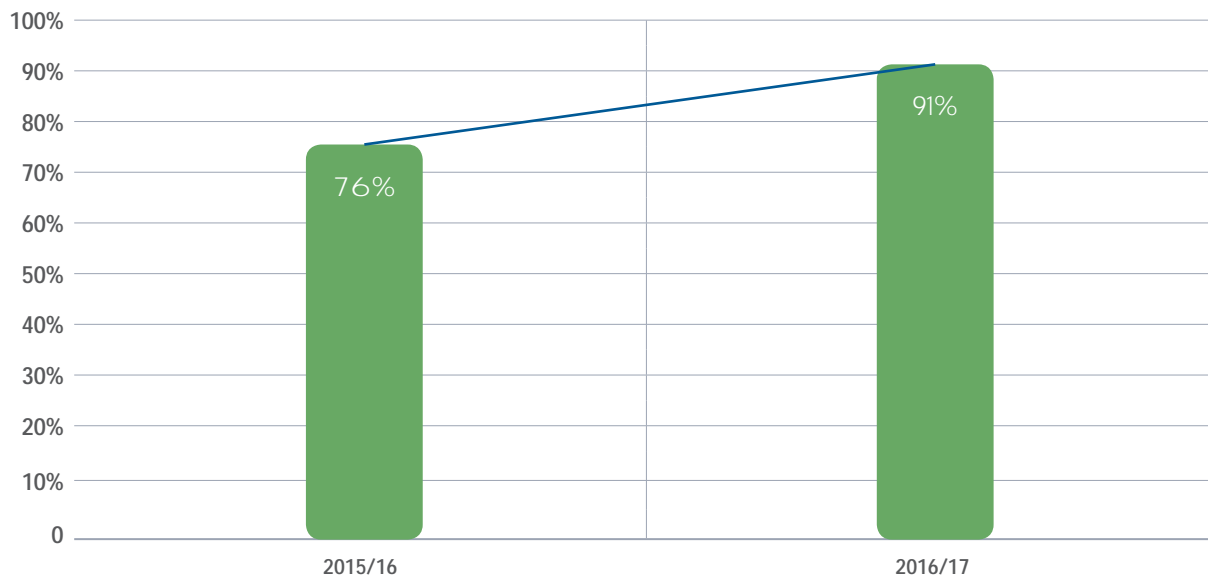


FIGURE 1: COMPARISON OF 2015/16 AND 2016/17 ANNUAL PERFORMANCE

strategy thus far, were conducted. As part of that reflection, views of the Users from across the whole country were solicited through my Regional User Forums to acquire an external perspective. All feedback from the Users were consolidated into a comprehensive report and will be used as a base to augment the strategy for the remaining period, so as to ensure that the strategy remains relevant and responds to the needs of the labour market. In essence, the 2016/17 financial year saw the initiation of the evaluation of the current strategy, with the full impact assessment to be conducted during the 2017/18 financial year. The results of the impact study will assist the CCMA development its new five-year strategy, commencing in the 2021/2022 financial year.

In adhering to principles of good Corporate Governance, requiring ethical leadership, responsibility, transparency, and accountability, the 2016/17 financial year saw the establishment of the Complaints Management function to manage the investigation and response to all complaints received throughout all platforms, including the whistle-blowing hotline. During the reporting period, all 530 complaints received, were investigated and responded to. In the 2017/18 financial year, the CCMA will investigate the possibility of the establishment of the CCMA Ombudsperson.

Further to that, the reporting period also saw the establishment of the Compliance Management function to ensure that the CCMA improves its compliance to all applicable legislations, regulations, policies and best practices. To strengthen the

CCMA's overall governance function and centralise all related functions, the Governance, Compliance, Risk and Strategy Management (GCRS) Unit was also established with an effective date of 1 April 2017. The model of GCRS is relatively new especially in the public sector, and the CCMA is proud to be one of the first public entities to operationalise this model.

History was made on 13 March 2017, wherein the Limpopo Region's Commissioner interviews were conducted remotely via Skype technology, with the panel being in the Head Office in Johannesburg, and candidates in the Limpopo Regional Office. In this regard, the CCMA saved time and money, whilst increasing productivity. It is envisaged that this is the approach that will be adopted for future interviews. It is also important to mention that for the first time in the history of the CCMA, an ICT Strategy was developed for roll-out in the 2017/18 financial year.

The Director's Ten Point Plan for the 2017/18 financial year has been developed as a tool to set out the vision and priorities for my term of office in a coherent manner. The starting point of a Ten Point Plan is the identification of the current status quo, and subsequently set out the target condition and establish direction on how to get there. The Ten Point Plan is not separate from the overall strategic priorities of the organisation. In the quest to realise my vision of a "Twenty First (21st) Century CCMA", which renders world-class service delivery, transforms workplaces and has an impact in the labour market, the ten priority thrusts of the Ten Point Plan are as follows:

“History was made on 13 March 2017, wherein the Limpopo Region's Commissioner interviews were conducted remotely via Skype technology, with the panel being in the Head Office in Johannesburg, and the candidates in the Limpopo Regional Office.”

1. Render professional, efficient and effective service delivery to Users, by meeting all strategic and operational targets and striving for maximum impact in the labour market;
2. Create world class Specialist Commissioners;
3. Enhance accessibility and automate CCMA business processes to improve service delivery through cutting edge ICT;
4. Ensure knowledge generation through strategic research for the benefit of the labour market;
5. Lead in thought leadership through the hosting of thought leadership conversations and conferences;
6. Improve compliance, risk management and governance in a bid to achieve a clean audit;
7. Ensure business continuity through organisational financial sustainability planning and Succession Planning and Talent Management;
8. Enhance communications and stakeholder relations to protect the brand integrity of the CCMA;
9. Capacitate the labour market by delivering strategic tools; and
10. Establish strategic partnerships for strategic collaboration to enhance service delivery.

Chairperson, Mr Daniel Dube, for his great leadership during his tenure. I am also grateful to our sister public entities in the labour fraternity, and all strategic partners, for the opportunity to collaborate in order to enhance service delivery.

I would like to thank the CCMA staff for all the hard work and dedication over the 2016/17 financial year. Your diligence, long hours and selflessness in delivering social justice to the people of the Republic of South Africa is greatly appreciated. I feel privileged to be part of the CCMA family of inspirational people who have made a great contribution to the labour market and the economy of South Africa. The CCMA family is a family of winners, pioneers, thought leaders, champions of change, labour peace and social justice.

The CCMA brand is a well-respected brand, a symbol of hope for many. The level of confidence in the organisation by the public, government, and all social partners, is at its highest. Let us honour and cherish that; let us protect and preserve that.

To the South African public and our Users, we will continue to strive to live our values of “respect, excellence, accountability, integrity, diversity, and transparency”, and deliver to you the best service that you are worthy of. We commit to “Making a Difference” in your lives, as intended by our five-year Senz’umehluko Strategy.

ACKNOWLEDGEMENTS AND APPRECIATION

My deepest appreciation goes to the Portfolio Committee on Labour, social partners, the Ministry and Department of Labour, as well as the Governing Body, for the vision, direction, guidance and support. Special thanks goes to the former Governing Body



Cameron Sello Morajane
Director



7. STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

The Accounting Authority and Officer of the CCMA, to the best of their knowledge and belief, confirm that this Annual Report has been prepared in accordance with the guidelines on developing Annual Reports, issued by the National Treasury. The performance information fairly reflects the actual achievements against planned objectives, indicators and targets as per the Strategic and Annual Performance Plan of the CCMA for the financial year ended 31 March 2017. The reported performance information has also been approved by the Governing Body of the CCMA.

Furthermore, according to prescripts governing Schedule 3A public entities, the Accounting Authority is responsible for

establishing and implementing a system of internal control, designed to provide reasonable assurance as to the integrity and reliability of performance information and human resources information. In compliance, this system existed and was implemented during the 2016/17 financial year.

In our opinion and to the best of our knowledge, the Annual Report is complete, accurate and free from any omissions, and fairly reflects the operations, the performance information, the human resources information and the financial affairs of the CCMA for the financial year ended 31 March 2017.



Sifiso Lukhele

Acting Chairperson of the Governing Body



Cameron Sello Morajane

Director



8. STRATEGIC OVERVIEW

8.1. VISION

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

8.2. MISSION

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

8.3. VALUES

The core values and operating principles of the CCMA are as follows.

TABLE 1: VALUES OF THE CCMA

VALUES	OPERATING PRINCIPLES
Respect	We value those whom we serve, those whom who we work with and our organisation.
	We value difference in people and ideas, treating everyone with fairness and dignity.
	We continuously do our best in delivering on our mandate and in service to our people.
Excellence	In committing to excellence we continuously strive to deliver quality work, and always seek to improve our process and service to everyone.
	We hold ourselves responsible for our actions and the outcomes of our work.
Accountability	In being accountable we are committed to each other and all we do, and take responsibility for our actions and performance.
Diversity	By embracing diversity and inclusivity, we learn from each other daily, while sharing and celebrating who we are and what we do.
	We embrace inclusivity and celebrate the difference of our people.
Integrity	We do the right thing, even when no-one is looking.
	We are honest and ethical in everything we do.
	We work in a manner that is open, fair and transparent.
Transparency	Guided by our statutory obligations and commitment, we are open in our dealing with everyone we serve.

9. LEGISLATIVE AND OTHER MANDATES

The CCMA is a Schedule 3A national public entity in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

The CCMA's Constitutional mandate is drawn directly from section 23 of the Constitution of the Republic of South Africa that deals with labour relations.

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

The CCMA's compulsory statutory functions are as follows:

- Conciliate workplace disputes;
- Arbitrate certain categories of disputes that remain unresolved after conciliation;
- Facilitate consultations regarding large-scale dismissals due to operational requirements;
- Conduct inquiries by arbitrators;
- Establish picketing rules;
- Determine disputes about demarcation between sectors and areas;
- Facilitate the establishment of workplace forums and Statutory Councils;
- Compile and publish information and statistics about its activities;
- Consider applications for accreditation and subsidy by Bargaining Councils and Private Agencies; and
- Administer the Essential Services Committee (ESC). During the 2016/17 financial year, the ESC Chairperson was Adv. Luvuyo Bono.

The CCMA's discretionary functions that enhance delivery of the CCMA mandate, but do not replace the delivery mandatory functions, are as follows:

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

The CCMA additionally derives its mandate from specific provisions of the Employment Equity Act, as amended (EEAA). Chapter 2 prohibits unfair discrimination, and in particular Section 10, subsections (5) and (6) (a) and (b) of the EEAA identifies the functions that the CCMA is required to perform as follows:

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

Moreover, the CCMA also subscribes to Chapter 5 (S41) of the Basic Conditions of Employment Act, as amended (BCEA), which sets out the functions of the CCMA as follows:

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



10. ORGANISATIONAL STRUCTURE

The CCMA underwent an institutional restructuring exercise to strategically align to its new strategy for better delivery. The CCMA's organisational structure for the 2016/17 period had six functional areas, excluding the Office of the Director and Internal Audit. The twelve Regions assist the organisation to meet its statutory mandate.

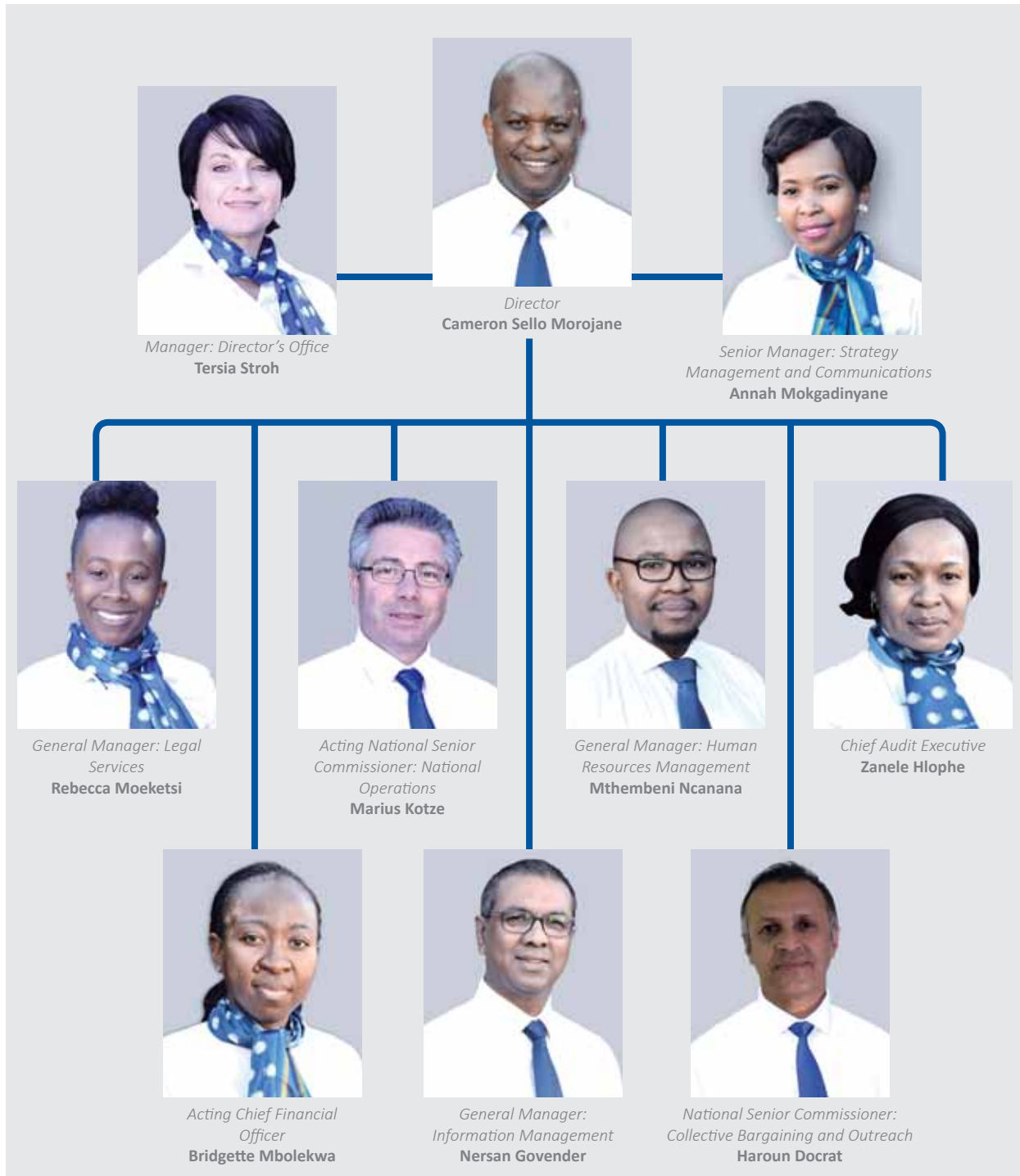


FIGURE 2: ORGANISATIONAL STRUCTURE OF THE CCMA



68%

6.8 out of 10 cases were settled through conciliation

143

public interest matters were settled (Section 150)

52%

of jobs (25 196 out of 48 448 jobs at stake) were saved compared to employees facing retrenchments (cases referred to the CCMA) (Section 189A)

PART B

PERFORMANCE INFORMATION



CCMA

COMMISSION FOR CONCILIATION, MEDIATION & ARBITRATION

1. SITUATIONAL ANALYSIS

1.1. SERVICE DELIVERY ENVIRONMENT

The state of the South African labour market is evidenced by the ever increasing caseload of the CCMA. A total of 188 449 cases were referred to the CCMA during the 2016/17 financial year, as compared to the 179 528 cases referred during the 2015/16 financial year, a percentage increase of about 5%, as reflected in the graph below.

The above translates into an average of 745 new cases referred every working day. This ever increasing case referral exerts pressure on CCMA business processes and poses a risk to the efficiency and effectiveness of the organisation. However, during the financial year under review, the CCMA continued to meet its statutory obligation in that, on average, the CCMA operations took 24 days (against a legislated target of 30 days) to complete the conciliation process from the date of the referral. In terms of the arbitration turnaround times, the CCMA took an average of 60 days (against a set target of 60 days) to complete the arbitration process, calculated from the date of arbitration referral. This demonstrates the CCMA's efficiency and effectiveness in implementing its legislated mandate, to ensure that social justice is delivered expeditiously to the benefit of the vulnerable workforce. This remains a consistent priority for the CCMA for the 2017/18 financial year.

The South African economy has not been immune to the poor global economic climate, which resulted in large scale retrenchments, protracted industrial action, and persistent unemployment. As in previous years, the CCMA played a key role in the resolution of wage negotiations across all sectors and at various bargaining councils and private agencies. A total of 5 038 mutual interest or potentially strike-related matters were dealt with across all CCMA offices during the 2016/17 financial year. CCMA Commissioners rose to the challenge, with 64% (3 224) of these matters settled. A total of 173 public interest matters were dealt with during the 2016/17 financial year. The CCMA successfully settled 83% (143) of these. The CCMA's key objective of enhancing the labour market to advance stability and growth, seeks to encourage investor confidence by proactively providing guidance and support in Collective Bargaining matters with an overriding aim of promoting labour market stability and economic growth, and in so doing, create more jobs. In the 2017/18 financial year, the facilitation of improved Collective Bargaining remains a priority in order to promote orderly and healthy labour relations, with a number of pre, during – and post Collective Bargaining activities planned for delivery.

The CCMA is not only about the delivery of the constitutional injunction of universal access to legislated mandatory services.

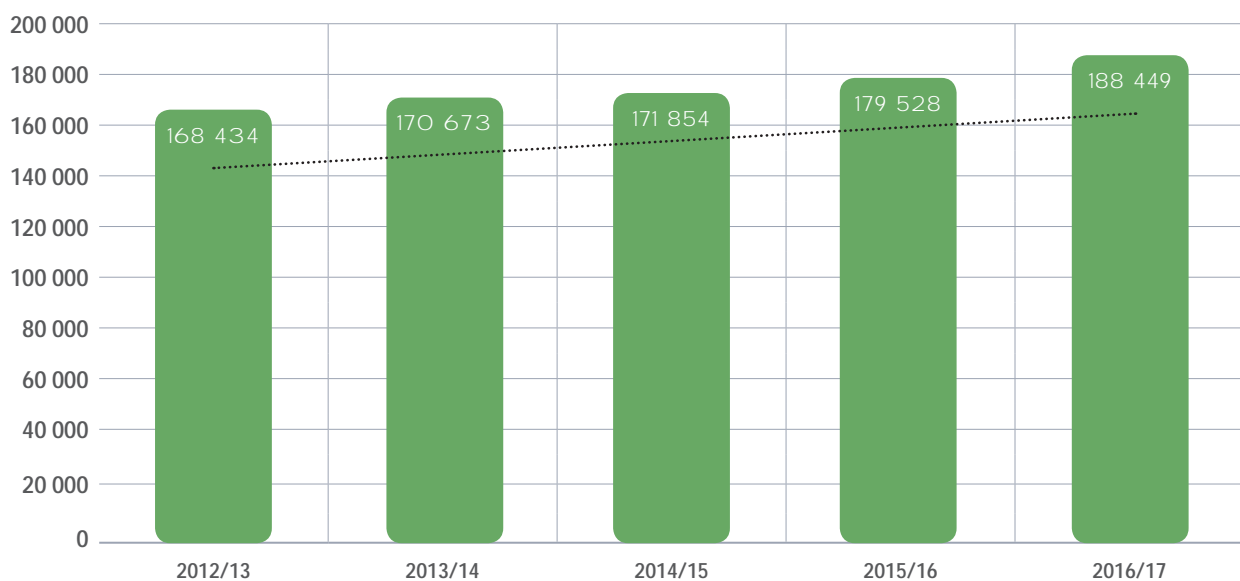


FIGURE 3: 5 YEAR COMPARISON OF CASELOAD

The CCMA wishes to be innovative and deliver value-added services to the benefit of the Users in the labour market. Due to the ever increasing caseload, which is an indication of a labour market in distress, characterised by conflict and disputes, the CCMA was challenged during the 2016/17 financial year to extend its focus beyond its primary role of DR, to concentrate efforts into proactive DMP. Whereas the previous strategies, namely the “Tsose Strategy of 2007 to 2010” and the “Siyamphambili Strategy of 2011 to 2015” focused on the mandatory functions of the CCMA, the emphasis of the Senz’umehluko Strategy is on discretionary functions and proactive strategies to intervene earlier in the labour market to prevent disputes by building capacity. The paradigm shift from DR to DMP is one of the strategic priorities of the organisation. However, the shrinking budget allocation from the government limits the CCMA’s expansion. Accordingly, alternative income generation and financial sustainability strategies are being explored to help resource areas that require funding.

1.2. ORGANISATIONAL ENVIRONMENT

The 2016/17 financial year was the first year of the tenure of the new CCMA Director, Cameron Sello Morajane, after the departure of former Director, Nerine Kahn. The appointment of the new Director marked a milestone in the change of leadership of the CCMA. This was followed by strengthening of the Executive Committee, in line with an approved macro-structure. Following resignations and retirements, a new Executive Committee was appointed, as follows: Rebecca Moeketsi (General Manager: Legal Services) - 1 November 2016, Haroun Docrat (National Senior Commissioner: Collective Bargaining and Outreach) - 1 October 2016, Mthembeni Ncanana (General Manager: Human Resources) - 1 October 2016, and Zanele Hlophe (Chief Audit Executive) - 1 November 2016. Also in 2016/17, the contract of Ntombi Boikhutso, the Chief Financial Officer (CFO), came to an end. In the last quarter of the reporting period, Phetsile Magagula was successfully recruited as the new CFO, with an engagement date of 1 April 2017. The leadership bench of the CCMA is now firmly entrenched.

With a new Top Management, comes transition and accompanying challenges. However, on the positive side, the above is demonstrative of the successful talent management and succession plan of the CCMA, as many of the new appointees were already CCMA employees. This talent management and succession planning resulted in the service delivery of the organisation not being impacted negatively. The new team hit the ground running with respect to the implementation of the 2016/17 APP, registering successful results. The success of the 2016/17 financial year is attributable to the fact that the culture of high performance, excellence and maximum service delivery, has finally been embedded in the organisation. However, it is noted that inadequate talent management and succession planning may lead to loss of institutional memory, if not properly recorded.

The ever increasing caseload is putting strain on already strained organisational resources and also poses a threat to organisational efficiency in the delivery of the legislated mandate. Even though the budget allocation from government is increasing, the allocation is still not sufficient to meet all the expenditure requirements of the CCMA. As such, the CCMA cannot implement some of its plans, such as those of expansion with regards to opening new offices and venues. Other repercussions include holding back of filling approved posts, scaling down on outreach activities aimed at fostering accessibility and limited ability to invest in world-class ICT that will improve business efficiency, among others. There are a number of programmes, activities and projects that can serve as income generation streams for the CCMA to mitigate the allocation from the fiscus, which will be fully explored in the 2017/18 financial year, through the development and implementation of the Income Generation and Financial Sustainability Strategy.

1.3. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

There are no significant policy developments or legislative changes that had a significant impact on the business of the CCMA.



1.4. STRATEGIC OUTCOME-ORIENTED GOALS

This section outlines the strategic outcome-orientated goals of the CCMA, with their accompanying programmes, strategic objectives, key performance areas, indicators and targets, and also shows how they are aligned to the NDP 2030.

TABLE 2: STRATEGIC OUTCOME-ORIENTED GOAL ONE

STRATEGIC-ORIENTATED GOAL ONE	
Enhance and extend service delivery to transform workplace relations and advance development	
GOAL STATEMENT	
The CCMA will enhance and extend service delivery to transform workplace relations and advance development in the five-year period	
PROGRAMME ONE: ADMINISTRATION	
PROGRAMME PURPOSE	To provide overall management of the CCMA system in accordance with the Labour Relations Act, the Public Finance Management Act, and other policies.
LINKED STRATEGIC OBJECTIVE	Strategic Objective Three: Building knowledge and skills.
STRATEGIC OBJECTIVE STATEMENT	The CCMA strives to contribute towards building knowledge and skills in the labour market through the development and delivery of capacity building initiatives aligned with the needs of the labour market, as well as professionalising the labour market.
BASELINE	Seven new capacity building programmes developed, aligned with the needs of the labour market, 75% compliance with the set standard for the delivery of the LDRP and continuous enhancing of best practice as a means to further professionalise the labour relations practice.
PROGRAMME TWO: INSTITUTIONAL DEVELOPMENT	
PROGRAMME PURPOSE	To improve service delivery through capacity building.
LINKED STRATEGIC OBJECTIVE	Strategic Objective Two: Advancing good practices at work and transforming workplace relations.
STRATEGIC OBJECTIVE STATEMENT	The CCMA will strive to advance good practices in workplaces and transform workplace relations by proactively facilitating improved Collective Bargaining, managing conflict in the workplace, and transforming workplace relations.
BASELINE	Continuous improvements to Collective Bargaining processes, and predicting and managing conflict in the workplace and the transformation of workplace relations.

PROGRAMME FOUR: SOCIAL SERVICES	
PROGRAMME PURPOSE	Provide services for conciliation of workplace disputes and arbitration of disputes that remain unresolved after conciliation to the public.
LINKED STRATEGIC OBJECTIVE	Strategic Objective One: Enhancing the labour market to advance stability and growth.
STRATEGIC OBJECTIVE STATEMENT	The CCMA will strive to enhance labour market stability and growth by providing thought leadership and facilitating social dialogue, advancing employment security, strengthening partnerships for better delivery, enhancing accessibility to services; and proactively responding to labour market developments.
BASELINE	Continuous thought leadership engagements and social dialogues facilitated, strategic partnerships established and maintained, advocacy sessions conducted for awareness purposes and jobs saved from those likely to be facing retrenchments (as per cases referred to the CCMA).

TABLE 3: STRATEGIC OUTCOME ORIENTED GOAL TWO

STRATEGIC-ORIENTATED GOAL TWO	
Strive for organisational effectiveness	
GOAL STATEMENT	
The CCMA will strive for organisational effectiveness in the five-year period	
PROGRAMME THREE: CORPORATE GOVERNANCE	
PROGRAMME PURPOSE	A Governing Body, which is appointed by the Minister of Labour (the Executive Authority) is appointed as the Accounting Authority of the CCMA. Its oversight functions are defined by the LRA, as well as other governance and compliance legislation.
LINKED STRATEGIC OBJECTIVE	Strategic Objective Four: Optimising the organisation.
STRATEGIC OBJECTIVE STATEMENT	The CCMA will strive to optimise the organisation to support delivery of the strategy through embedding a culture that facilitates implementation of the new strategic direction, utilising resources optimally, and providing for continuous professional development aligned with the needs of the organisation and our people.
BASELINE	Embedding of an organisation that facilitates the implementation of the new strategic direction and utilises resources optimally.

2. PERFORMANCE INFORMATION BY PROGRAMME/ ACTIVITY/ OBJECTIVE

2.1. OVERALL PERFORMANCE

The table below provides the summary of performance for the 2016/17 financial year across all four Programmes and Strategic Objectives of the CCMA, also comparing the 2016/17 performance, to that of the 2015/16 financial year:

TABLE 4: STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

STRATEGIC OBJECTIVES					
STRATEGIC OBJECTIVES	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENT ON DEVIATIONS
ENHANCING THE LABOUR MARKET TO ADVANCE STABILITY AND GROWTH	8	13	12	1 (8%)	A strike at the identified employer resulted in the process not being concluded.
ADVANCING GOOD PRACTICES AT WORK AND TRANSFORMING WORKPLACE RELATIONS	6	6	6	0	Not applicable.
BUILDING KNOWLEDGE AND SKILLS	3	3	3	0	Not applicable.
OPTIMISING THE ORGANISATION	5	11	9	2 (18%)	Delayed internal processes resulted in the non-achievement of the targets.

2.2. PERFORMANCE PER STRATEGIC OBJECTIVE

The tables that follow provide a detailed breakdown of performance per Strategic Objective:

2.2.1 STRATEGIC OBJECTIVE ONE: ENHANCING LABOUR MARKET TO ADVANCE STABILITY AND GROWTH

TABLE 5: PERFORMANCE OF STRATEGIC OBJECTIVE ONE: ENHANCING LABOUR MARKET TO ADVANCE STABILITY AND GROWTH AGAINST TARGETS.

STRATEGIC OBJECTIVE ONE: ENHANCING LABOUR MARKET TO ADVANCE STABILITY AND GROWTH						
KEY PERFORMANCE AREA (KPA)	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENT ON DEVIATIONS
Provide thought leadership and facilitating social dialogue.	Number of engagements	Five engagements to provide thought leadership/ facilitate social dialogue on identified strategic labour market issues in existing and/new strategic platforms were held. In the 2015/16 financial year this target was incorporated with the engagement to provide thought leadership.	Four engagements held to provide thought leadership on identified strategic labour market issues. Four engagements held to facilitate social dialogue on identified strategic labour market issues.	Four thought leadership engagements held on identified strategic labour market issues. Eleven engagements to facilitate social dialogue on identified strategic labour market issues were held and one consolidated report was produced.	0% +175%	Not applicable The over-achievement of this target is attributed to the fact that as the Director conducted the Regional embedding of the strategy sessions, User Forums with Regional Users were convened as a means to facilitate social dialogue on strategic labour market issues and to outline the strategic priorities of the Director's term of office.
	Percentage (%) of campaigns conducted	N/A*	100% of Advocacy Campaign on Equity in the Workplace conducted.	100% of the Advocacy Campaign on Equity in the Workplace conducted through various communication platforms (four main activities).	0%	Not applicable
	Number of advocacy sessions conducted	27 advocacy campaign activities on the Ekurhuleni Declaration were conducted.	N/A*	N/A*	N/A*	Not applicable

N/A* Target was not part of the Annual Performance Plan of that particular financial year.



**STRATEGIC OBJECTIVE ONE:
ENHANCING LABOUR MARKET TO ADVANCE STABILITY AND GROWTH (CONT.)**

KEY PERFORMANCE AREA (KPA)	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENT ON DEVIATIONS
Advance employment security	Percentage (%) of jobs saved compared to employees likely to be retrenched	35% of jobs saved compared to employees facing retrenchments (As per cases referred to the CCMA).	20% of jobs saved compared to employees likely to be retrenched.	52% of jobs saved compared to employees likely to be retrenched (25 196 jobs saved).	+32%	The over-achievement of this target is attributed to the CCMA's Job Saving Strategy which is implemented by very skilled and specialised Section 189A facilitators and which is beginning to yield satisfactory results, with parties being more receptive to the alternative to retrenchments provided by CCMA facilitators.
	Number of industry sustainability process conducted	Industry sustainability process commenced in identified sector but not completed.	One industry sustainability process conducted in an identified national sector.	One industry sustainability process in an identified national sector commenced but not concluded.	-100%	The non-achievement of this target was due to an unprotected strike and non-availability of stakeholders.
Strengthen partnerships for better delivery	Number of strategic partnership/ accords	Eight established strategic partnerships with labour market institutions strengthened.	Maintain six established strategic partnerships.	Six established strategic partnerships maintained.	0%	Not applicable
		One new mutually benefit partnership with a labour market institution developed.	Develop one new mutually beneficial partnership.	One new mutually beneficial partnership was developed.	0%	Not applicable
		One strategic labour market accord facilitated.	One strategic labour market accord facilitated.	One labour market accord facilitated.	0%	Not applicable
Enhance accessibility to services	Number of measures piloted	Further measures to enhance accessibility investigated.	Identified researched accessibility measures piloted.	Identified researched accessibility measures piloted.	0%	Not applicable
	Number of provinces CMS rolled out to	CMS not rolled out to three DOL provinces (Eastern Cape, Limpopo and Free State), where the READ Only CMS currently exists.	CMS rolled out to three DOL provinces, where the READ only CMS currently exist.	CMS rolled out to three DOL provinces, where the READ only CMS currently exist.	0%	Not applicable
	Percentage (%) of awareness raising and capacity building campaigns conducted	160% of measures established to assist Users on means test to enforce and execute awards, was delivered.	100% of the awareness raising campaign on the service to assist parties to execute and enforce awards conducted.	127% of the awareness raising campaign conducted (183 activities).	+27%	The over-achievement of this target is attributed to the need to create awareness on this service since it mostly affects unorganised employees from vulnerable sectors such as the domestic and agricultural sectors.

**STRATEGIC OBJECTIVE ONE:
ENHANCING LABOUR MARKET TO ADVANCE STABILITY AND GROWTH (CONT.)**

KEY PERFORMANCE AREA (KPA)	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENT ON DEVIATIONS
Enhance accessibility to services (continued)	Percentage (%) of awareness raising and capacity building campaigns conducted (continued)	86 capacity building and awareness raising activities conducted to embed the Employment Law Amendments.	100% of capacity building and awareness raising conducted on specialist areas of the employment law amendments.	105% of awareness raising campaign conducted (152 activities).	+5%	The over-achievement of this target is attributed to the demand in specialist areas of the recent Employment Law amendments.
Pro-actively respond to Labour market developments	Percentage (%) of reviewed Labour Market monitoring and response analysis reporting mechanism implementation completed	Labour Market monitoring and response analysis reporting mechanism designed.	100% of reviewed Labour Market monitoring and response analysis reporting mechanism implemented.	100% of the Labour Market monitoring and response analysis reporting mechanism implemented.	0%	Not applicable

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

The target that under-performed was as a result of the multi-stakeholder complexities, which are beyond the control of the CCMA. Although this target is largely beyond the control of the CCMA, its success will have a huge impact in the labour market, and thus makes it a very crucial target to have.

CHANGES TO PLANNED TARGETS

There were no in-year changes to planned targets during the 2016/17 financial year.

LINKING PERFORMANCE WITH BUDGETS

TABLE 6: STRATEGIC OBJECTIVE ONE: ENHANCING LABOUR MARKET TO ADVANCE STABILITY AND GROWTH: LINKING PERFORMANCE WITH BUDGET

OBJECTIVE	2016/2017			2015/2016		
	BUDGET	ACTUAL EXPENDITURE	(OVER)/ UNDER EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER)/ UNDER EXPENDITURE
SO 1	18 755	13 525	5 230	399 048	336 748	62 300
Total	18 755	13 525	5 230	399 048	336 748	62 300



2.2.2 STRATEGIC OBJECTIVE TWO: ADVANCING GOOD PRACTICES AT WORK AND TRANSFORMING WORKPLACE RELATIONS

TABLE 7: PERFORMANCE OF STRATEGIC OBJECTIVE TWO: ADVANCING GOOD PRACTICES AT WORK AND TRANSFORMING WORKPLACE RELATIONS AGAINST TARGETS

STRATEGIC OBJECTIVE TWO: ADVANCING GOOD PRACTICES AT WORK AND TRANSFORMING WORKPLACE RELATIONS						
KEY PERFORMANCE AREA (KPA)	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENT ON DEVIATIONS
Proactively Support Improved Bargaining	Number of Collective Bargaining Improvement Processes (CBIP) conducted	Collective Bargaining Improvement Processes conducted in one identified matter.	Collective Bargaining Improvement Processes conducted in one identified matter.	Collective Bargaining Improvement Processes were conducted in one identified matter.	0%	Not applicable
	Number of capacity building programmes delivered	One capacity building programme for effective negotiation delivered.	Deliver two capacity building courses for effective negotiation skills.	Seven capacity-building courses for effective negotiation skills were delivered.	+250%	The over-achievement of this target is attributed to the marketing drive to promote this initiative, which resulted in more demand.
	Number of reports	One research report on international and national applicability of Mutual Gains Bargaining was drafted and published.	N/A*	N/A*	N/A*	Not applicable
Manage conflict in the workplace	Workplace mediation model piloted	Workplace mediation model adapted for South African conditions designed.	Workplace mediation model piloted in identified sector.	Workplace mediation model piloted in identified sector.	0%	Not applicable
	Labour market conflict prediction tool prototype developed	Tool to measure and predict conflict in the workplace design commenced but not completed.	Labour market conflict prediction tool prototype developed.	Labour market conflict prediction tool prototype developed.	0%	Not applicable
	Workplace conflict diagnosis tool implemented	Workplace dispute management self-assessment tool designed.	Workplace conflict diagnosis tool implemented.	Workplace conflict diagnosis tool implemented.	0%	Not applicable
Transform workplace relations	Percentage (%) of workplace intervention plan delivered	Transformation of workplace relations mechanisms updated with best practice.	100% of transformation of workplace relations intervention plan delivered.	137% of transformation of workplace relations intervention plan delivered (22 activities).	+37%	The over-achievement of this target is attributed to the high demand for this initiative as a result of the marketing drive across regions and on the CCMA website.

N/A* Target was not part of the Annual Performance Plan.

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

No under-performance registered for this Strategic Objective.

CHANGES TO PLANNED TARGETS

There were no in-year changes to planned targets during the 2016/17 financial year.

LINKING PERFORMANCE WITH BUDGETS

TABLE 8: STRATEGIC OBJECTIVE TWO: ADVANCING GOOD PRACTICES AT WORK AND TRANSFORMING WORKPLACE RELATIONS: LINKING PERFORMANCE WITH BUDGET

OBJECTIVE	2016/2017			2015/2016		
	BUDGET	ACTUAL EXPENDITURE	(OVER)/ UNDER EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER)/ UNDER EXPENDITURE
SO2	8 238	16 782	(8 544)	28 742	19 779	8 963
Total	8 238	16 782	(8 544)	28 742	19 779	8 963

While the targets remained unchanged, the budget was adjusted during mid-term to include additional budget from the approved roll-over of the prior year's surplus. Changes were also made to the organisational structure after the mid-term budget approval, and these are the main reasons for the variance between the budget and the actual expenditure.

2.2.3 STRATEGIC OBJECTIVE THREE: BUILDING KNOWLEDGE AND SKILLS

TABLE 9: PERFORMANCE OF STRATEGIC OBJECTIVE THREE: BUILDING KNOWLEDGE AND SKILLS AGAINST TARGETS

STRATEGIC OBJECTIVE THREE: BUILDING KNOWLEDGE AND SKILLS						
KEY PERFORMANCE AREA (KPA)	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENT ON DEVIATIONS
Developing and delivering capacity building programmes for Users aligned with the needs of the labour market	Number of capacity building programmes developed	Seven new capacity building programmes aligned with the needs of the labour market developed.	Develop two new capacity building programmes aligned with the needs of the labour market.	Two new capacity building programmes aligned with the needs of the labour market developed.	0%	Not applicable
Professionalising the practice of labour relations in labour market.	Percentage (%) compliance with the CCMA set standard for delivery of the Labour Dispute Resolution Practice programme by contracted universities	77.8% compliance with the CCMA set standard for delivery of the Labour Dispute Resolution Practice programme by contracted universities achieved.	75% compliance with the CCMA set standard for delivery of the Labour Dispute Resolution Practice programme by contracted universities.	76.65% compliance with the CCMA set standards for the delivery of the Labour Dispute Resolution Practice programme by contracted universities.	+1.65%	The over-achievement of this target is as a result of positive interactions between the project co-ordinators and the universities concerned.
	Number of research reports	Benchmarking report on best practice means to further professionalise the labour relations practice produced.	Research identified means to further professionalise the labour relations practice.	Research on identified means to further professionalise the labour relations practice benchmark delivered.	0%	Not applicable



STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

No under-performance registered for this Strategic Objective.

CHANGES TO PLANNED TARGETS

There were no in-year changes to planned targets during the 2016/17 financial year.

LINKING PERFORMANCE WITH BUDGETS

TABLE 10: STRATEGIC OBJECTIVE THREE: BUILDING KNOWLEDGE AND SKILLS: LINKING PERFORMANCE WITH BUDGET

OBJECTIVE	2016/2017			2015/2016		
	BUDGET	ACTUAL EXPENDITURE	(OVER)/ UNDER EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER)/ UNDER EXPENDITURE
S03	10 348	17 278	(6 930)	19 539	18 936	603
Total	10 348	17 278	(6 930)	19 539	18 936	603

While the targets remained unchanged, the budget was adjusted during mid-term to including additional budget from the approved roll-over of the prior year's surplus. Changes were also made to the organisational structure after the mid-term budget approval, and these are the main reasons for the variance between the budget and the actual expenditure.

2.2.4 STRATEGIC OBJECTIVE FOUR: OPTIMISING THE ORGANISATION

TABLE 11: PERFORMANCE OF STRATEGIC OBJECTIVE FOUR: OPTIMISING THE ORGANISATION AGAINST TARGETS

STRATEGIC OBJECTIVE FOUR: OPTIMISING THE ORGANISATION						
KEY PERFORMANCE AREA (KPA)	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENT ON DEVIATIONS
Embed a culture that facilitates implementation of the new strategic direction	Number of initiatives conducted on the Senz'umehluko Strategy	13 national promotion initiatives on the new strategy were conducted. Furthermore, strategic furniture was produced.	Conducted 13 national promotion initiatives on the Senz'umehluko Strategy.	13 national promotion initiatives on the Senz'umehluko strategy were conducted.	0%	Not applicable
		13 mid-term performance roadshows were conducted.	Conducted 13 performance roadshows	13 performance roadshows conducted.	0%	Not applicable
Embed good citizenship in the CCMA community	Percentage (%) of Community Social Responsibility campaigns conducted	N/A*	100% of the Community Social Responsibility (CSR) campaigns conducted.	100% of the CSR campaigns conducted (11 initiatives).	0%	Not applicable

N/A* Target was not part of the Annual Performance Plan.

STRATEGIC OBJECTIVE FOUR: OPTIMISING THE ORGANISATION (CONT.)

KEY PERFORMANCE AREA (KPA)	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENT ON DEVIATIONS
Utilise resources optimally	Percentage (%) of Talent Management and Succession Plan implemented	100% of Talent Management and Succession Plan not implemented.	100% Talent Management and Succession Plan implemented.	30% of Talent Management and Succession Plan was implemented.	-70%	The non-achievement of this target is attributed to the fact that the target was poorly drafted to mean that the five-year Talent Management and Succession Plan will be executed in one year, which is incorrect. The full realisation of the plan will only be in the 2019/20 financial year.
	Employment Equity (EE) Plan 2016-2021	N/A*	Evaluate the 2011/2016 EE plan.	The 2011/2016 EE plan evaluated.	0%	Not applicable
		N/A*	Implementation and development the new Employment Equity Plan 2016/2021.	Employment Equity Plan 2016/2021 was developed and implemented.	0%	Not applicable
	Percentage (%) of Procurement Plan implemented	100% of Supply Chain Management Turnaround Plan implemented.	Effective demand management achieved through implementing 100% of the Procurement Plan.	Effective demand management achieved through implementing 60% of the Procurement Plan (nine projects).	-40%	Non-achievement of this target is attributed to delays in the procurement process.
	Percentage (%) of the Automation Plan implemented	N/A*	100% implementation of automation of identified process completed.	100% implementation of automation of identified process completed (36 activities).	0%	Not applicable
	Percentage (%) of Risk Management Plan implemented	N/A*	Improve the organisation's risk maturity level by implementing 100% of the Risk Management Plan.	The organisation's risk maturity level was improved by implementing 100% of the Risk Management Plan (45 activities).	0%	Not applicable
		22% increase in income generated through rendering services year-on-year achieved.	Enhance financial sustainability by ensuring a surplus of 1% of the total revenue for the period.	Financial sustainability was enhanced by ensuring a surplus of 4.72% (R39,4 million) of the total revenue for the period achieved.	+3.72%	The over-achievement of this target is attributed to the additional budget allocated from the approved rolled over funds during the mid-term budget adjustments.

N/A* Target was not part of the Annual Performance Plan.



STRATEGIC OBJECTIVE FOUR: OPTIMISING THE ORGANISATION (CONT.)

KEY PERFORMANCE AREA (KPA)	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENT ON DEVIATIONS
Provide for continuous professional development aligned with the needs of the organisation and our people	Percentage (%) of training plan implemented	Training plan implemented to facilitate 2 812 persons undergoing capacity building exercises with a 70% quality measure achieved, based on 2 531 evaluation responses.	Training plan aligned to the needs of the organisation delivered at each identified organisational level implemented.	100% of Training Plan aligned to the needs of the organisation at each identified organisational level implemented with 2 201 persons capacitated (28 interventions).	0%	Not applicable

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

Improved drafting of targets to align with planned execution.

CHANGES TO PLANNED TARGETS

There were no in-year changes to planned targets during the 2016/17 financial year.

LINKING PERFORMANCE WITH BUDGETS

TABLE 12: STRATEGIC OBJECTIVE FOUR: OPTIMISING THE ORGANISATION: LINKING PERFORMANCE WITH BUDGET

OBJECTIVE	2016/2017			2015/2016		
	BUDGET	ACTUAL EXPENDITURE	(OVER)/ UNDER EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER)/ UNDER EXPENDITURE
S04	793 345	747 166	46 179	346 832	389 496	(42 664)
Total	793 345	747 166	46 179	346 832	389 496	(4 264)

Whilst the targets remained unchanged, the budget was adjusted during mid-term to include additional budget from the approved roll-over of the prior year's surplus. Changes were also made to the organisational structure after the mid-term budget approval, and these are the main reasons for the variance between the budget and the actual expenditure.

3. SERVICE DELIVERY PERFORMANCE INFORMATION

3.1. NATIONAL OPERATIONS



Marius Kotze

INTRODUCTION

The National Operations Department is the primary delivery instrument of the CCMA, providing a range of services to Users. The core of the work conducted by the Department is to ensure that the CCMA meets its statutory mandate to deliver speedy dispute resolution to Users, including serving arbitration awards within 14 days of completion of the arbitration hearing, and hearing all conciliation cases within 30 days of the referral. Through effective service delivery, the Department aims to entrench the mandate of the LRA, that is, social justice, economic development and labour peace. The CCMA delivers its core legislated mandate across 12 Regions. All Regions are overseen by a Convening Senior Commissioner (CSC), except the East London and Northern Cape Regions, which are overseen by Senior Commissioners.

In addition to the overseeing of 12 Regions, the Department also comprises of the following Units:

- a) Arbitration and Post – Hearing: Supports and assists organizational best practice by ensuring Commissioners are kept abreast of jurisprudential developments, updates the Practice and Procedure Manual, convenes Case Law Monitors and distributes Practices Notes; and
- b) National Facilities Management: Supports areas of lease management, travel management, security management, pool vehicle management, asset procurement management, as well as supports the occupational health and safety function.

PERFORMANCE, KEY ACHIEVEMENTS AND STRATEGIC INITIATIVES OF THE 2016/17 FINANCIAL YEAR

The caseload for the 2016/17 financial year stood at 188 449. The case referral and jurisdictional case rates increased by 5% and 4% respectively, indicating a growth in the number of referrals and also indicating the state of the labour market. This translated to an average of 745 new cases referred to the CCMA every working day, and 605 new jurisdictional cases daily.

77% of all case referrals related to unfair dismissal, and 9% related to unfair labour practice disputes. The Klerksdorp and Welkom offices experienced the highest increases in referrals (14%), followed by Port Elizabeth and Ekurhuleni (13% each). Cape Town saw an increase of 11%. In contrast, Durban saw a drop in referrals by 1%.

In terms of legislation, 26% more cases were received regarding the addressing of disputes by the use of the Employment Equity Act (EEA). 0.5% more cases were received and addressed by the use of the Basic Conditions of Employment Act (BCEA).

A breakdown of cases per sector confirms that the business professional services sector remains the highest at 24%. This represents an increase of 3% in comparison with the 2015/2016 financial year. The mining sector experienced a 1% drop in referrals when compared with the same period last year:

TABLE 13: REFERRALS PER SECTOR

SECTOR	REFERRALS ¹
Mining	4%
Agriculture	4%
Food Beverage (Manufacturing)	4%
Building Construction	8%
Domestic	8%
Safety Security (Private)	11%
Retail	12%
Business Professional Services	24%

On average, CCMA operations took 24 days to complete the conciliation process from the date of the referral. In terms of the arbitration turnaround times, the CCMA took an average of

¹ Constitutes the eight highest referring sectors



60 days to complete the arbitration process, calculated from the date of arbitration referral. The CCMA settled 75% of all cases referred to it, as per the settlement rate target.

A continual strategic imperative of the CCMA is improving accessibility to its services, with strengthening of service delivery to vulnerable Users in economically distressed areas being the main target. To achieve this aim, the CCMA, during the financial year under review, opened a new office in Vryburg in the North West Province on 1 August 2016. The office in Kimberley, in the Northern Cape, acquired additional space to accommodate the increase in case volume. Furthermore, alterations were undertaken at the Richards Bay office in KwaZulu-Natal, as well as the Ekurhuleni office in Gauteng to make the offices more accessible and user-friendly.

The organisation further undertook research to look at the viability of implementing mobile units for those Regions operating in more rural and remote areas. DOL, at a Regional level, remains a key stakeholder in taking services to rural areas, with DOL offices being used as CCMA venues to hear cases.

As part of the CCMA mandate to improve accessibility to vulnerable workers, the organisation assisted 27% of parties with 'serving the referral form' on the other party. The Port Shepstone (79%), Richards Bay (70%) and the Vaal (69%) offices, account for the highest achievers in terms of assisting parties with this service. This is an important intervention to ensure that the CCMA's mandate of social justice is achieved. The CCMA also assisted 4 000 employees, earning less than R205 433.30 per annum with the execution of their arbitration awards during the reporting period.

It is also noteworthy to mention that the Department had received 89 demarcation applications during the year under review, and that the NEDLAC approved 37 Demarcation Awards. The Department has also assisted in more than 10 000 certification of awards.

CHALLENGES ENCOUNTERED DURING THE 2016/17 FINANCIAL YEAR

A consistent challenge, not only for the Department, but the organisation in general, is ensuring consistent quality and effective service delivery in an environment of limited budgets and increasing demand for services. The Department, however, continued to deliver on its core mandates, even though it operated in an environment of low economic growth and an increasing unemployment rate.

KEY 2017/18 STRATEGIC ACTIVITIES AND PROJECTS TO BE PURSUED

The Department will continue with its drive to improve accessibility to ensure compliance with the organisation's statutory obligations to deliver speedy DR to Users. The focus for 2017/2018 will move beyond the traditional approach of waiting for Users to approach the CCMA, but to a more proactive approach of empowering Users to resolve disputes at plant level. In this regard, a larger focus will be placed on empowerment training to enhance workplace cooperation arrangements for establishing and improving relations between management and workers.

REGIONAL HEADS



*Acting National Senior
Commissioner: Operations
(also Port Elizabeth CSC)*
Marius Kotze



Limpopo
Grace Mafa-Chali



Western Cape
Carlton Johnson



Tshwane
Morwa-Mapale Setlago



North West
Elias Hlongwane



Johannesburg
Shawn Christiansen



Free State
Carmen Ward



Mpumalanga
Xolani Nduna



KwaZulu-Natal (*Acting*)
Bongumusa Khumalo



East London
Nowethu Ndiki



Northern Cape
Hendrick Oliphant



Ekurhuleni
Arnause Mohlala

3.2. COLLECTIVE BARGAINING AND OUTREACH



Haroun Docrat

INTRODUCTION

The primary role of the Collective Bargaining and Outreach Department is to facilitate improved Collective Bargaining, promote labour market peace and stability, intensify DMP interventions, reduce conflict in the workplace and transform workplace relations, as well as to enhance and expand employment security in order to save jobs and alleviate business and employee distress. In addition, the Department serves to design, develop and deliver capacity building initiatives to internal CCMA stakeholders and to external stakeholders.

The Department is comprised of the following Units:

- a) **Mediation and Collective Bargaining (M&CB):** Oversees a specialist DR service in public interest matters by providing support and guidance for all conciliation, mediation and facilitation processes. The Unit also provides Collective Bargaining support services in respect of wage facilitations, verification and balloting exercises, establishment of bargaining structures and post-agreement implementation support on any bargaining issues that may arise;
- b) **Employment Security Unit (ESU):** Draws its mandate directly from the provisions of Section 115 (3) (g), Section 115 (4), Section 189 and Section 189A (3) of the LRA to implement a job saving strategy that seeks to alleviate business and employee distress, manage facilitation of retrenchment processes and explore alternatives to job losses through various initiatives, such as the Training Layoff Scheme (TLS);
- c) **Councils and Agencies (C&A):** Manages and supports the accreditation process of Councils and Private Agencies by ensuring proper monitoring and evaluation of their dispute resolution performance and subsidy payment

management, and ensures that effective stakeholder relations are maintained;

- d) **DMP:** Provides outreach and capacity building services to CCMA Users and social partners, and supports all CCMA's advocacy campaigns;
- e) **Training Development Unit (TDU):** Draws its mandate directly from the provisions of Section 115 (3) of the LRA, for the design and development of training and related capacity building materials that are utilised by the CCMA in training its support staff, Commissioners, and external stakeholders. In addition, TDU, together with representatives from the National Association of Bargaining Councils (NABC), manages and co-ordinates the development and delivery of the Labour Dispute Resolution Practice (LDRP) qualification which is offered to the public in partnership with six public universities; and
- f) **Education Training and Development (ETD):** Provides an internal capacity building service for CCMA Commissioners and staff in line with the developmental needs of the organisation to achieve professionalism.

PERFORMANCE, KEY ACHIEVEMENTS AND STRATEGIC INITIATIVES OF THE 2016/17 FINANCIAL YEAR

The 2016/17 Collective Bargaining season provided a stern test for CCMA Commissioners whereby a substantial increase of 10.53% in Mutual Interest disputes for the 2016/17 financial year was recorded, when compared to the previous financial year. The increase is attributed to parties overriding reliance on statutory conciliation, as well as a result of challenging economic conditions. As already mentioned earlier in the report, a total of 5 038 mutual interest matters were dealt with across all CCMA Regional offices. Despite the increase from the previous financial year, the labour market was relatively calm and few incidences of industrial action were recorded.

During the 2016/17 financial year, the Conciliation Settlement rate fell slightly below target and was recorded at 68%. However performance in this regard has improved when compared with the previous financial year, the Settlement rate in Mutual Interest matters was achieved at 64%, despite an increasing caseload. The Arbitration Settlement rate emulated the performance of the previous year, and comfortably recorded above the target of 54%, indicative of the parties' and Commissioners' commitment to exploring conciliation prior to arbitration commencing.

Performance in Public Interest disputes remained high at 82.7%. The increasing commitment by parties to consent to

Section 150 conciliation processes is indicative of the CCMA's stature and reputation in the labour market. However, the target to measure settlements that result in reinstatement and re-employment outcomes (the Return to Work Index), was not achieved. This may be attributed to declining employment opportunities and a large pool of job seekers contending for existing job opportunities. Interventions and measures to improve and inculcate the primary remedy in dismissal cases will be revived and emphasised in the new financial year.

The quality of settlement agreements and conciliation processes resulted in the Settlement and Conciliation Quality Indices recorded at 98.1% and 100% respectively. These results represent a growing commitment by CCMA Commissioners to ensure that settlement agreements comply with established

quality criteria and that conciliation processes are conducted in the spirit and manner intended.

Table 14 summarises the performance measures as explained below.

During the 2016/17 financial year, a total of 475 referrals on Section 189A large scale retrenchments were received by the CCMA, as shown in Figure 4.

This represents a 9.9% decline in number when compared to the previous financial year, which recorded 527 referrals. Despite the decline in large scale retrenchment referrals, the number is arguably too high in an economy that struggles to create new jobs.

TABLE 14: OPERATIONAL TARGETS

PERFORMANCE MEASURE	TARGET	QTR1	QTR2	QTR3	QTR4	2016/17
Conciliation Settlement Rate	70.0%	74.2%	70.1%	68.8%	68.0%	68%
Mutual Interest Settlement Rate	64.0%	63.2%	63.2%	63.7%	63.5%	63.5%
Arbitration Settlement Rate	50.0%	54.4%	54.0%	53.3%	53.6%	54.2%
Section 150 Settlement Rate	64.0%	79.2%	79.8%	84.1%	82.7%	80.0%
Settlement Quality Index	95.0%	96.9%	97.2%	97.0%	97.3%	98.1%
Return to Work Index	16.0%	14.6%	14.3%	14.2%	13.7%	14.8%
Conciliation Quality Index	95.0%	98.9%	100%	100%	100%	97.7%

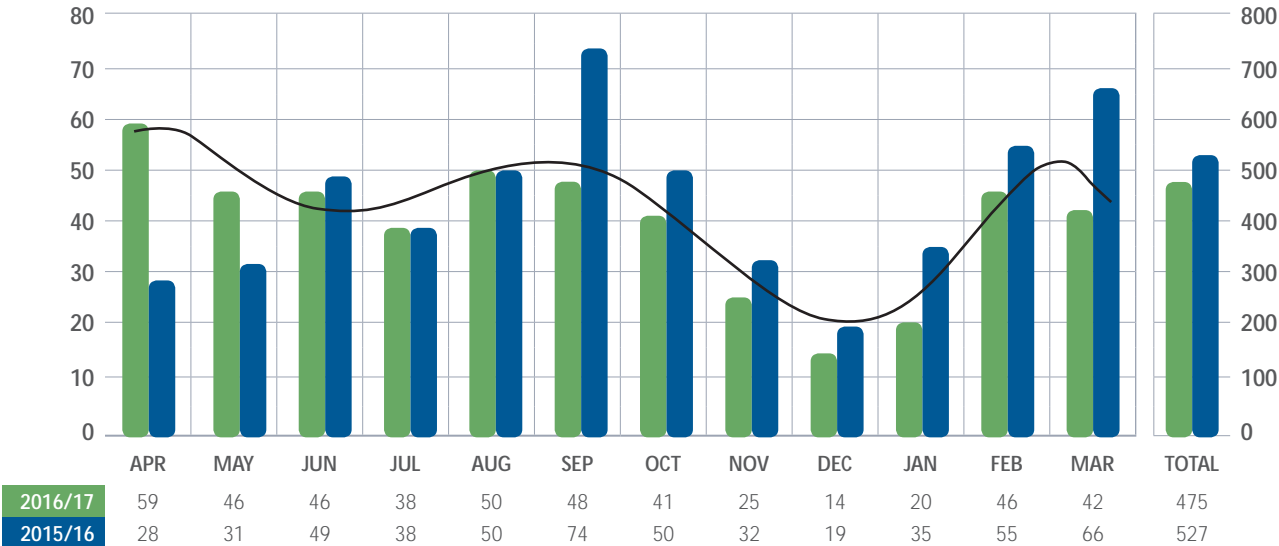


FIGURE 4: SECTION 189A REFERRAL TREND NATIONALLY

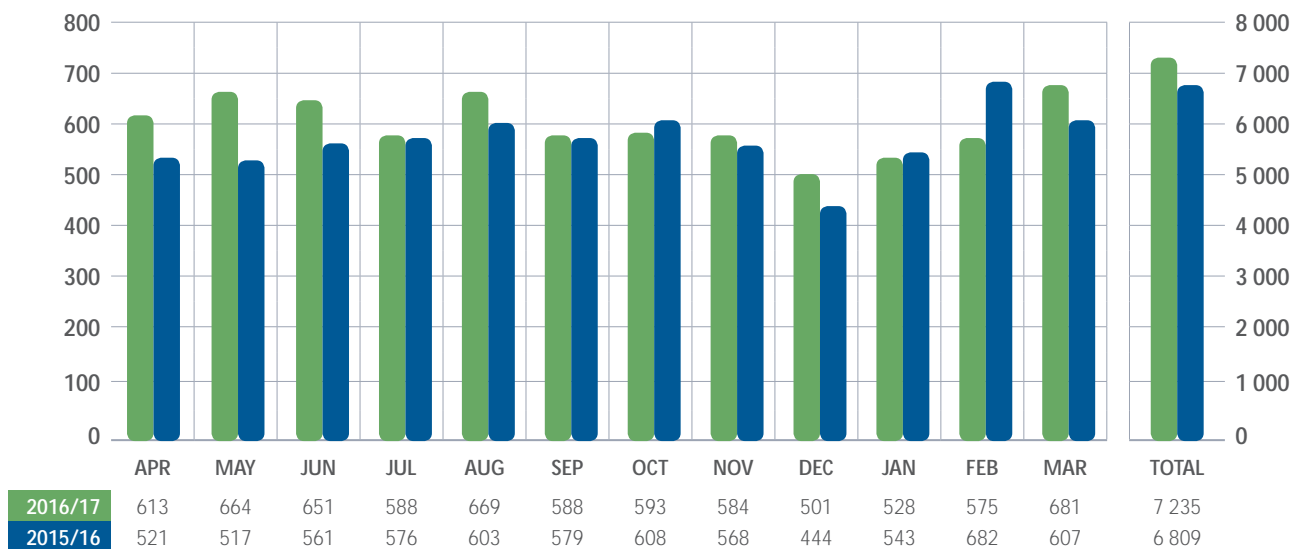


FIGURE 5: S189 REFERRAL TREND NATIONALLY

Section 189 small-scale retrenchment referrals, on the other hand, increased by 6.3%, with the CCMA receiving 7 235 referrals during the 2016/17 period, compared with the 6 809 referrals of the 2015/16 financial year as shown in Figure 5 above. In a labour market that seeks to encourage entrepreneurship, the increasing trend of small scale retrenchment activity is a reason for concern, as jobs are lost in smaller businesses, with the CCMA's involvement limited to conciliation processes after the retrenchment has already occurred.

Despite the notable increase of 61% in the number of TLS applications, the potential for the TLS to provide relief in alleviating job losses and business distress was minimal as more jobs were saved through innovative and creative initiatives of CCMA facilitators and parties. The TLS has tremendous potential to save jobs, but has unfortunately not made a significant impact due to various challenges, occasioned by the design of the scheme that involves multi-implementation partners.

The CCMA currently has 35 accredited Bargaining Councils and four accredited Private Agencies. It is worthy to note that the award quality improved during the 2016/17 financial year, with 82% of awards perused at Bargaining Councils complied with the established quality criteria. Furthermore, the submission of late awards was substantially reduced with Council panelists/Commissioners making timeous submissions of awards. Councils also ensured that the allocation of work is done on an equitable basis across the different race groups and genders. Accredited agencies have been engaged in an effort to improve their service activities in line with their accreditation functions.

The Department facilitated the delivery of 2 500 DMP outreach and capacity building activities across South Africa, reaching

approximately 37 000 CCMA Users. The range of activities included capacity building interventions, awareness raising, User Forums, Labour Law Seminars, radio talk shows, imbizos, as well as transformation in the workplace relations interventions.

The Department maintained positive relations and co-operation and ensured that all six partner public universities meet the required level of compliance with the set standards for the development and delivery of the Labour Dispute Resolution Practice (LDRP) qualification. Subsequent to the 2015/16 Commissioner recruitment process, for the first time, 16 LDRP graduates were appointed as Candidate Commissioners, following their successful application. All 16 LDRP candidates successfully completed the mentorship programme and are now practicing Commissioners.

A total of 28 soft skills training interventions, attended by 2 201 support staff and Commissioners, were delivered.

Approximately 749 students registered for the LDRP qualification across the six public universities during the 2016/17 financial year. The Department also completed work on 126 training material development-related projects, as shown in Figure 6 on page 43.

The Department contributed to a number of key strategic deliverables for the 2016/17 financial year as follows:

- Undertook an industry sustainability process in an identified industry or sector by facilitating work groups of business and labour, to address the growth, competitiveness and long-term sustainability of the industry, in order to protect existing jobs and create new jobs;
- Facilitated a labour market accord that would advance labour market stability and industrial peace;



FIGURE 6: TDU COMPLETED PROJECTS DURING THE 2016/17 FINANCIAL YEAR

- Implemented a labour market monitoring and response analysis mechanism that provides a structured approach to monitoring the Regional labour market, which in turn informs an intervention strategy that balances proactive and reactive measures to ensure that the CCMA responds effectively to labour market developments;
- Conducted a Collective Bargaining Improvement Process (CBIP) in an identified sector that seeks to provide a structured approach to analysing individual wage negotiations and improve negotiations by identifying elements that impact on effectiveness;
- Piloted a workplace mediation model in the Western Cape Fruit Sector, aimed at resolving conflict in the workplace that may arise between the employer and employee(s) or between employees. The overriding aim of this initiative is to resolve conflicts at an early stage in an effort to restore and maintain the existing employment relationships;
- Developed a labour market conflict prediction tool prototype that would assist the CCMA to forecast the possibility of conflicts within the South African labour market that may potentially result in industrial action or service delivery protests;
- Implemented a workplace conflict diagnosis tool that provides both the Users and the CCMA with an indication of factors that contribute to conflict, as well as help to identify and develop intervention/s that could minimise or manage the conflicts within the workplace;
- Through a CCMA Section 150 process, successfully resolved the protracted industrial action by SAMWU members at Pikitup;
- Played a key role in the resolution of wage negotiations across various sectors;
- Concluded the signature of the Memorandum of Agreement (MOA) between the CCMA and Productivity South Africa (PSA), which seeks to facilitate co-operation and information-sharing between the parties in order to support businesses and workers in distress through various mechanisms, with the aim of assisting such businesses to turn around and to save jobs;
- Provided technical assistance in the review of ABSA's grievance procedures, capability procedures, disciplinary procedures and the Employee Relations Policy. Furthermore, a customised training programme on Managing Capability and Misconduct Procedures was developed with the associated training delivered across the country;
- Delivered training on Best Practice Use of the CCMA and the Law to the South Africa Revenue Services (SARS) across all the provinces, covering approximately 202 attendees. The attendees were mainly shop stewards and Human Resources Business Partners (HRBPs);
- Successfully facilitated 11 Managing Conflict in the Workplace (MCW) and 13 Building Workplace Relations (BWR) interventions; including for the Parliament of the Republic of South Africa, National Health, the Allied Workers Union (NEHAWU) and the Public Service Association (PSA). This is a sign of confidence that the labour market is beginning to have on the CCMA workplace transformation interventions;
- Applied available technology to the development and piloting of online evaluation forms for various training interventions. The intention thereof is to enhance accessibility to training courses, especially to staff in remote areas;
- Developed a digital archiving system for referencing and sharing of training materials within the CCMA;
- Strengthened the partnership with the Services SETA for the purpose of securing support from the SETA to include the LDRP qualification for bursary allocation purposes in order to expand the accessibility of the qualification to those students who may experience funding challenges;



- Explored the delivery of online training to cut costs on travel and other related logistics;
- The online Customer Service training within the CCMA was piloted in three regions with 14 participants;
- Established a relationship with the Department of Higher Education and Training (DHET) in order to acquire assistance in locating adult learning centres for the benefit of CCMA employees who still have to study Grade 12; and
- Further capacitated Commissioners in specialist areas in order to deepen the resource base of specialist Commissioners.

CHALLENGES DURING THE 2016/17 FINANCIAL YEAR

The increased demand by the labour market for Collective Bargaining Support, and the need for special projects such as the Workplace Mediation and Industry Sustainability Process, exerted extreme pressure on the Department due to human resources constraints. Over-reliance on statutory conciliation, which directly affects the workload on Collective bargaining matters, is another challenge. In response, a process to extend the Collective Bargaining Support and Improvement processes to Regions was undertaken and the National Office female Commissioner pool increased. The high incidence of retrenchment activity also places an increased burden on the CCMA to save jobs. The pool of facilitators has been increased and a process to develop sector specialists is also underway.

KEY 2017/18 STRATEGIC ACTIVITIES AND PROJECTS TO BE PURSUED

The Department has planned to implement the following initiatives during the 2017/18 financial year:

- Enhance Capacity Building and Collective Bargaining Support and Improvement processes in preparation for the proposed LRA Amendments on Collective Bargaining, Industrial Action and Picketing;

- Develop a tool to improve monitoring and reporting of Regional public interest developments in order to improve the ability of CCMA Regional offices to monitor labour market developments and effectively respond to potential labour unrest;
- Investigate online picketing and conciliation applications by exploring options to utilise ICT to enhance service delivery;
- Increase Commissioner capacity to attend to retrenchment and Collective Bargaining disputes;
- Explore partnerships with institutions that provide access to support and survival mechanisms for retrenched workers;
- Increase the current pool of Effective Negotiation Skills (ENS) facilitators ;
- Deliver the Vulnerable Sector Strategic Project;
- The establishment of a National Job Saving Forum that could potentially lead to several partnerships as it involves various stakeholders that will be approached in an effort to alleviate job losses and business distress, whilst exploring the possibility of providing access to support and survival mechanisms;
- Pursuant of formal partnerships with institutions such as the DOL's Inspection and Enforcement Services Unit (IES) since labour inspection is being promoted as a means to prevent disputes, to improve working conditions and to protect workers;
- Designing and developing training materials on the pending amendments to the LRA and BCEA and subsequent delivery of related courses;
- Further build capacity on specialist areas of employment law amendments;
- The design and development of training materials for the support programmes for collective bargaining negotiators in line with item 11 of the Accord on Collective Bargaining and Industrial Action;
- Review of key aspects of the LDRP qualification, including the nature of the partnership with the LDRP universities with a view towards enhanced mutual beneficitation between the universities and the CCMA/ Bargaining Councils; and
- Deliver the 2017/18 financial year Annual Training Plan.

3.3. STRATEGY MANAGEMENT AND COMMUNICATIONS



Annah Mokgadinyane

INTRODUCTION

The Director of the CCMA's function, as determined by Section 118 of the LRA, is to manage and direct the activities of the CCMA, as well as to supervise the CCMA staff. This means giving strategic direction to the organisation, coordinating all activities, and liaising with all stakeholders.

The Director's Office is comprised of the following Units:

- a) Planning and Performance Monitoring: Supports effective organisational service delivery through the facilitation of the organisation's strategic and operational planning, as well as performance monitoring and evaluation of service delivery through the application of various monitoring and evaluation tools;
- b) Communications, Stakeholder Relations and Events Management: Ensures effective and timeous internal and external communication, investigates, establishes and strengthens strategic partnerships for better delivery; promotes the CCMA brand and increases engagement with external stakeholders; and supports organisational campaigns, ensures media monitoring and analysis, all with the aim of protecting the CCMA brand;
- c) Governance and Secretariat Services: Ensures the functionality of all Management and Governance Committees, and provides Corporate Governance advice and support to the organisation;
- d) Events Management: Project manages all national events;

- e) Complaints Management: Facilitates effective and efficient complaints management, to ensure that all complaints are investigated and responded to; and
- f) Manager in the Director's Office: Reporting directly to the Director, provides advice to the Director and the Executive Committee, and ensures the smooth running of the Director's Office.

PERFORMANCE, KEY ACHIEVEMENTS AND STRATEGIC INITIATIVES OF THE 2016/17 FINANCIAL YEAR

In ensuring the core mandate of the organisation is achieved and that the CCMA has an impact in the labour market as envisaged, the Department assists in the translation of the strategic vision of the Governing Body and the strategic direction of the Director, into concrete, impactful, but realistic strategic and operational plans. For the 2016/17 financial year, the CCMA was operating against an APP that was approved by the Executive Authority and successfully tabled in Parliament. Furthermore, all Departments and Regions operated against approved Departmental and Regional Operational Plans (DOPs and ROPs), which are the wheels of implementation of the APP and the broader five-year Strategic Plan.

During the financial year under review, the Department facilitated the Director's visits to all 12 Regions to educate staff of the strategic direction and imperatives of the organisation, with the aim not only to ensure that staff has an in-depth knowledge of the CCMA Strategy, but also acquire buy-in and inculcate commitment to the delivery of the strategy.

The Department produced the 2015/16 Annual Report, which was successfully tabled in Parliament.

The Department also convened 11 Regional User Forums, with the view of facilitating social dialogue with key Users and stakeholders. This platform furnished CCMA Users and stakeholders with the opportunity to give feedback to the CCMA on service delivery challenges and areas of improvement required. This valuable feedback was captured into a document titled "The Director's 2016/17 financial year Regional User Forum Consolidated Feedback Report", and will be utilised by management for service delivery improvement planning.

In ensuring that the organisation adopts a performance-driven culture, all strategic and operational plans are monitored against predetermined targets. An early warning mechanism was also implemented during the financial year, to track at mid-quarter,



whether there is satisfactory progress towards the achievement of targets, to enable timeous intervention if bottlenecks exist.

The Department convened three Thought Leadership Conversations on the following topics: Retrenchments and Unemployment, Employment Equity and the Minimum Wage Policy. The importance of these Thought Leadership Conversations lie in the fact that knowledge depositing, sharing and harvesting encourages innovation, promotes agility and advances foresight preparedness.

The labour market, by its very nature, is constituted by multiple stakeholders, with its stability reliant on effective partnerships arrangements, with growth advanced by strength of common purpose. During the financial year under review, the Department maintained six established strategic partnerships and developed a new mutually beneficial partnership, with the aim of partnering with relevant bodies for enhanced service delivery.

In protecting the brand integrity of the CCMA, the coverage of the CCMA in the media is monitored. Media coverage recorded from 1 August 2016 to 31 March 2017, shows that the CCMA recorded a total of 5 904 news clips across broadcast, print and online media. Print recorded 1 648 (28%) clips, broadcast 2 175 (37%) and online 2 081 (35%), as depicted in Figure 7.

To ensure social justice is realised, the Department ensures that all received complaints are investigated and responded to. The newly established Complaints Management Unit (CMU) received a total of 530 complaints through various platforms such as the CCMA Vuvuzela Fraud Corruption Hotline, the complaints dedicated email, National Office walkins, the Ministry of Labour, the Public Protector and Regional offices.

The complaints received provide the CCMA with direct User information about the CCMA's processes, staff conduct, poor service delivery and/or defective processes, as well as fraud and corruption, thus enabling an action-driven approach to quality service delivery. All complaints received were investigated and responded to.

Figure 8 allocates the total number of complaints received across the Regions.

Figure 9 further shows the nature of complaints received in the 2016/17 financial year.

The Department also ensured that all management and governance structures operated in compliance with best principles of good corporate governance.

Noteworthy achievements of the Department for the 2016/17 reporting period are:

- Developed and acquired approval of the CCMA's first three-year Integrated Communications Strategy;
- Revamped the CCMA website;
- Developed and acquired approval of the CCMA's first Strategy and Framework for Managing Performance Information;
- Developed the Complaints Management Strategy;
- Rolled out the Anti-Touts Campaign in Gauteng, aimed at protecting CCMA Users from unscrupulous consultants who charge vulnerable people for the free services provided by the CCMA; and
- Successfully covered the CCMA's 20th Anniversary in mainstream media.

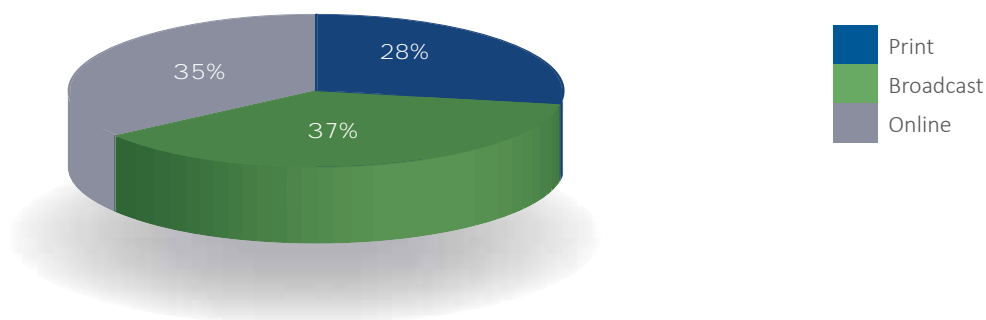


FIGURE 7: MEDIA COVERAGE BREAKDOWN

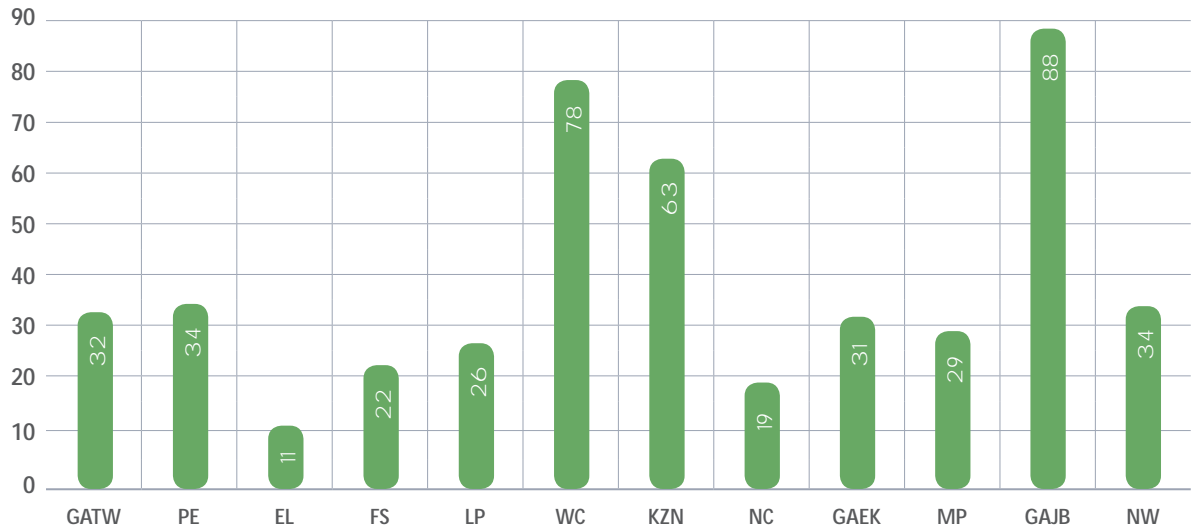


FIGURE 8: NUMBER OF COMPLAINTS

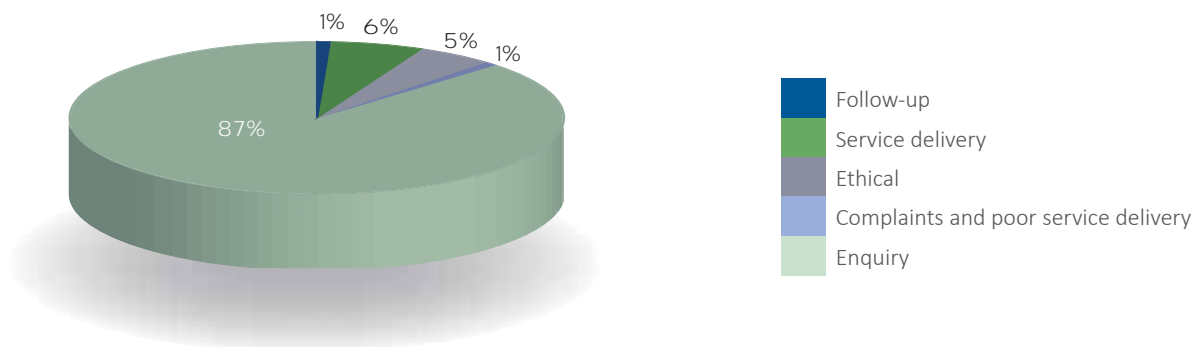


FIGURE 9: NATURE OF COMPLAINTS

KEY 2017/18 STRATEGIC ACTIVITIES AND PROJECTS TO BE PURSUED

The following are the planned service delivery initiatives for the 2017/18 financial year:

- Host the inaugural CCMA Labour Market Conference;
- Host the inaugural CCMA Shop Stewards Conference;
- Automate the Complaints Management processes;
- Execute the Integrated Communications Strategy;
- Finalise and acquire approval of the development and implementation of the Complaints Management Strategy;
- Develop the Integrated Scorecard for Regions encompassing both strategic and operational elements;
- Investigate the feasibility of establishing the CCMA Ombudsman; and
- Develop a concept paper for the CCMA 25 Anniversary Publication.

3.4. INFORMATION MANAGEMENT



Nersan Govender

INTRODUCTION

The Information Management Department is mandated to be the business enabler and provide business platforms and information management to the CCMA and associated organisations and entities.

The Department consists of the following Units:

- a. CMS: Provides electronic case management capability through the CMS for all labour-related disputes and reporting facilities to the CCMA, Bargaining Councils and similar entities in the SADC Region;
- b. ICT: Provides various platforms to ensure that the CCMA delivers on its mandate and that its business objectives are met; and
- c. Information Centre: Provides information and guidance to the public with regard to appropriate CCMA processes, procedures and guidelines in terms of the current labour legislation. Various channels are used to provide this service, including email, social media and telephonic, among others.

PERFORMANCE, KEY ACHIEVEMENTS AND STRATEGIC INITIATIVES OF THE 2016/17 FINANCIAL YEAR

In pursuant to the achievement of the CCMA 2016/17 APP targets of enhancing accessibility to CCMA services, the Department rolled out its core business application, the CMS, to three identified DOL offices. This project was in the making for eight years. Despite initial delays in the project, the CMS was successfully rolled out to the three DOL offices in the Eastern Cape, Limpopo and Free State.

Major projects implemented in the 2016/17 financial year are:

- The roll out of the Justice Audio Video Solutions (JAVS) recording system to ten Regional offices, which allows for the digital recording of arbitration cases. The recording system will be rolled out nationally in all CCMA offices as per the ICT Strategy;
- The deployment of new cost-effective, multi-functional printing devices nationally;
- The development of the first standalone three-year ICT Strategy as the previous strategies were embedded in the broader CCMA strategy;
- The consolidation of ICT policies into one integrated policy, as well as the development of associated guidelines and standard operating procedures; and
- The piloting of conducting Commissioner interviews via Skype, for the first time in the history of the CCMA, which saw the reduction of expensive face-to-face interviews that require extensive travel by the panelists across the country, thus saving costs and increasing productivity.

CHALLENGES DURING THE 2016/17 FINANCIAL YEAR

Despite 2016/17 being an overall successful financial year, the major challenge encountered by the Department was budget and resource constraints. This resulted in some project delays and the need to realign internal resources to ensure delivery as per the CCMA's mandate.

KEY 2017/18 STRATEGIC PROJECTS TO BE PURSUED

For the 2017/18 financial year, the Department will ensure the execution and delivery of the following key activities and strategic projects:

- Build ICT capacity in order to reduce dependency on external service providers;
- Continue the enhancing accessibility project by upgrading the network to include satellite technology and wireless connectivity in all CCMA offices;
- Develop and roll-out of the mobile application which will allow parties to check the status of their cases on their mobile phones;
- Roll-out video conferencing to enhance communication to save costs and increase productivity;
- Extend the CMS to Labour Courts to improve turnaround times, thus contributing positively to the vision of providing speedy and cost-effective DR;
- Develop a web-based tool for Small and Medium Enterprises (SME) to empower them on basic resolution of disputes; and
- Concretise the relationship with ILO to provide synergies and services in the SADC Region.

3.5. LEGAL SERVICES



Rebecca Moeketsi

INTRODUCTION

The Legal Services Department is mandated to provide the CCMA with functional legal, information and knowledge services. The Department also renders administrative support to the Essential Services Committee (ESC).

During the 2016/17 financial year, the Department comprised the following Units:

- a) **Litigation Management:** Manages the CCMA's litigation portfolio, provides general legal advisory services, conducts legal research and statutory interpretation, manages applications to review CCMA awards, conducts case law reviews and compiles and produces the CCMA Case Law Manual and Practice and Procedure Manual;
- b) **Contracts Management:** Negotiates, drafts, reviews, manages, interprets and enforces all CCMA's contracts;
- c) **Compliance Management:** Facilitates the execution of compliance activities within the CCMA to ensure organisational compliance with all regulatory requirements;
- d) **Research Services:** Conducts retrospective and proactive research. Provides information support to the CCMA and its external Users by advancing the organisation's innovation portfolio through rigorous research approaches; and
- e) **Library Services:** Houses the organisation's information portfolio through its archival function and the management of the various repositories where CCMA-related artefacts are stored, whilst providing informative support to all CCMA staff and stakeholders by sourcing and providing required information such as case law, arbitration awards, legislation and publication.

PERFORMANCE, KEY ACHIEVEMENTS AND STRATEGIC INITIATIVES OF THE 2016/17 FINANCIAL YEAR

The Legal Services Department evolved from a purely reactive support function to a more proactive knowledge and innovation generation hub that saw the introduction of a number of innovations during the 2016/17 financial year. In a bid to be the epitome of legal authority and data integrity, the Department continued to render quality services in a proactive and speedy manner, while continuously striving to optimally utilise its resources through the development of sustainable partnerships, mechanising operations, and optimising internal expertise and capabilities.

During the 2016/17 financial year, 195 litigation matters were dealt with by the Department. This includes Section 145 review applications. Figure 10 gives an illustration of litigation matters dealt with and finalised, those outsourced to external legal firms and cost implications over the past three years.

The Department administered more than 50% of its current litigation portfolio internally, thus saving in legal costs incurred, as depicted in Figure 11.

Costs spent on litigation have significantly decreased over the last three years, which is mainly due to the internal administration of the bulk of the litigation work.

One of the landmark cases dealt with by the Department during the year under review was that of *MBS Transport v CCMA and others*, wherein the Labour Appeal Court (LAC) confirmed the CCMA's authority for speedy execution of its awards, when it set aside the order of the Labour Court (LC) which declared that the CCMA does not have jurisdiction to issue writs of execution in respect of the arbitration awards issued by it. The LAC held that a certified CCMA award should not only be assumed to be an order of the LC, but that a writ of execution has been issued in respect of that order. The effect of this judgement is that a certified arbitration award may be enforced without the need for a writ of execution to be issued by the LC.

The order of the Labour Court in *Casual Workers Advice Office and others v CCMA and others* is also one worth noting. In this case, the Court, at the submission of the CCMA, accepted a wide interpretation of Rule 25 of the CCMA Rules, against that of Rule 35, thus affirming the Commissioner's discretionary powers, on good cause shown, to allow representation in CCMA processes by persons other than those set out in Rule 25.

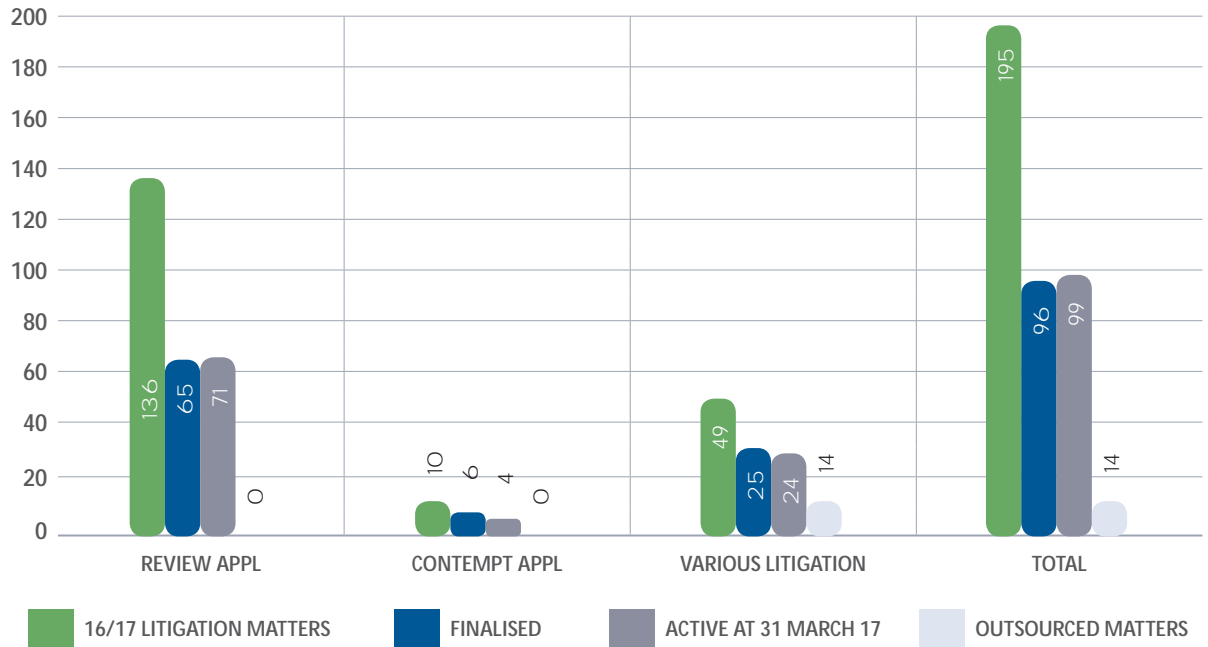


FIGURE 10: LITIGATION OVERVIEW

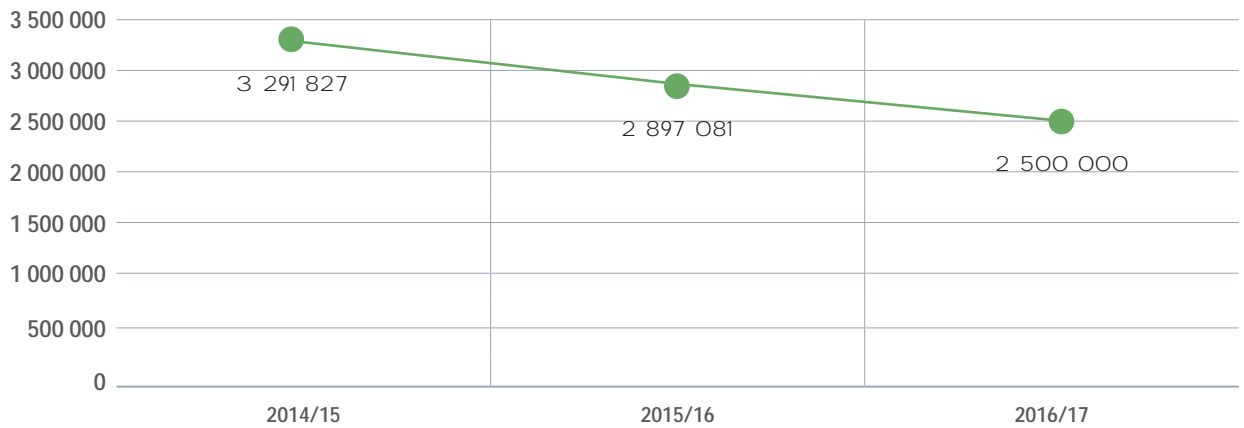


FIGURE 11: LEGAL COSTS



The Department drafted and / or reviewed 802 contracts during 2016/17, as depicted by figure 12, a decline when compared to the preceding year, wherein 1 032 contracts were processed.

Of importance to note is that all the contracts were negotiated, drafted and/or reviewed internally, without enlisting the services of external legal firms.

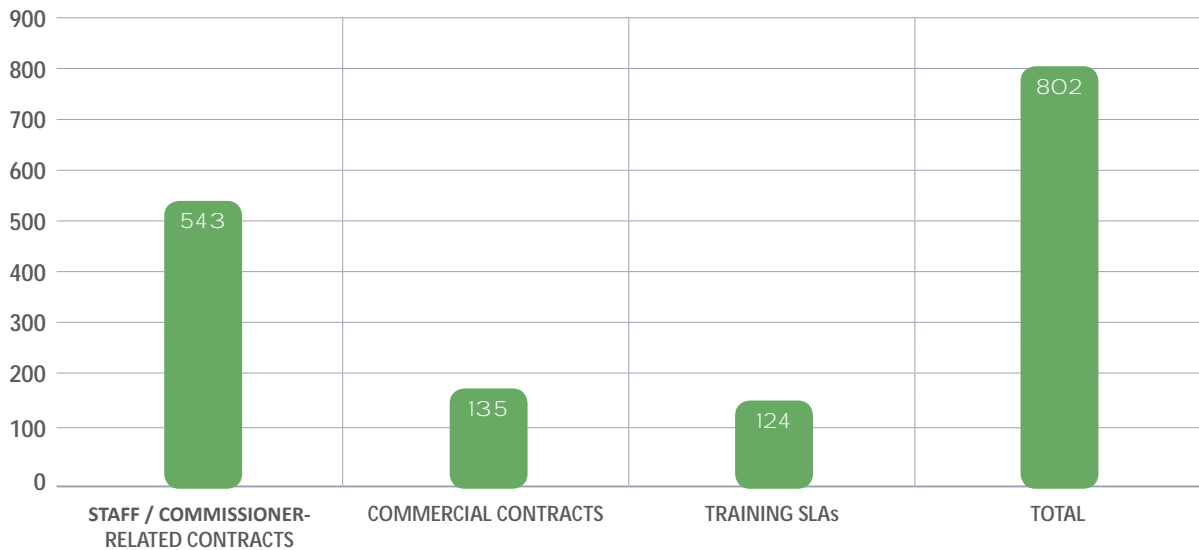


FIGURE 12: PROCESSED CONTRACTS

The Department also successfully delivered 99 research papers exploring and advancing CCMA operations in order to effectively deliver on its mandate. This represents an increase of 86.79%

(46 additional research papers) in the number of research projects completed, compared to the previous financial year of 2015/16.

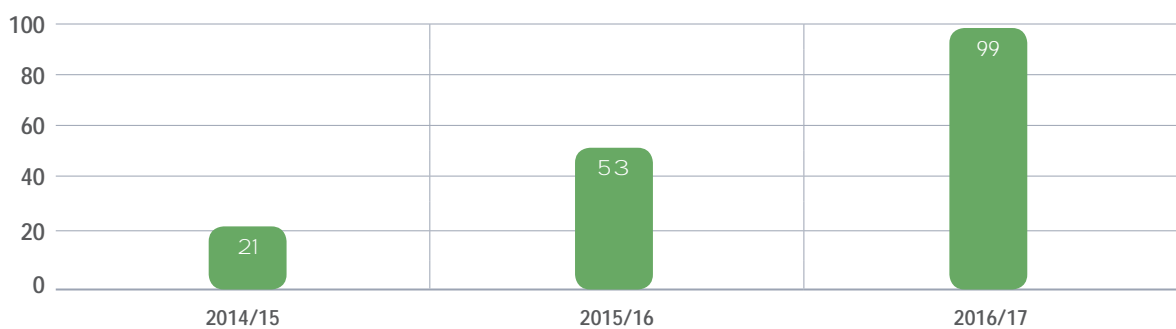


FIGURE 13: RESEARCH PAPERS DELIVERED

Major projects delivered and activities executed in the 2016/17 financial year are as follows:

- The review and publication of the annual Case Law Manual for Commissioners as well as the Practice and Procedure Manual;
- Internal publication of 12 Review Judgements Learnings Reports aimed at the Continuous Professional Development (CPD) of CCMA Commissioners;
- The successful deployment of the Electronic Contract Management System (ECMS);
- The successful roll-out of the electronic signature software, Sign Flow, which enables electronic, remote execution and approval of various documents;
- The initiation of the CCMA Intellectual Property (IP) Audit, which saw the assessment of the CCMA's current IP Portfolio, leading to the identification of areas of exposure and necessary improvement;
- The investigation of further measures to enhance the CCMA's accessibility;
- The hosting of the inaugural Research Peer Roundtable, which was a stakeholder information sharing platform dissecting best research practices;
- The development and publishing of quarterly Labour Market Economic Dashboards to guide the organisation's proactive approach to labour market issues;
- The mechanisation of data collection processes with the deployment of website polls and the introduction of a text survey platform, thus enhancing data integrity;
- The conceptualisation and deployment of a virtual/online library system for the CCMA, which currently houses the CCMA's information hub and memory centre; and
- The establishment of a Compliance Management Function to enhance, promote and monitor the organisation's compliance with applicable legislative and regulatory prescripts.

CHALLENGES ENCOUNTERED DURING THE 2016/17 FINANCIAL YEAR

The Department as a whole had to deal with challenges posed by the limitation of resources such as data collection and/or automation software, as well as personnel and/or budget availability. These challenges were mitigated by the use of trial software's, personnel secondment and creation to sustainability partnerships.

KEY 2017/18 STRATEGIC ACTIVITIES AND PROJECTS TO BE PURSUED

For the 2017/18 financial year, the Department will ensure the execution and delivery of the following key activities and strategic projects:

- Develop and manage the Labour Law Blog to create a platform for the labour market to deliberate on current labour law issues;
- Establish partnerships with the Department of Justice, in particular various courts, as well as the Law Society of South Africa, to increase access to legal information for the benefit of the CCMA and its Users;
- Develop an IP Management Strategy and Directorate, which will see the establishment of a central depository for CCMA IP products, the registration of related products, as well as the monitoring and enforcement of CCMA's rights thereto;
- Develop a Labour Market Industrial Action Barometer to give a proactive indication to the CCMA of the sectors susceptible to those experiencing industrial action;
- Investigate and implement the CCMA's Bureau of Labour Market;
- Conducting strategic research projects, specifically the Senz'umehluko Strategy mid-term Impact Assessment, Research on strategies to reduce the CCMA Caseload, as well as the investigation into violent strikes; and
- Launch of the Library Week and convene the first annual Library Roundtable.

3.6. ESSENTIAL SERVICES COMMITTEE



Luvuyo Bono

INTRODUCTION

The ESC is a statutory Committee established in terms of Section 70 of the LRA. Its main purpose is to:

- Designate essential and maintenance services;
- Monitor the implementation and observance of essential services determinations, Minimum Services Agreements (MSAs), maintenance service agreements and determinations;
- Promote effective DR in essential services;
- Develop guidelines for the negotiation of MSAs;
- Decide, on its own initiative or at the reasonable request of any interested party, whether or not the whole or a part of any service is an essential service;
- Manage its caseload; and
- Appoint panels to perform one or more functions set out in Section 70D of the LRA.

The ESC is composed as follows:

TABLE 15: COMPOSITION OF THE ESC

COMPOSITION OF THE COMMITTEE								
NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS (LIST THE ENTITIES)	OTHER COMMITTEES (E.G: AUDIT AND RISK COMMITTEE)	NO. OF MEETINGS ATTENDED
Luvuyo Bono	Chairperson	01/04/15	N/A	B. Juris LLB LLM	Labour Law Corporate Governance	PSCBC ELRC	N/A	4/4
Joyce Nkopane	Deputy Chairperson – Senior CCMA Commissioner	01/04/15	N/A	B. Proc LLB Higher Diploma in Corporate Law	Labour Law	Mbileni Tohlang – Nkopane Inc. Senior Commissioner of the CCMA	N/A	4/4
Rio Nolutshungu	Local Government	01/04/15	N/A	BAdmin Degree Post Graduate Diploma in Labour Law and Masters: Public and Development Management	Public Governance and Administration Labour Relations and Collective Bargaining Capacity Building and Corporate Governance	LGSETA Board Member	SALGBC Exco, LGSETA Exco, LGSETA Audit and Risk Committee and National School of Government (NSG) Advisory Panel	3/4

COMPOSITION OF THE COMMITTEE (CONTINUED)

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS (LIST THE ENTITIES)	OTHER COMMITTEES (E.G: AUDIT AND RISK COMMITTEE)	NO. OF MEETINGS ATTENDED
Sifiso Khumalo	Labour	01/04/15	N/A	BA Degree B.A (Hons) (Industrial Sociology) Post-Graduate Diploma in Labour Law Post-Graduate Diploma in Arts Programme and Project Management Certificate	Labour Relations and Collective Bargaining	N/A	PSCBC	4/4
Annelie Gildenhuys	Business	01/04/15	N/A	PhD. Industrial Sociology MA Industrial Sociology (2008) BA Hons Industrial Sociology BA	Accredited Commercial Mediator	N/A	Commissioner of the Employment Equity Commission	3/4
Caleb Mokoena	Labour	01/04/15	N/A	Certificate in Municipal Governance Certificate Programme in Management Development	Corporate Governance Negotiation and conflict resolution	N/A	Union Provincial Executive Committee and Central Executive Committee	3/4
Nomazotsho Memani	National and Provincial Government	01/04/15	N/A	BA, LLB	Human Rights Law Labour law	N/A	N/A	4/4
Nick Smythe	Business	01/04/15	10/02/17	BA, Honours, LLB and LLM	N/A	N/A	N/A	4/4

Members of the ESC attended scheduled meetings as follows:

TABLE 16: ESC MEMBERS' ATTENDANCE OF SCHEDULED MEETINGS FOR THE 2016/17 FINANCIAL YEAR

MEMBERS	JUNE 2016	SEP 2016	NOV 2016	FEB 2017	TOTAL
Luvuyo Bono	✓	✓	✓	✓	4
Joyce Nkopane	✓	✓	✓	✓	4
Rio Nolutshungu	✓	✗	✓	✓	3
Nomazotsho Memani	✓	✓	✓	✓	4
Annelie Gildenhuys	✗	✓	✓	✓	3
Caleb Mokoena	✗	✓	✓	✓	3
Sifiso Khumalo	✓	✓	✓	✓	4
Nick Smythe	✓	✓	✓	✓	4



Members of the ESC were remunerated as follows:

TABLE 17: REMUNERATION OF ESC MEMBERS FOR THE 2016/17 FINANCIAL YEAR

NAME	REMUNERATION	OTHER ALLOWANCE	OTHER RE-IMBURSEMENTS	TOTAL
Luvuyo Bono	R4 174.00 per day	R1 500.00 (cellphone allowance per month)	Travel re-imburements for work-related matters	Varies monthly depending on how many days worked
Joyce Nkopane	R3 542.00 per day	N/A	Travel re-imburements for work-related matters	Varies monthly depending on how many days worked
Rio Nolutshungu	R3 296.00 per day	N/A	Travel re-imburements for work-related matters	Varies monthly depending on how many days worked
Sifiso Khumalo	R3 296.00 per day	N/A	Travel re-imburements for work-related matters	Varies monthly depending on how many days worked
Annelie Gildenhuys	N/A	N/A	N/A	N/A
Caleb Mokoena	R3 296.00 per day	N/A	Travel re-imburements for work-related matters	Varies monthly depending on how many days worked
Nomazotsho Memani	R3 296.00 per day	N/A	Travel re-imburements for work-related matters	Varies monthly depending on how many days worked
Nick Smythe	R3 296.00 per day	N/A	Travel re-imburements for work-related matters	Varies monthly depending on how many days worked

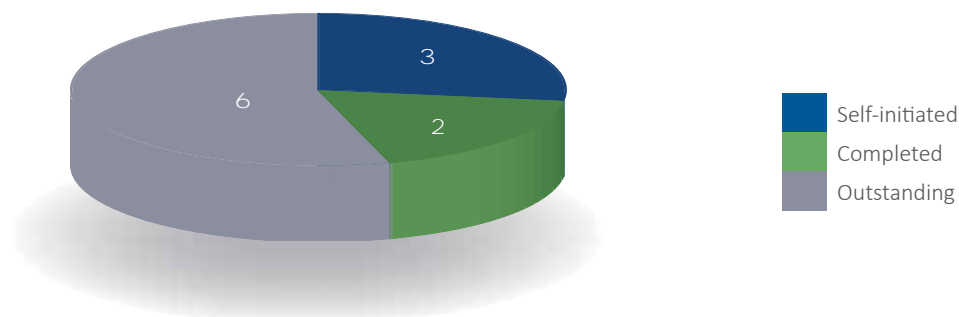


FIGURE 14: 571 REFERRALS FOR THE 2016/17 FINANCIAL YEAR

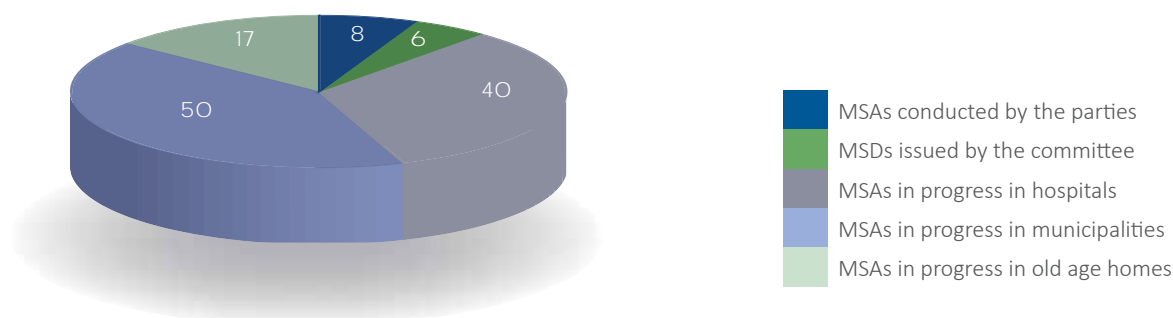


FIGURE 15: MSAs FACILITATED DURING THE 2016/17 FINANCIAL YEAR

PERFORMANCE, KEY ACHIEVEMENTS AND STRATEGIC INITIATIVES OF THE 2016/17 FINANCIAL YEAR

For the financial year under review, in terms of Section 71, the ESC conducted 11 matters, three of which were self-initiated in terms of Section 71(9) of the LRA.

In terms Section 72, the ESC has to ensure that MSAs are concluded in sectors performing essential services. The purpose of the ESC in this regard is to balance the right to strike with the need to ensure the delivery of essential services. Accordingly, the ESC identified institutions providing essential services and engaged them with the aim to educate and help facilitate the conclusion of MSAs. Some of the institutions are, *inter alia*, municipalities, hospitals and water boards. In total, the ESC facilitated 121 MSAs as per Figure 15.

In terms of Section 73, the ESC received ten referrals and has to date completed seven. With respect to Section 75 on the other hand, the ESC received three referrals and finalised two. Other key achievements of the ESC for the year under review include the following:

- Undertook three self-initiated investigations, which were concluded beyond the set target, with a similar accomplishment being recorded in relation to a number of MSAs facilitated in the Local Government Sector;
- The successful hosting of the ESC Conference for Stakeholders, which was well received and contributed immensely to creating awareness and fostering compliance;
- With the assistance of the CCMA Research Unit, administered its monitoring and evaluation tool to analyse the effectiveness of the determination made for retirement homes as well as the MSA at one of the biggest retirement homes. The outcome of the assessment was that there is adequate compliance with the determination made by the ESC and the provisions of the MSA. The same tool was successfully administered for Parliament as the employer and organised labour due to the legal classification of it as an essential service;
- In collaboration with the CCMA's Research Unit, conducted an extensive research exploration across the three identified research problems applicable to the ESC's functions; and
- Conducted a benchmarking exercise to explore the following areas of investigation with the view to improving the South African model of essential services:
 - The scope and terms of essential services determinations and international norms and standards;

- International norms and standards that apply to various services such as health care, social services, as well as safety and security;
- The relationship between article 40 of the Italian Constitution which recognises the right to strike within certain limits and law number 146 of June 1990 which regulates strikes in essential public services through a complex procedure based on a network of sources whose basis is the same as article 40 of the Italian Constitution; and
- The efficacy of the Italian essential services dispensation viewed from the experiences of employers, organised labour, policymakers, government and citizens; as well as an appreciation of the work carried out by the Commission of Guarantee on Strikes in Essential Services.

CHALLENGES ENCOUNTERED DURING THE 2016/17 FINANCIAL YEAR

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

KEY 2017/18 STRATEGIC ACTIVITIES AND PROJECTS TO BE PURSUED

The following are the planned service delivery interventions for the 2017/18 financial year:

- Conduct two self-initiated investigations;
- Investigate 100% of Section 71 and 73 cases as and when referred;
- Facilitate 45 MSAs for municipalities, 60 for the public service and 20 for retirement homes;
- Facilitate five other MSAs;
- Conduct strategic research projects for better interventions in various sectors;
- Enhance the Monitoring and Evaluation function;
- Develop an Engagement Programme with Social Partners and Stakeholders; and
- Review current determinations.

4. REVENUE COLLECTION

TABLE 18: REVENUE COLLECTION

SOURCE OF REVENUE	2016/2017			2015/2016		
	ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER)/ UNDER COLLECTION	ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER)/ UNDER COLLECTION
	R'000	R'000	R'000	R'000	R'000	R'000
Government Grant	770 501	770 501	-	717 226	733 911	(16 685)
Rendering of service	4 573	4 613	(40)	4 000	4 007	(7)
Other income	647	1 260	(613)	500	739	(239)
Investment Income	14 826	17 664	(2 838)	20 751	16 560	4 191
Total	790 547	794 038	(3 491)	742 477	755 217	(12 740)

The main source of revenue for the CCMA is from the government grant of R771m (2016: R734m). Other revenue comprises rendering of services and other income. Revenue generated for the current and previous financial years was in line with estimates, with an over-collection of R653 thousand (2016: R246 thousand).

The over-collection of revenue from rendering of services was mainly due to unanticipated demand from the public for services rendered. Investment income over collection in the current financial year was mainly due to the lower forecasting of interest rates.

5. CAPITAL INVESTMENT

Below are tables outlining key supplementary financial information:

TABLE 19: 2016/17 CCMA INFRASTRUCTURE ASSETS

INFRASTRUCTURE PROJECTS	2016/2017			2015/2016		
	ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER)/ UNDER COLLECTION	ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER)/ UNDER COLLECTION
	R'000	R'000	R'000	R'000	R'000	R'000
Servers	-	-	-	3 574	3 574	-
Total	-	-	-	3 574	3 574	-

There were no infrastructure assets procured during the year (2016: R3.6m). No infrastructure projects are currently underway and there are no plans to close down or downgrade any current facilities.

The non-current assets holdings of the organisation have increased by 2.9% in net book value, with total additions amounting to R6.4m and total Disposal Value of R1m is reported in 2016/2017. The material increase in assets additions mainly relates to the procurement of laptops for newly recruited staff and replacements for current staff.

Assets' verifications are conducted on a monthly basis, and concluded and reported bi-annually during mid-term and at year-end period respectively. Assets' reconciliations between the asset register and the general ledger were prepared throughout the year on a monthly basis. The above measures have assisted in ensuring that the organisation's asset register remained up-to-date during the period under review.

TABLE 20: CCMA FIXED ASSET HOLDINGS

ASSET CLASS	OPENING BALANCE R'000	ADDITIONS R'000	ADJUSTMENT R'000	DISPOSALS R'000	DEPRECIATION/ AMORTISATION R'000	DEPRECIATION ON DISPOSAL R'000	TOTAL R'000
Computer Equipment	23 993	1 151	-	-599	-4 219	1 079	21 405
Computer Software	8 096	562	-549	-	-1429	-	6 680
Furniture and Fittings	5 274	1 819	-	-84	-559	30	6 480
Leasehold Improvements	4 166	583	-12	-	-2 170	-	2 567
Motor Vehicles	20	451	-	-	-57	-	414
Office equipment	1 239	733	-	-24	-560	24	1 412
Leased Motor Vehicles	601	-	337	-	-383	-	555
Leased Office Equipment	4 467	-	10 789	-	-5 168	-	10 088
Low-valued Assets	6 593	1 041	-	-	-1 206	-	6 428
Security Equipment	-	13	-	-	-	-	13
Total	54 449	6 353	10 565	-707	-15 751	1 133	56 042



Hereunder is statistical financial information of the organisation for the financial period under review:

TABLE 21: FOUR-YEAR REVIEW

ITEM	2013/14	2014/15	2015/16	2016/17
	R'000	R'000	R'000	R'000
Grant income and services rendered	597 741	690 372	737 918	775 114
Accumulated surplus	34 554	77 702	62 754	62 041
Interest received	7 184	14 482	16 560	17 664
Investments and cash	79 921	94 167	90 182	89 218
Current ratio	1.09	1.25	1.31	1.39



530

complaints were received
and all complaints
were investigated and
responded to.

PART C GOVERNANCE



CCMA

COMMISSION FOR CONCILIATION, MEDIATION & ARBITRATION



1. INTRODUCTION

The CCMA is a national public entity listed under Schedule 3A of the PFMA. In pursuit of governance excellence, the CCMA ascribes to the principles of good Corporate Governance as contained in the King IV Report on Corporate Governance for South Africa, as well as in the Protocol on Corporate Governance in the Public Sector, 2002.

The Parliamentary Portfolio Committee on Labour, the Ministry of Labour (Executive Authority) and the Governing Body (Accounting Authority) exercise oversight over the CCMA and are the custodians of its governance. Governance in this instance refers to the means in which the CCMA is governed, controlled and given direction, based on the relationship of accountability between all the oversight structures and CCMA Management.

2. PORTFOLIO COMMITTEES

The CCMA represented by Members of the Governing Body and Management, made presentations to the Parliamentary Portfolio Committee on Labour three times during the 2016/17 financial year as follows: 13 April 2016; 12 October 2016 and 15 February 2017.

3. EXECUTIVE AUTHORITY

During the reporting period, the CCMA ensured full compliance with all statutory reporting requirements. Executive summaries of quarterly Governing Body meetings' proceedings and decisions, as well as compliance reports with respect to performance, risk management and the extent of organisational compliance, were submitted to the Executive Authority on 26 July 2016, 28 October 2016 and 27 January 2017, for the respective quarters. Moreover, the 2015/16 Annual Report was submitted to the Executive Authority on 29 August 2016. Furthermore, the 2017/18 APP was submitted to the Ministry of Labour on 8 March 2017.

4. THE ACCOUNTING AUTHORITY

4.1. COMPOSITION

The CCMA is governed by a tripartite Governing Body made up of a non-executive independent chairperson, three representatives respectively, from government, organised labour and organised business. The Director of the CCMA is an *ex-officio*, non-voting Member. The Members of the Governing Body, other than the Director of the CCMA, are appointed for a three-year term through a process managed by NEDLAC and the Minister of Labour.

Table 22 outlines the Governing Body Members of the CCMA, as well as the attendance of Governing Body meetings, during the 2016/17 financial year.

TABLE 22: GOVERNING BODY COMPOSITION

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS (LIST THE ENTITIES)	OTHER COMMITTEES OR TASK TEAMS (E.G: AUDIT AND RISK COMMITTEE / MINISTERIAL TASK TEAM)	NO. OF MEETINGS ATTENDED
Daniel Dube*	Chairperson	1 October 2013	31 October 2016	Labour Relations	Labour Relations	Self Help and Resource Exchange	GSEC	5
Elias Monage	Member	1 November 2015	N/A	Human Resources	Governance Labour Market Policy Strategy Human Resources and Human Capital	NEDLAC	HRC	10
Sifiso Lukhele	Member	1 November 2014	N/A	LLB	Employment Law Employee Wellbeing Company Ethics Negotiations	NEDLAC	HRC PC	11

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS (LIST THE ENTITIES)	OTHER COMMITTEES OR TASK TEAMS (E.G. AUDIT AND RISK COMMITTEE / MINISTERIAL TASK TEAM)	NO. OF MEETINGS ATTENDED
Kaizer Moyane	Member	1 November 2014	N/A	LLB	Labour Relations	Employment Conditions Commission NEDLAC BUSA Transformation Policy Committee	GSEC	10
Bheki Ntshalintshali	Member	1 November 2014	N/A	Labour Relations	Labour Relations	NEDLAC	None	6
Steve Harris	Member	1 April 2016	N/A	Labour Relations	Labour Relations	FEDUSA	PC GSEC	10
Narius Moloto	Member	1 November 2014	N/A	Labour Relations	Labour market, Labour relations, Policy formulation, Collective bargaining and Organisational development	NEDLAC Gauteng Building Industry Retirement Fund Construction Industry Retirement Fund Construction SETA	PC ASC	9
Thembinkosi Mkalipi	Member	1 November 2015	N/A	Labour Relations	Labour market Industrial relations Policy formulation Collective Bargaining	NEDLAC	HRC	9
Ian Macun	Member	1 November 2014		MBA	Labour Relations Collective Bargaining Research Monitoring and evaluation	NEDLAC	ASC	8
Ntsoaki Mamashela	Member	1 November 2014		Labour Relations	Labour Relations	None	None	6
Cameron Morajane	<i>Ex officio</i> Member	1 April 2016	N/A	LLM	Labour Law	None	AC GSEC ASC HRC PC	11

* Term of office ended on 31 October 2016

4.2. GOVERNING BODY'S ROLES AND RESPONSIBILITIES

The roles and responsibilities of the Governing Body are stipulated in the LRA (Section 116), and derived from the PFMA and Treasury Regulations.

The non-delegable functions of the Governing Body include the appointment of the Director, the appointment of Commissioners and their removal, depositing or investing surplus money, accrediting of Councils or private agencies, or amending, withdrawing or renewing their accreditation and subsidising accredited Councils or accredited Agencies.

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

4.3. THE GOVERNING BODY CHARTER

A Governing Body Charter, which is reviewed annually, guides the workings of the Governing Body and mandates the existence of its Committees. The Governing Body meets every quarter, and when deemed necessary. Governing Body Members are keenly involved in the interview process of Commissioners and Members allocate a substantial amount of their time towards this function.

5. GOVERNING BODY COMMITTEES

The Section 121 of the LRA enjoins the Governing Body to establish Committees to assist the CCMA. The following Governing Body Committees have been established and were functional during the 2016/17 financial year:

- i Audit and Risk Committee (ARC);
- ii Accreditation and Subsidy Committee (ASC);
- iii Governance, Social and Ethics Committee (GSEC);
- iv Human Resources Committee (HRC); and
- v Procurement Committee (PC).

5.1. ARC

The composition of the ARC and meeting attendance for the 2016/17 financial year are shown in Table 23.

TABLE 23: COMPOSITION OF THE ARC AND MEETING ATTENDANCE FOR THE 2016/17 FINANCIAL YEAR

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES OR TASK TEAMS (E.G. AUDIT AND RISK COMMITTEE / MINISTERIAL TASK TEAM)	NO. OF MEETINGS ATTENDED
William Gumede	Chairperson	1 April 2015	N/A	Masters	Public Management Corporate Governance	SANBS	None	12
Faith Burn	Member	1 April 2015	N/A	MBL	Internal Auditing ICT	Institute of Internal Auditors SA (IIA SA)	None	10
Velile Pangwa	Member	1 April 2015	N/A	CA:SA	Skills Financial Management Corporate Governance External Auditing	ANF CA(SA) INC	None	11
Freddie Petersen	Member	1 April 2015	N/A	Financial Management	Financial Management	NEDLAC	GSEC	13
Jim Wilson	Member	1 April 2015	N/A	CA:SA	Labour Market	None	None	12
Ramona Clark	Member	1 April 2015	N/A	CA:SA	Financial Management	MICTseta	None	12
Cameron Morajane	<i>Ex officio</i> Member	1 April 2016	N/A	LLM	Labour Law	None	GSEC ASC HRC PC	13

5.2. ASC

The composition of the ASC and meeting attendance for the 2016/17 financial year are shown in Table 24.

TABLE 24: COMPOSITION OF THE ASC AND MEETING ATTENDANCE FOR THE 2016/17 FINANCIAL YEAR

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES OR TASK TEAMS (E.G. AUDIT AND RISK COMMITTEE / MINISTERIAL TASK TEAM)	NO. OF MEETINGS ATTENDED
Ian Macun	GB Member	1 November 2014	N/A	MBA	Labour Relations Collective Bargaining Research Monitoring and Evaluation	NEDLAC	None	4
Narius Moloto	GB Member	1 November 2014	N/A	Labour Relations	Labour Market Labour Relations Policy Formulation Collective Bargaining Organisational Development	NEDLAC Gauteng Building Industry Retirement Fund Construction Industry Retirement Fund Construction SETA	HRC	4
Lucio Trentini	ASC Member	1 November 2014	N/A	Labour Relations	Labour Market	None	None	3
Cameron Morajane	<i>Ex officio</i> Member	1 April 2016	N/A	LLM	Labour Law	None	ARC GSEC HRC PC	4

5.3. GSEC

The composition of the GSEC and meeting attendance for the 2016/17 financial year are shown in Table 25.

TABLE 25: COMPOSITION OF THE GSEC AND MEETING ATTENDANCE FOR THE 2016/17 FINANCIAL YEAR

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES OR TASK TEAMS (E.G. AUDIT AND RISK COMMITTEE / MINISTERIAL TASK TEAM)	NO. OF MEETINGS ATTENDED
Daniel Dube*	GB Chairperson	1 October 2013	31 October 2016	Labour Relations	Labour relations and training	Self Help and Resource Exchange	None	5
Kaizer Moyane	GB Member	1 November 2014	N/A	Labour Relations	Labour relations and employment law	Employment Conditions Commission NEDLAC BUSA Transformation Policy Committee	None	8
Steve Harris	GB Member	1 April 2016	N/A	Labour Relations	Labour market	FEDUSA	PC	4
Narius Moloto	GB Member	1 November 2014	N/A	Labour Relations	Labour Market Labour Relations, Policy Formulation Collective Bargaining Organisational Development	NEDLAC Gauteng Building Industry Retirement Fund Construction Industry Retirement Fund Construction SETA	HRC ASC	3
Freddie Petersen	ARC Member	1 April 2015	N/A	Financial Management	Financial Management	NEDLAC	ARC	8
Cameron Morajane	<i>Ex officio</i> Member	1 April 2016	N/A	LLM	Labour law	None	ARC ASC HRC PC	7

* Term of office ended on 31 October 2016



5.4. HRC

The composition of the HRC and meeting attendance for the 2016/17 financial year are shown in Table 26.

TABLE 26: COMPOSITION OF THE HRC AND MEETING ATTENDANCE FOR THE 2016/17 FINANCIAL YEAR

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES OR TASK TEAMS (E.G. AUDIT AND RISK COMMITTEE / MINISTERIAL TASK TEAM)	NO. OF MEETINGS ATTENDED
Sifiso Lukhele	GB Member	1 November 2014	N/A	LLB	Employment law, Employee wellbeing, Company ethics, negotiations	NEDLAC	PC	12
Elias Monage	GB Member	1 November 2015	N/A	Human Resources	Governance, Labour Market Policy, Strategy, Human Resources and Human Capital	NEDLAC	None	12
Narius Moloto	GB Member	1 November 2014	N/A	Labour Relations	Labour Market, Labour Relations, Policy formulation, Collective Bargaining and Organisational Development	NEDLAC	ASC	12
Thembinkosi Mkalipi	GB Member	1 November 2014	N/A	Labour Relations	Labour Market, Industrial relations, Policy formulation, Collective Bargaining	NEDLAC	None	9
Cameron Morajane	<i>Ex officio</i> Member	1 April 2016	N/A	LLM	Labour Law	None	ARC, GSEC, ASC and PC	12

5.5. PC

The composition of the PC and meeting attendance for the 2016/17 financial year are shown in Table 27.

TABLE 27: COMPOSITION OF THE PC AND MEETING ATTENDANCE FOR THE 2016/17 FINANCIAL YEAR

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES OR TASK TEAMS (E.G. AUDIT AND RISK COMMITTEE / MINISTERIAL TASK TEAM)	NO. OF MEETINGS ATTENDED
Sifiso Lukhele	GB Member	1 November 2014	N/A	LLB	Employment Law, Employee Wellbeing, Company Ethics, Negotiations	NEDLAC, ILO, Banking Association of South Africa, Barclays Bank PLC	HRC	3
Steve Harris	GB Member	1 April 2016	N/A	Labour Relations	Labour Relations	None	GSEC	2
Narius Moloto (alternate Member)	GB Member	1 November 2014	N/A	Labour Relations	Labour Market, Labour Relations, Policy formulation, Collective Bargaining Organisational Development	NEDLAC, Gauteng Building Industry Retirement Fund, Construction Industry Retirement Fund, Construction SETA	ASC HRC	1
Scott Mphuthi	PC Member	1 November 2016	N/A	Supply Chain Management	Procurement	None	None	2
Cameron Morajane	<i>Ex officio</i> Member	1 April 2016	N/A	LLM	Labour Law	None	ARC GSEC ASC HRC	3

6. REMUNERATION

The Governing Body and its Committees are remunerated in accordance with the annually-approved National Treasury rates. Members are also paid a preparation fee in addition to the approved daily fee. Representatives from government (Department of Labour) are not entitled to remuneration.

Other reimbursements relate to claims for travel, processed in terms of the CCMA Policy.

The Governing Body and its Committees' administration is performed in accordance with the guidelines contained in the *Handbook for the Appointment of Boards of Public Institutions*.

TABLE 28: REMUNERATION OF GOVERNING BODY AND COMMITTEES FOR THE 2016/17 FINANCIAL YEAR

NAME	REMUNERATION	OTHER ALLOWANCE	OTHER RE-IMBURSEMENTS	TOTAL
	R'000	R'000	R'000	R'000
Daniel Dube	129	50	Nil	179
Sifiso Lukhele	303	9	Nil	312
Elias Monage	210	7	Nil	217
Kaizer Moyane	120	3	Nil	123
Bheki Ntshalintshali	76	2	Nil	78
Narius Moloto	215	6	Nil	221
Steve Harris	113	2	Nil	115
Lucio Trentini	20	Nil	Nil	20
Thembinkosi Mkalipi	Nil	Nil	Nil	Nil
Ntsoaki Mamashela	Nil	Nil	Nil	Nil
Ian Macun	Nil	Nil	Nil	Nil
Freddie Petersen	Nil	Nil	Nil	Nil
Faith Burn	74	3	Nil	77
Velile Pangwa	90	3	Nil	93
Jim Wilson	115	-	Nil	115
Ramona Clark	109	5	Nil	114
William Gumede	212	-	Nil	212



7. RISK MANAGEMENT

The mandate of the CCMA's Risk Management function is drawn from Section 51(1) (a) (i) of the PFMA, which require that the Accounting Authority and Accounting Officer ensure that the public entity has, and maintains an effective, efficient and transparent system of risk management.

During the 2016/17 financial year, the Risk Management Unit (RMU) ensured 100% implementation of the Risk Management Plan, one of the strategic targets as embedded in the CCMA 2016/17 APP. The main aim was to foresee risks, estimate their impact, and design mitigations to overcome any barriers that may prohibit the organisation from achieving its objectives.

The efforts of the RMU saw the CCMA achieving an improved level 3.8% Risk Maturity Level Rating, meaning that the organisation is at a risk controlled level. This improved rating is testimony to the fact that there is definite progress in the management of risks in the organisation, further evidenced by the fact that the organisation's performance improved by 15%, when compared to the preceding financial year.

With assistance of the RMU, each Department is required to identify prioritised risks and develop a Risk Response Strategy to address the risks. In addition, the RMU, in its aim to inculcate the risk management culture into the CCMA, successfully performed the following risk related activities:

- Identified, assessed and monitored non-compliance risks;

- Conducted annual risk assessments, in accordance with the Public Sector Risk Management Framework, in order to determine the effectiveness of the CCMA's Risk Management Strategy;
- Facilitated the annual review of the strategic and operational risk registers and ensured their ongoing monitoring;
- Updated risk action plans and identified new emerging risks for mitigation;
- Implemented the approved 2016/17 Risk Appetite and Tolerance (RAT) framework in order to monitor the execution of procedures aimed at mitigating risks to be at acceptable levels;
- Monitored and reported the key risk indicators aligned with the RAT levels;
- Reviewed the CCMA's insurance risk profile and administered and managed the Insurance Portfolio of the CCMA;
- Reviewed the CCMA's critical systems/applications that formed part of the Business Impact Analysis (BIA); and
- Implemented the Business Continuity Management (BCM) Strategy of the organisation and conducted awareness sessions across all CCMA offices nationally.

The ARC provides an oversight function over the RMU, with the RMU reporting quarterly to the ARC on all its activities, as well as the risk maturity of the organisation. The ARC also advises the CCMA on risk management and independently monitors the effectiveness of the CCMA's risk management system.

8. INTERNAL AUDIT



Zanele Hlophe

INTRODUCTION

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

The Department executed its business during the 2016/17 financial year against the approved 2016/17 Internal Audit Plan, which is aligned with the International Standards for the

Professional Practice of Internal Auditing of the Institute of Internal Auditors. The Plan was informed by the outcomes of the risk assessments, as well as the organisational strategy. In addition, consultation was done with Management in order to ensure that the plan is aligned with key risks facing the organisation.

The Department reports on governance, risk management, control weaknesses and management remedial action plans. Agreed Management Action Plans, emanating from both the Internal and External Audit Reports are followed up, through a system termed Issues Being Tracked for Corrections (IBTCs), to ensure that implemented controls are adequate and effective.

To enable effective outcomes, the Department provides a combination of assurance and consulting activities. Assurance services involve the Internal Auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system, or other subject matter. The nature and scope of the assurance engagement are determined by the Internal Auditor. Consulting activities, on the other hand, are advisory in nature, and are generally performed at the specific request of Management. The nature and scope of the consulting engagement are subject to agreement with Management.

All Internal Audit assignments result in a published report, expressing an opinion on the framework of internal control, risk management and governance in order to stimulate improvement.

Figure 16 indicates the achieved 2016/17 annual internal audit coverage and output, in terms of percentages.

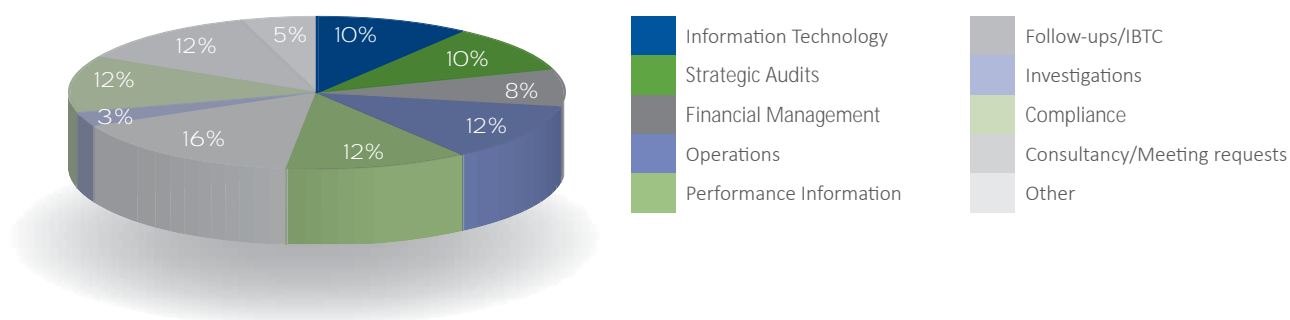


FIGURE 16: INTERNAL AUDIT COVERAGE AND OUTPUT



In accordance with the King III Report, Internal Audit forms an integral part of the Combined Assurance Model. During the financial year under review, the Combined Assurance Forum, consisting of all assurance providers within the organisation, was established. This forum deliberates and assesses the specific and significant risks within the various business units. For the 2017/18 financial year, the Forum will incorporate and optimise all assurance services and functions so that, taken as a whole, these enable an effective control environment, support the integrity of information used for decision-making by management, the governing body and its committees; and support the integrity of the organisation's external reports.

The Chief Audit Executive (CAE) reports administratively to the Accounting Officer of the organisation, and functionally to the ARC. The ARC plays an oversight role in ensuring that the Internal Audit function is independent and has the necessary resources, and authority within the organisation to discharge its functions. For the 2016/17 financial year, the ARC executed its function in line with the approved Charter and as outlined in the ARC Chairperson's Report section.

9. COMPLIANCE WITH LAWS AND REGULATIONS

In line with the principles of good Corporate Governance, the CCMA is committed to comply with all regulatory requirements applicable to it. A noteworthy success of the CCMA is that the 2016/17 financial year saw the establishment of a Compliance Management function, residing in the Legal Services Department during the 2016/17 financial year, to advance the organisation's compliance maturity. During the 2016/17 financial year, the Compliance Framework, Compliance Roadmap and Regulatory Universe were developed. Internal policies were aligned with legislative framework, while irregular and wasteful expenditures, as well as other areas of non-compliance were, for the first time in the history of the CCMA, proactively monitored and reported on. Through the newly constituted GCRS, the deployment of compliance tools to ensure that the organisation reaches a defined maturity level is a priority for the 2017/18 financial year.

10. FRAUD AND CORRUPTION

The 2016/17 Fraud Prevention Plan was implemented during the financial year, with fraud awareness sessions conducted nationally. In order to proactively mitigate the risk of fraud, fraud risk assessments, including risk response strategies, were also conducted during the financial year on high risk areas. Staff members are also required to complete declaration of interest forms on an annual basis to ensure there is no conflict of interest with service providers on the National Treasury central supplier database.

The organisation strives to create an environment where it is safe to report suspicious activities in line with the Protected Disclosure Act, No.26 of 2000. The CCMA has a number of platforms to be utilised by all stakeholders to report any fraud and corruption, including the safe and anonymous Vuvuzela Hotline, available in all official languages, 24 hours a day. All reported tip-offs and complaints received are investigated and reported on by the Complaints Management Unit and the Internal Audit Department on a quarterly basis to the governance structures. Where it is proven that fraud, collusion or theft has been perpetrated, appropriate action is taken.

Details for reporting suspected fraud are:

Hotline Number: 0860 666 348

Fax 086 726 1681

ccma@thehotline.co.za

Call back: 072 595 9135

11. MINIMISING CONFLICT OF INTEREST

All staff members are required, on a yearly basis, to complete and submit the Declaration of Interest Forms. Staff members who do not comply may be charged with misconduct according to the regulations. The CCMA utilised the Standard Bidding Documents (SBD) where prospective suppliers are required to declare any relation with the employees of the CCMA. The objective is for organisations to ensure that employees related to such companies do not partake in the bidding processes.

The CCMA has in place a Code of Conduct for SCM Practitioners whereby all Bid Specification Committee (BSC), Bid Evaluation Committee (BEC), and Bid Adjudication Committee (BAC) Members, as well as SCM practitioners, have an undertaking that they will maintain confidentiality of the meeting deliberations, that they will act ethically at all times, and will not be influenced or influence other members in any way.

All newly-appointed Bid Committee Members are trained in their roles and responsibilities in accordance with the National Treasury's Code of Conduct for Supply Chain Practitioners. All Bid Committee Members and SCM practitioners involved in the procurement process sign conflict of interest forms to avoid any potential conflict in every sitting of a Bid Committee.

12. CODE OF CONDUCT

The CCMA has a Policy on Disciplinary and Grievance Management, as well as a Code of Conduct. The Policy on Disciplinary and Grievance Management incorporates a Disciplinary Code, which lists typical acts of misconduct, applicable sanctions and processes to be followed in sanctioning employees who misconduct themselves. The Code of Conduct on the other hand, provides guidelines on ethical conduct and behaviour in order to assist employees in avoiding conduct contrary to the Disciplinary Code. All misconduct or breaches of the Code of Conduct are addressed in terms of the Policy on Disciplinary and Grievance Management.

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

13. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

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

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

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

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



14. COMPANY/BOARD SECRETARY

The Company Secretary ensures the functionality of all CCMA Management and Governance Committees as well as provides governance advice and support to these structures. The CCMA Company Secretary is also the Ethics Officer of the CCMA. Edmund Nyamakupe was the Acting Board Secretary for the 2016/17 financial year, pending conclusion of the recruitment process.

15. SOCIAL RESPONSIBILITY

The CCMA has in place a Community Social Responsibility (CSR) Programme, as part of the organisation's ethical framework which obligates the CCMA to act for the benefit of society at large. The aim of the CCMA's CSR 2016/17 Programme is to serve people and/or communities who are often unable to help themselves, and are often called "at-risk" or "under-served", and are easily exploited by unethical people. Cash donations are probably the most convenient way for organisations to take care of their CSR. However, the CCMA's Programme encourages CCMA staff to devote time towards the organisation's CSR initiatives by offering their skills, talent, expertise, and time in order to add the "human touch".

16. AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2017.

ARC MEMBERS

The ARC consists of the Members listed in Table 23 on page 64 of this document, and have met in accordance with the scheduled meetings of the Committee.

ARC MANDATE

During the financial year, the Finance and Risk Committee (FRC) of the CCMA was dissolved, and its functions incorporated into the then Audit Committee (AC). Given the added responsibilities, the AC was then renamed the ARC.

The ARC is governed by a formal ARC Charter which incorporates all the requirements of the legislative frameworks. This Charter guides the committee in terms of its objectives, authority, roles and responsibilities, both statutory and those assigned by the Governing Body.

ARC RESPONSIBILITY

The ARC reports that it has complied with its responsibilities arising from Section 51(1)(a)(ii) of the PFMA and Treasury Regulation 27.1, in overseeing the activities of the organisation, thereby ensuring that the controls as designed by the Governing Body, have been implemented and are effective for the year under review.

The Committee also reports that it has adopted appropriate formal Terms of Reference (ToR) and has discharged all its responsibilities in terms of its Charter and ToR as detailed below:

- Reviewed and discussed the Audited Financial Statements (AFS), to be included in the Annual Report, with the Auditor-General and the Accounting Authority;
- Reviewed the Auditor-General of South Africa's (AG's) Management report and management's response thereto;
- Reviewed changes in accounting policies and practices;
- Reviewed the entity's compliance with legal and regulatory provisions;

- Reviewed effectiveness of risk management processes;
- Reviewed the effectiveness and adequacy of the Internal Audit Department and adequacy of its Annual Work Plan;
- Considered whether the independence, objectives, organisation staffing plans, financial budgets, audit plans and standing of the Internal Audit Department provide adequate support to enable the Committee to meet its objectives;
- Reviewed the results of the work performed by the Internal Audit Department and any significant investigations and management's response thereto;
- Reviewed results of implementation of Management action plans emanating from issued reports for both Internal and External audits;
- Reviewed the Internal Audit Charter to ensure that the Internal Audit Department discharges its responsibilities with independence and objectivity and in accordance with the international standards for the professional practice of internal auditing (standards).
- Reviewed the External Auditors' findings and reports submitted to Management; and
- Reviewed the independence and objectivity of the External Auditors.

THE EFFECTIVENESS OF INTERNAL CONTROL

In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the ARC 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 suggested enhancements to the controls and processes.

From the various reports of Internal Audit, Management reports and the AG's Report, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom.

Where weaknesses were identified in internal controls, corrective actions were taken to reduce the risks to an acceptable level. The Committee is of the opinion, based on the information and explanations given by Management and the Internal Audit Department and discussions with the independent External Auditors on the results of their audits,



CCMA framework of governance, risk management and control processes provide reasonable assurance that the organisation's strategy will be achieved. Nothing came to the Committee's attention in the financial year that may prove otherwise.

The internal controls of the organisation have operated effectively throughout the year under review and, where internal controls did not operate effectively, compensating controls have ensured the organisation's assets have been safeguarded, proper accounting records maintained and resources utilised efficiently. Accordingly, we can report that the system of internal control has been improved over the reporting period.

The ARC reviewed the quality of Management's quarterly reports submitted in terms of the PFMA and the Treasury Regulations, and was satisfied with the content and quality of quarterly reports, prepared and issued by the Accounting Authority of the entity during the year under review.

EVALUATION OF PERFORMANCE INFORMATION

For the year under review, on a quarterly basis, the ARC evaluated the performance information as presented by Management. The Committee is satisfied that performance information was presented in line with the National Treasury

guidelines for annual reporting purposes, and concurs with the overall opinion of the AG.

EXTERNAL AUDIT

The ARC concurs with and accepts the AG's conclusions on the financial statements, and is of the opinion that the audited financial statements be accepted and read together with the report of the AG.

REMARKS

The ARC has placed a considerable priority on alignment of the ICT environment with the organisational strategy and thus taking into consideration ICT governance, risk management and control processes.

Professor William Gumede
Chairperson of the Audit and Risk Committee
CCMA



2 500

outreach activities were conducted
(awareness raising activities,
capacity building activities
and social justice
blockages activities)

37 000

people were capacitated to better
understand the law and their rights
through the outreach activities
conducted

PART D HUMAN RESOURCES MANAGEMENT



CCMA

COMMISSION FOR CONCILIATION, MEDIATION & ARBITRATION

1. HUMAN RESOURCES MANAGEMENT



Mthembeni Ncanana

INTRODUCTION

Unemployment is still the defining characteristic of the South African economy. Inevitably, the CCMA needed to gear itself to adequately respond to the needs of the Labour Market. The Human Resources Department acknowledges the importance of human capital and the role it plays within the CCMA. The value of tangible assets such as cash, land and buildings, plant and equipment, as well as other balance sheet items are substantially less valuable than the intangible assets not carried on the balance sheet. The Department has ensured that CCMA's value is maximised through genuine alignment to the line functions' needs.

The overarching objective of the Department is to encourage emotional engagement in order to build a high-performance cohesive team within the CCMA. In 2016/17, the following key delivery service areas were prioritised:

- Recruitment of Commissioners and key Support personnel;
- Instilling a culture of high performance;
- Re-grading of critical jobs;
- Enhancing HR compliance to the relevant legislation, regulations and internal HR policies;
- Enhancing, respecting and appreciating diversity;
- Enhancing employee health and wellbeing; and
- Alignment of macro-structure for effective execution of strategy.

PERFORMANCE, KEY ACHIEVEMENTS AND STRATEGIC INITIATIVES OF THE 2016/17 FINANCIAL YEAR

During the reporting period, the Department demonstrated remarkable resilience in an environment characterised by a number of constraints, such as demand for scarce skills. Given the unique nature of CCMA and competition for scarce skills within the market, the CCMA still attained a steady growth in the performance of its human resources sustainability. The appointment of interpreters unintendedly affected the Bargaining Councils in that the Councils were left exposed by the nature of contracts that the interpreters have entered into. The contracts were later reviewed for flexibility to ensure that their service is provided to Councils.

Different media platforms were used to attract talent in order to ensure wide and appropriate coverage. These included web-based platforms, specialist agencies, targeted recruitment and print media.

The Department has met the needs of this constantly evolving environment by ensuring that it employs the right people for the right job at the right time. The performance areas by the Department are outlined below:

- Every effort was made to ensure that the skills needed to enhance CCMA's role in the Labour Market are obtained and retained. The vacancy rate as at the end of the period was 10.36%;
- The performance management parameters were realigned with execution of strategy. About 97% of staff were performance managed and all entered into performance contracts;
- The relationship with the Commissioner Staff Association (CSA) continued to be healthy throughout the period. Engagements were characterised by professionalism. The multi-year Wage and Substantive Agreement was entered into in 2015 and continues to be implemented; and
- The nature of HR functions requires consistent review and update of its policies. The review process commenced in 2016/2017 and is envisaged to be completed in 2017/2018.

KEY 2017/18 STRATEGIC ACTIVITIES AND PROJECTS TO BE PURSUED

The CCMA will continue to invest in its talent. A number of initiatives are in the pipeline for 2017/2018 and these include automation of processes, but are not limited to e-recruitment and the Employee Relations Management system. The Executive Coaching and Management Development Programme has been conceptualised and is planned for 2017/18. The Talent and Succession Plan has been redefined for implementation in 2017/2018. Commissioner training is being enhanced to incorporate specialist sector training to equip Commissioners

to better deal with matters requiring in-depth knowledge, such as Finance and Global Economics.

The capacity of Human Resources personnel still requires strengthening to effectively partner and deliver on business needs. A number of areas requires improvement. The period under review has been characterised with transactional activities. The CCMA has not assumed the role of strategic partnering with the business. A new operating model will be introduced in the next financial year to ensure effectiveness of Human Resources.

2. HUMAN RESOURCES MANAGEMENT OVERSIGHT STATISTICS

The CCMA operates in 12 Regions and has offices in each province. All these offices had to be capacitated during the reporting period. The table below summarises the break- down of the staff complement as at 31 March 2017.

TABLE 29: PERSONNEL COST BY DEPARTMENT¹

CATEGORY	TOTAL EXPENDITURE FOR THE ENTITY (R'000)	PERSONNEL EXPENDITURE (R'000)	PERSONNEL EXP. AS A % OF TOTAL EXP. (R'000)	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Regions	559 229	275 882	49.33%	731	377
Office of the Director	25 362	11 918	46.99%	15	795
Legal Services	13 419	9 055	67.48%	13	697
Collective Bargaining & Outreach	16 142	8 211	50.87%	11	746
Information Management	63 088	26 927	42.68%	47	573
Operations	28 104	14 775	52.57%	33	448
Human Resources Management	34 098	11 247	32.98%	16	703
Finance	44 382	21 968	49.50%	35	628
Internal Audit	10 926	5 910	54.09%	8	739
TOTAL	794 750	385 893	48.56%	909	425

TABLE 30: PERSONNEL COST BY SALARY BAND

LEVEL	PERSONNEL EXPENDITURE (R'000)	% OF PERSONNEL EXP. TO TOTAL PERSONNEL COST (R'000)	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Top Management	15 787	4.09%	7	2 255
Senior Management	19 942	5.17%	12	1 662
Professionally Qualified	92 355	23.93%	115	803
Skilled	247 847	64.23%	708	350
Semi-skilled	8 196	2.12%	47	174
Unskilled	1 766	0.46%	20	88
TOTAL	385 893	100.00%	909	425

¹ The total personnel expenditure includes Commissioners and part time Interpreters which are accounted under Case Disbursement.

PERFORMANCE REWARDS

The Performance Management System is in place. It is a management tool that ensures translation of strategy into actionable plans and strengthens accountability. The CCMA's performance management recognises excellence and forges a linkage between the individual Scorecard and the CCMA's Scorecard.

TABLE 31: PERFORMANCE REWARDS

LEVELS	PERFORMANCE REWARDS	PERSONNEL EXPENDITURE (R'000)	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST (R'000)
Top Management	Performance Management System	999	6.54%
Senior Management	Performance Management System	1 969	12.89%
Professionally Qualified	Performance Management System	5 348	35.01%
Skilled	Performance Management System	6 720	43.99%
Semi-skilled	Performance Management System	231	1.51%
Unskilled	Performance Management System	9	0.06%
TOTAL		15 276	100.00%

TRAINING COSTS

TABLE 32: TRAINING COSTS

CCMA	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	TRAINING EXPENDITURE AS A % OF PERSONNEL COST.	NO. OF EMPLOYEES TRAINED	AVG TRAINING COST PER EMPLOYEE (R'000)
Training Costs	385 893	6 445	1.67%	870	7

EMPLOYMENT AND VACANCIES

TABLE 33: EMPLOYMENT AND VACANCIES PER DEPARTMENT

DEPARTMENT	2015/2016 NO. OF EMPLOYEES	2015/2016 APPROVED POSTS	2016/2017 NO. OF EMPLOYEES	2016/2017 VACANCIES	% OF VACANCIES
Regions	699	708	731	83	10.20%
Office of the Director	15	18	15	0	0.00%
Legal Services	17	19	13	2	13.33%
Collective Bargaining and Outreach	17	21	11	4	26.67%
Information Management	43	47	47	5	9.62%
Operations	18	18	33	4	10.81%
Human Resources Management	13	13	16	2	11.11%
Finance	34	36	35	3	7.89%
Internal Audit	7	9	8	2	20.00%
TOTAL	863	889	909	105	10.36%



TABLE 34: EMPLOYMENT AND VACANCIES PER CATEGORY

CATEGORY	2015/2016 NO. OF EMPLOYEES	2015/2016 APPROVED POSTS	2016/2017 NO. OF EMPLOYEES	2016/2017 VACANCIES	% OF VACANCIES
Top Management	9	1	7	1	12.50%
Senior Management	11	5	12	2	14.29%
Professionally Qualified	112	4	115	21	15.44%
Skilled	674	11	708	60	7.81%
Semi-skilled	47	5	47	4	7.84%
Unskilled	210	0	20	17	45.95%
TOTAL	863	26	909	105	10.36%

EMPLOYMENT CHANGES

The following employment changes occurred in the period under review.

TABLE 35: EMPLOYMENT CHANGES

SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
Top Management	9	5	7	7
Senior Management	11	2	1	12
Professionally Qualified	112	6	3	115
Skilled	674	48	14	708
Semi-skilled	47	2	2	47
Unskilled	10	10	0	20
Total	863	73	27	909

Attrition

The CCMA's overall staff turnover was 2.97% for the period under review, which is way under the country's reported attrition. A percentage of 1.65% was as a result of resignations. Where exit interviews were conducted, reasons for terminations

were career growth. Valuable input was given to relevant line departments for operational improvement. Personal goals as well as new career opportunities were mentioned in the exit interviews. Below is a table showing reasons for terminations.

TABLE 36: REASONS FOR STAFF LEAVING

REASON	NUMBER	PERCENTAGE
Death	1	0.11%
Resignation	15	1.65%
Dismissal	1	0.11%
Retirement	2	0.22%
Ill Health	1	0.11%
Expiry of Contract	7	0.77%
Other	0	0.00%
Total	27	2.97%

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Employee relations is a process that ensures that there is a sound employment relationship between the employer and employees. It ensures fairness in respect of issues of discipline

and grievances. The CCMA has policies in place which among others include Code of Conduct, Grievance and Disciplinary Procedures.

TABLE 37: NATURE OF DISCIPLINARY ACTION

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal Warning	6
Written Warning	14
Final Written Warning	16
Dismissals	11
Total	47

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

Equal employment opportunities are offered to all employees and job applicants, and the CCMA endorses key principles of employment equity as identified by the Employment Equity Act 55, of 1998; elimination of discrimination in decision-making, promotion of employee diversity, reduction of barriers to advancement of the disadvantaged and introduction of measures and procedures for transformation. The National

Employment Equity Consultative Forum is in place and operational as required by legislation. The Forum has developed an Employment Equity Plan which has been displayed at all CCMA offices. The Plan is monitored. The Annual Employment Equity Report was submitted to the Department of Labour as required by the Employment Equity Act, No.55 of 1998.

TABLE 38: EQUITY TARGETS AND EMPLOYMENT EQUITY STATUS FOR MALE EMPLOYEES

LEVELS	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	2	3	1	1	2	2	0	0
Senior Management	4	4	2	1	1	1	1	1
Professionally Qualified	44	46	7	7	0	2	7	8
Skilled	272	261	17	25	2	4	1	8
Semi-skilled	15	14	4	1	0	1	0	0
Unskilled	4	1	0	0	0	0	0	0
TOTAL	341	329	31	35	5	10	9	17



TABLE 39: EQUITY TARGETS AND EMPLOYMENT EQUITY STATUS FOR FEMALE EMPLOYEES

LEVELS	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	2	3	0	0	0	0	0	0
Senior Management	3	2	0	0	0	0	1	1
Professional Qualified	33	33	9	10	9	7	7	7
Skilled	348	331	40	39	8	10	19	24
Semi-skilled	24	23	3	4	0	0	1	0
Unskilled	16	10	0	0	0	0	0	0
TOTAL	426	402	52	53	17	17	28	32

TABLE 40: STAFF WITH DISABILITIES

LEVELS	STAFF WITH DISABILITY			
	MALE		FEMALE	
	CURRENT	TARGET	CURRENT	TARGET
Top Management	0	0	0	0
Senior Management	1	1	0	1
Professional Qualified	1	1	0	0
Skilled	9	8	6	6
Semi-skilled	1	0	1	1
Unskilled	0	0	0	0
TOTAL	12	10	7	8



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1. FINANCE



Bridgette Mbolekwa

INTRODUCTION

The Finance Department focuses on designing, implementing and maintaining sound procurement and financial management processes and controls, whilst ensuring compliance to the provisions of the LRA, the PFMA, the PPPFA and other applicable legislative prescripts.

The Department is comprised of the following Units which perform the functions below:

- a) Financial Accounting: Preparation of the General Ledger, Accounts Payable, Accounts Receivable, Banking Services, Payroll and Financial Reporting;
- b) Management Accounting: Budget Management, Variance Reporting, Medium-Term Expenditure Framework (MTEF) and Estimates of National Expenditure (ENE);
- c) Supply Chain Management (SCM): Demand Management, Acquisition Management, Inventory Management and Asset Management; and
- d) Financial Information Systems (FIS): Training and support services on operational and support applications systems and tools, as well as processes re-engineering projects that support the strategic objective of optimising organisational performance through process automation and systems integration plans.

PERFORMANCE, KEY ACHIEVEMENTS AND STRATEGIC INITIATIVES OF THE 2016/17 FINANCIAL YEAR

As part of the CCMA 2016/17 Strategic Plan, in pursuant of effective demand management, the Department implemented the 2016/17 Procurement Plan, delivering 60% of the total plan. The automisation of business processes to enhance efficient and effective administration of the CCMA, was one of the key achievements of the Department during the financial year under review, whereby a total of 36 activities were executed through the FIS in order to ensure 100% implementation of the Automation Plan.

As a means to enhance the financial stability of the organisation, the Department successfully achieved a 4.73% surplus of the total revenue achieved, against a target of 1%, which is within the acceptable budget savings threshold of National Treasury.

During the financial year under review, the Department ensured that all reconciliations were done and all financial reports were submitted to the accounting bodies in line with compliance requirements. Furthermore, the Department ascertained that 100% of undisputed invoices were paid within 30 days. Of importance, is that the Department also ensured that operational funds of the CCMA were optimally invested in order to generate income for the organisation. The Department also ensured that all accounting standards and policies were updated and implemented accordingly.

The Annual Financial Statements for the prior year were restated due to errors identified and corrected during the financial year. An initiative was taken to compile quarterly Financial Statements, this assisted to identify and correct the prior year errors for quality reporting and reduction of material adjustments of the Annual Financial Statements at year end.

Despite the below challenges experienced during the reporting period, the following were achieved:

- Cost-effectively concluded lease renewals of three major offices (Head Office, Johannesburg and Western Cape);
- Concluded the tender process and awarded a contract for new banking services; and

- The Annual Financial Statements received an Unqualified Audit Opinion, with 64% reduction on the number of findings from prior year. This is a significant improvement that led the organisation to almost achieving a Clean Audit during the financial year. This was due in part to the strengthened internal controls within financial management in partnership with Internal Audit that assisted to ensure continuous improvement in financial reporting throughout the financial year..

CHALLENGES DURING THE 2016/17 FINANCIAL YEAR

During the 2016/17 financial year, the Department experienced a high staff turnover, with the Chief Financial Officer departing at the end of November 2016. Furthermore, to achieve a budget – break even was a daunting task due to competing spending priorities; however, stringent measures of cutting budgets and the strict implementation of Cost Containment were effected.

KEY 2017/18 STRATEGIC ACTIVITIES AND PROJECTS TO BE PURSUED

During the budget preparation process for the 2016/17 and 2017/18 financial years, it has become evident that the CCMA's allocated grant is becoming insufficient to sustain the strategic objectives of the organisation. National Treasury has since encouraged entities to robustly embark on processes of ensuring revenue collection, where applicable, in order to augment the budget. The CCMA is prioritising organisational sustainability in the 2017/18 financial year, with the development of the CCMA's Financial Sustainability Strategy being developed as part of the CCMA 2017/18 APP.

Improved financial management is a priority of the Department in the 2017/18 financial year. This includes ensuring that adequate internal controls are in place to prevent irregular, fruitless and wasteful expenditure. Furthermore, the full implementation of cost-containment measures is of high importance to the organisation. As part of the 2017/18 budgeting process, the Department ensured that all cost-containment measures budget items are reduced by 5% from the actual spent of the previous financial year.



2. REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA)

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Commission for Conciliation, Mediation and Arbitration (CCMA) set out on pages 91 to 137, which comprise the statement of financial position as at 31 March 2017, the statement of financial performance, statement of changes in net assets, statement of cash flow and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Commission for CCMA as at 31 March 2017, and its financial performance and cash flows for the year then ended, in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the accounting authority for the financial statements

6. The Governing Body, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance

with the SA Standards of GRAP, the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, the accounting authority is responsible for assessing the CCMA ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the intention is to liquidate the public entity or cease operations, or there is no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

Report on the audit of the annual performance report

Introduction and scope

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
11. My procedures address the reported performance information, which must be based on the approved

performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the public entity for the year ended 31 March 2017:

Objectives	Pages in the Annual Performance Report
Strategic Objective One: Enhancing the labour market to enhance stability and growth	29 – 31
Strategic Objective Two: Advancing good practices at work and transforming workplace relations	32
Strategic Objective Three: Building knowledge and skills	33

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following objectives:
- Strategic Objective One: Enhancing the labour market to enhance stability and growth.
 - Strategic Objective Two: Advancing good practices at work and transforming workplace relations.
 - Strategic Objective Three: Building knowledge and skills.

Other matter

15. I draw attention to the matter below.

Achievement of planned targets

16. Refer to the annual performance report on pages 29 to 36 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets.

Report on audit of compliance with legislation

Introduction and scope

17. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
18. The material finding in respect of the compliance criteria for the applicable subject matters are as follows:

Annual financial statements

19. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1)(a) of the PFMA. The material misstatement of related party disclosure identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information

20. The CCMA Accounting Authority is responsible for the other information. The other information comprises the information included in the Annual Report. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the Annual Performance Report that have been specifically reported on in the auditor's report.



- 21. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
- 22. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor’s report, I conclude that there is a material misstatement of this other information, I am required to report that fact.
- 23. I have not yet received the Annual Report. When I do receive this information, and if I conclude that it has a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected I may have to re-issue my auditor’s report amended as appropriate.

Internal control deficiencies

- 24. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

Leadership

- 25. Management did not adequately review the disclosure notes to ensure that the financial statements submitted were accurate and complete.

Financial and performance management

- 26. The entity did not have adequate controls to maintain accurate and complete schedules supporting annual financial statement disclosure notes, resulting in material misstatements identified that had to be corrected.

Auditor-General

Pretoria

31 July 2017



**AUDITOR-GENERAL
SOUTH AFRICA**

Auditing to build public confidence

ANNEXURE A – AUDITOR-GENERAL’S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected objectives and on the public entity’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity’s internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the governing body, which constitutes the accounting authority.
 - Conclude on the appropriateness of the accounting authority’s use of the going concern basis of accounting in the preparation of the financial

statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the CCMA’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause a public entity to cease operating as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the Accounting Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the Accounting Authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.



3. STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL FINANCIAL STATEMENTS

The CCMA Governing Body is responsible for the preparation of the Annual Financial Statements (AFS) and is accountable for the integrity of the AFS of the CCMA and the objectivity of other information presented in the Financial Statements.

The AFS have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any

interpretations, guidelines and directives issued by the Accounting Standards Board. All information and amounts disclosed in the Annual Report are consistent with that audited by the Auditor-General of South Africa, who has duly expressed an opinion as reflected in their report presented in this Annual Report.

Sifiso Lukhele

Acting Chairperson of the Governing Body

4. ANNUAL STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

		2017	2016
	Note(s)	R'000	RESTATED R'000
Assets			
Current assets			
Inventories	7	1 620	1 220
Receivables from exchange transactions	8	7 477	6 536
Receivables from non-exchange transactions	9	-	2 112
Prepayments	6	1 261	5 563
Cash and cash equivalents	10	89 218	90 182
		99 576	105 613
Non-current assets			
Property, plant and equipment	3	49 362	46 353
Intangible assets	4	6 680	8 096
		56 042	54 449
Non-current assets		56 042	54 449
Current assets		99 576	105 613
Total assets		155 618	160 062
Liabilities			
Current liabilities			
Finance lease obligation	11	3 665	5 258
Operating lease liability	5	2 622	444
Payables from exchange transactions	12	65 401	75 161
		71 688	80 863
Non-current liabilities			
Finance lease obligation	11	7 243	355
Operating lease liability	5	14 646	16 090
		21 889	16 445
Non-current liabilities		21 889	16 445
Current liabilities		71 688	80 863
Total liabilities		93 577	97 308
Assets		155 618	160 062
Liabilities		(93 577)	(97 308)
Net assets		62 041	62 754
Accumulated Surplus		62 041	62 754

5. STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2017

		2017	2016
	Note(s)	R'000	RESTATED R'000
Revenue			
Revenue from exchange transactions			
Rendering of services	14	4 613	4 007
Other income	15	1 260	739
Interest received- investments	16	17 664	16 560
Total revenue from exchange transactions		23 537	21 306
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	17	770 501	733 911
		23 537	21 306
		770 501	733 911
Total revenue	13	794 038	755 217
Expenditure			
Employee-related costs	18	(282 411)	(259 458)
Administration	19	(134 384)	(138 744)
Depreciation and amortisation	23	(15 754)	(19 149)
Finance costs	20	(427)	(779)
Subsidies	21	(5 981)	(4 755)
General operating expenses	22	(355 794)	(347 280)
Total expenditure		(794 751)	(770 165)
Total revenue		794 038	755 217
Total expenditure		(794 751)	(770 165)
Operating deficit		(713)	(14 948)
Operating surplus/deficit		-	-
Deficit before taxation		(713)	(14 948)
Taxation		-	-
Deficit for the year		(713)	(14 948)

6. STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2017

	Note(s)	RESTATED	
		ACCUMULATED SURPLUS R'000	RESTATED TOTAL NET ASSETS R'000
Opening balance as previously reported adjustments		60 416	60 416
Correction of errors	32	17 286	17 286
Balance at 01 April 2015 as restated*		77 702	77 702
Changes in net assets Surplus/ (Deficit) for the year		(14 948)	(14 948)
Total changes		(14 948)	(14 948)
Balance at 01 April 2016 as restated		62 754	62 754
Changes in net assets		-	-
Surplus/ (Deficit) for the year		(713)	(713)
Total changes		(713)	(713)
Balance at 31 March 2017		62 041	62 041

7. STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 MARCH 2017

		2017	2016
	Note(s)	R'000	RESTATED R'000
Cash flows from operating activities			
Receipts			
Rendering of services		3 497	3 550
Grants		772 613	731 799
Interest income		19 099	14 163
		795 209	749 512
Payments			
Employee costs		(277 944)	(262 584)
Suppliers		(499 613)	(471 909)
Subsidies		(5 981)	(4 755)
		(783 538)	(739 248)
Total receipts		795 209	749 512
Total payments		(783 538)	(739 248)
Net cash flows from operating activities		11 671	10 264
Cash flows from investing activities			
Purchase of property, plant and equipment		(7 029)	(7 095)
Purchase of intangible assets		(563)	(646)
Net cash flows from investing activities	25	(7 592)	(7 741)
Cash flows from financing activities			
Finance lease payments		(4 802)	(5 729)
Finance cost		(241)	(779)
Net cash flows from financing activities		(5 043)	(6 508)
Net increase/(decrease) in cash and cash equivalents		(964)	(3 985)
Cash and cash equivalents at the beginning of the year		90 182	94 167
Cash and cash equivalents at the end of the year	10	89 218	90 182

8. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

	APPROVED BUDGET R'000	ADJUSTMENTS R'000	FINAL BUDGET R'000	ACTUAL AMOUNTS ON COMPARABLE BASIS R'000	DIFFERENCE BETWEEN FINAL BUDGET AND ACTUAL R'000	NOTE(S)
Statement of Financial Performance						
Revenue						
Revenue from exchange Transactions						
Service charges	3 815	758	4 573	4 613	40	38
Other income	518	129	647	1 260	613	38
Interest received-investments	25 107	(10 281)	14 826	17 664	2 838	38
Total revenue from exchange transactions	29 440	(9 394)	20 046	23 537	3 491	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	759 978	-	759 978	770 501	10 523	38
Total revenue from exchange transactions	29 440	(9 394)	20 046	23 537	3 491	
Total revenue	789 418	(9 394)	780 024	794 038	14 014	
Expenditure						
Personnel	(278 570)	(15 706)	(294 276)	(282 411)	11 865	38
Administration	(141 396)	1 622	(139 774)	(134 384)	5 390	38
Depreciation and amortisation	(17 334)	5 166	(12 168)	(15 754)	(3 586)	38
Finance costs	-	-	-	(427)	(427)	38
Subsidies	(5 017)	(3 108)	(8 125)	(5 981)	2 144	38
General expenses	(347 101)	(29 242)	(376 343)	(355 794)	20 549	38
Total expenditure	(789 418)	(41 268)	(830 686)	(794 751)	35 935	
Surplus before taxation	-	(50 662)	(50 662)	(713)	49 949	
Taxation	-	-	-	-	-	
Actual amount on comparable basis as presented in the budget and actual comparative statement	-	(50 662)	(50 662)	(713)	49 949	



9. ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

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

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these Annual Financial Statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1. PRESENTATION CURRENCY

These Annual Financial Statements are presented in South African Rand, which is the functional currency of the entity.

1.2. GOING CONCERN ASSUMPTION

These Annual Financial Statements have been prepared based on the expectation that the entity will continue to operate as a going concern. This basis presumes that funds (Government grant) will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

1.3. SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Trade receivables / staff loans and other receivables

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

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

Commitments

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

Provisions

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

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

Additional disclosure of these estimates of provisions are included in disclosure note.

Useful lives of property, plant and equipment

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

Effective interest rate

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

Allowance for doubtful debts

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

Litigation costs

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

Leave pay

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



Cases in process

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

1.4. PREPAYMENTS

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

1.5. PROPERTY, PLANT AND EQUIPMENT

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

The cost of an item of property, plant and equipment is recognised as an asset when:

- It is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- The cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

Property, plant and equipment is carried at historical cost amount, being cost model: cost less accumulated depreciation and any impairment losses.

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

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

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Furniture and fixtures	Straight line	3- 30 years
Motor vehicles	Straight line	3- 10 years
Office equipment	Straight line	2- 30 years
IT equipment	Straight line	3- 20 years
Leasehold improvements	Straight line	Lease period
Security equipment	Straight line	5- 30 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 of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

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

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

1.6. INTANGIBLE ASSETS

An asset is identifiable if it either:

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



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

An intangible asset is recognised when:

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

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

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- It is technically feasible to complete the asset so that it will be available for use or sale;
- There is an intention to complete and use or sell it;
- There is an ability to use or sell it.
- It will generate probable future economic benefits or service potential;
- There are available technical, financial and other resources to complete the development and to use or sell the asset; and
- The expenditure attributable to the asset during its development can be measured reliably. Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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

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

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

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Computer software, internally generated	Straight line	3- 20 years
Computer software, other	Straight line	3- 20 years

Intangible assets are derecognised:

- On disposal; or
- When no future economic benefits or service potential are expected from their use or disposal.

1.7. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment non-collectability.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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

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

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the entity estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably.

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

A financial asset is:

- Cash;
- A residual interest of another entity; or
- A contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

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



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

- Deliver cash or another financial asset to another entity; or
- Exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by the entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions. Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of the entity, after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- Equity instruments or similar forms of unitised capital;
- A formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- A formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- The entity designates at fair value at initial recognition; or
- Are held for trading.

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

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

- Derivatives;
- Combined instruments that are designated at fair value;
- Instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and

- financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of annual financial position or in the notes thereto:

CLASS	CATEGORY
Trade and other receivables	Financial asset measured at amortised cost
Other receivables from non- exchange transactions	Financial asset measured at amortised cost Cash and cash equivalents

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

CLASS	CATEGORY
Trade payables	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

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

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value;
- Financial instruments at amortised cost; and
- Financial instruments at cost.

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

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- A combined instrument that is required to be measured at fair value; or
- An investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.



If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Trade receivables

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

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

Cash and cash equivalents

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

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- The contractual rights to the cash flows from the financial asset expire, are settled or waived;
- The entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- The entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity will:
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expired or waived.

Presentation

Interest relating to a financial instrument or a component that is a financial liability are recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.8. TAX

Current tax assets and liabilities

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

1.9. LEASES

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

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

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

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

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.



Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

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

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

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

Operating leases - lessor

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

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

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. Income for leases is disclosed under revenue in 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 is recognised as an operating lease asset or liability.

1.10. INVENTORIES

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for:

- Distribution at no charge or for a nominal charge; or
- Consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

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

1.11. IMPAIRMENT OF CASH-GENERATING ASSETS

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

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

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

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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

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

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

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

- The period of time over which an asset is expected to be used by the entity; or
- The number of production or similar units expected to be obtained from the asset by the entity.

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

1.12. SHARE CAPITAL / CONTRIBUTED CAPITAL

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

1.13. EXPENDITURE

Expenditure is recognised on the accrual basis.



1.14. EMPLOYEE BENEFITS

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

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

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

Termination benefits are employee benefits payable as a result of either:

- An entity's decision to terminate an employee's employment before the normal retirement date; or
- An employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits, as well as to provide benefits that are not considered in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where, by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within 12 months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- Wages, salaries and social security contributions;
- Bonus, incentive and performance related payments payable within 12 months after the end of the reporting period in which the employees render the related service; and
- Non-monetary benefits (for example, medical care, and free or subsidised goods or services, such as cellphones) for current employees.

When an employee has rendered a service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- As an expense, unless another standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance-related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits: Defined contribution plans

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

1.15. PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- The entity has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

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

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

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

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

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

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

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating 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.

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



Provision and accruals

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

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

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

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

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

1.16. COMMITMENTS

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.17. REVENUE FROM EXCHANGE TRANSACTIONS

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

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

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

Measurement

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

Rendering of services

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

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

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

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

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

Investment income

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

1.18 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

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

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

Control of an asset 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.

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

Recognition

An inflow of resources from a non-exchange transaction, recognised as an asset, is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised, it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

1.19 BORROWING COSTS

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

1.20 FRUITLESS AND WASTEFUL EXPENDITURE

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

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

1.21 IRREGULAR EXPENDITURE

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

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

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

Irregular expenditure that was incurred and identified during the current financial 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 required with the exception of updating the note to the financial statements.

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

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

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

1.22 BUDGET INFORMATION

Entities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which are given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

The approved budget covers the fiscal period from 01/04/2016 to 31/03/2017.



The Annual Financial Statements and the budget are on the same basis of accounting, therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.23 RELATED PARTIES

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

Management is those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by that management in their dealings with the entity.

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

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of such an individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in (c) or (d), or over which such a person is able to exercise significant influence.

1.24 EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- Those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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

1.25 ACCUMULATED SURPLUS/LOSS

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

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

10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2017 or later periods:

STANDARD/ INTERPRETATION	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER	EXPECTED IMPACT
• Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities	01 April 2018	Unlikely there will be a material impact
• GRAP 26 (as amended 2015): Impairment of cash- generating assets	01 April 2017	Unlikely there will be a material impact
• GRAP 109: Accounting by Principals and Agents	01 April 2017	Unlikely there will be a material impact
• GRAP 21 (as amended 2015): Impairment of non-cash- generating assets	01 April 2017	Unlikely there will be a material impact
• GRAP 18: Segment Reporting	01 April 2017	Unlikely there will be a material impact

3. PROPERTY, PLANT AND EQUIPMENT

	2017			RESTATED: 2016		
	COST / VALUATION	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST / VALUATION	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE
	R'000	R'000	R'000	R'000	R'000	R'000
Furniture and fixtures	11 255	(4 775)	6 480	9 521	(4 247)	5 274
Motor vehicles	501	(87)	414	50	(30)	20
Office equipment	5 152	(3 740)	1 412	4 440	(3 201)	1 239
IT equipment	42 665	(21 260)	21 405	42 113	(18 120)	23 993
Leasehold improvements	7 859	(5 292)	2 567	7 296	(3 130)	4 166
Leased motor vehicles	1 843	(1 288)	555	1 506	(905)	601
Leased office equipment	10 789	(701)	10 088	16 082	(11 615)	4 467
Security equipment	13	-	13	-	-	-
Low valued assets	15 651	(9 223)	6 428	14 601	(8 008)	6 593
Total	95 728	(46 366)	49 362	95 609	(49 256)	46 353

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2017

	OPENING BALANCE	ADDITIONS	ADJUSTMENT	DISPOSALS	DEPRECIATION	DEPRECIATION ON DISPOSAL	TOTAL
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Furniture and fixtures	5 274	1 819	-	(84)	(559)	30	6 480
Motor vehicles	20	451	-	-	(57)	-	414
Office equipment	1 239	733	-	(24)	(560)	24	1 412
IT equipment	23 993	1 151	-	(599)	(4 219)	1 079	21 405
Leasehold improvements	4 166	583	(12)	-	(2 170)	-	2 567
Leased motor vehicles	601	-	337	-	(383)	-	555
Leased office equipment	4 467	-	10 789	-	(5 168)	-	10 088
Security equipment	-	13	-	-	-	-	13
Low valued assets	6 593	1 041	-	-	(1 206)	-	6 428
	46 353	5 791	11 114	(707)	(14 322)	1 133	49 362

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - RESTATED 2016

	OPENING BALANCE	ADDITIONS	DISPOSALS	DEPRECIATION ON DISPOSAL	ADJUSTMENT		TOTAL
					YTD	DEPRECIATION	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Furniture and fixtures	6 190	39	(813)	747	-	(889)	5 274
Motor vehicles	30	-	-	-	-	(10)	20
Office equipment	2 117	200	(3 322)	2 984	338	(1 078)	1 239
IT equipment	31 037	7 315	(5 810)	4 959	(7 515)	(5 993)	23 993
Leasehold improvements	5 234	708	(8 085)	7 900	152	(1 743)	4 166
Leased motor vehicle	904	-	-	-	-	(303)	601
Leased office equipment	9 828	-	-	-	-	(5 361)	4 467
Low valued Assets	-	-	-	-	7 949	(1 356)	6 593
	55 340	8 262	(18 030)	16 590	924	(16 733)	46 353

3. PROPERTY, PLANT AND EQUIPMENT

OTHER INFORMATION

Adjustments amount represent the following :

- 1) Recognition of new Finance lease for Office Equipment contract R10,7m and 337k recognition of finance leased Vehicle.
- 2) Leasehold improvements adjustments of 12k, was due to reclassification of assets to Low valued assets class.

Property, Plant and Equipment prior year has been restated (refer to prior year error note for details).

The asset register included fully depreciated assets with a Gross Value of R1.6 million and a net value of R80.00. These items have been identified by management for disposal as at 31 March 2017. The disposal of these assets will be effected on the asset register in the 2017/2018 financial year.

Annually at the reporting date, the organisation recalculates a change in estimate and the necessary adjustments are processed prospectively. Assets less than R5 000 (low valued assets) have been recapitalised due to a change in internal policy. A register containing the information required by the Public Finance Management Act is available for inspection at the registered office of the CCMA.

4. INTANGIBLE ASSETS

	2017			RESTATED: 2016		
	COST / VALUATION	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST / VALUATION	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE
	R'000	R'000	R'000	R'000	R'000	R'000
Computer software	20 178	(13 498)	6 680	19 616	(11 520)	8 096

RECONCILIATION OF INTANGIBLE ASSETS - 2017

	OPENING BALANCE	ADDITIONS	AMORTISATION	ADJUSTMENT	TOTAL
	R'000	R'000	R'000	R'000	R'000
Computer software	8 096	562	(1 429)	(549)	6 680

RECONCILIATION OF INTANGIBLE ASSETS -RESTATED 2016

	OPENING BALANCE	ADDITIONS	ADJUSTMENT	DISPOSAL	AMORTISATION	TOTAL
	R'000	R'000	R'000	R'000	R'000	R'000
Computer software	4 814	646	5 579	(526)	(2 417)	8 096

OTHER INFORMATION

Intangible assets for prior year have been restated (refer to prior year error note).



5. OPERATING LEASE LIABILITY

Non-current liabilities
Current liabilities

	2017	2016
	R'000	RESTATED
		R'000
	(14 646)	(16 090)
	(2 622)	(444)
	(17 268)	(16 534)

6. PREPAYMENTS

Prepaid expenditure includes prepaid licenses and subscriptions, at March 2017 R 1 261 and March 2016 R5 563.

7. INVENTORIES

Consumable stores

	1 620	1 220
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8. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade debtors
Other receivables
Provision for Doubtful debts

	693	638
	7 237	6 063
	(453)	(165)
	7 477	6 536

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired.

At 31 March 2017, R 6 712 (2016: R 1 027) were past due but not impaired. Trade receivables which have not been impaired are considered to be collectable.

Other receivables which are less than three months past due are not considered to be impaired at 31 March 2017

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

1 month past due
2 months past due
3 months past due

	513	3 763
	252	311
	6 712	1 027

9. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Government grants and subsidies

	-	2 112
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10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand
Bank balances
Pledged funds

	30	37
	84 332	88 072
	4 856	2 073
	89 218	90 182

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.

	2017	2016
	R'000	RESTATED
		R'000
The total amount of undrawn facilities available for future operating activities and commitments	3 689	1 015

The total direct or contingent liabilities of the entity in respect of guarantees that may be entered into is R4,070m with Standard Bank and R1m with Nedbank. Standard Bank has provided the entity with a fleet maintenance lease facility of R 2.2m and a fleet card facility of R100 000.

11. FINANCE LEASE OBLIGATION

Minimum lease payments due		
- within one year	4 629	5 481
- in second to fifth year inclusive	7 982	375
	12 611	5 856
less: future finance charges	(1 703)	(243)
Present value of minimum lease payments	10 908	5 613
Finance lease obligation		
Non-current liabilities	7 243	355
Current liabilities	3 665	5 258
	10 908	5 613

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

The average lease term is 3 years and the average effective borrowing rate was 10% (2016: 10%).

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

12. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	4 993	20 457
Payroll creditors	2 841	1 111
Accruals: general expenses, bargaining councils and case disbursements	55 370	51 922
Workmen compensation	2 197	1 671
	65 401	75 161

13. REVENUE

Service charges	4 613	4 007
Seminars and other sundry income	1 260	739
Interest received- investment	17 664	16 560
Government grants & subsidies	770 501	733 911
	794 038	755 217



	2017	2016
	R'000	RESTATED
		R'000

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

Service charges	4 613	4 007
Other income	1 260	739
Interest received- investment	17 664	16 560
	23 537	21 306

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

Taxation revenue		
Government Grant		
Government grants & subsidies	770 501	733 911

14. REVENUE FROM EXCHANGE TRANSACTIONS

Rendering of services	4 613	4 007
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15. OTHER REVENUE

Other sundry income	1 260	739
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16. INVESTMENT REVENUE

Interest revenue		
Bank	17 664	16 560

Total interest income, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R17 664 (2016: R16 560).

17. GOVERNMENT GRANT

Operating grants		
Grant income from non-exchange transactions	770 501	733 911

18. EMPLOYEE RELATED COSTS

	2017	2016
	R'000	RESTATED
		R'000
Basic	217 776	202 484
Medical aid- company contributions	20 603	16 737
UIF	1 039	908
WCA	1 035	935
SDL	2 544	2 349
Leave pay provision charge	4 896	4 205
Provident fund	32 966	30 488
13th Cheques	1 326	1 117
Temporary staff	8	56
Other salary related costs	218	179
	282 411	259 458

PAYE

Total PAYE paid to SARS this reporting period was (2017) R123 m, (2016) R114 m, this amount includes PAYE on taxable income paid in relation to Case Disbursements- part time fees and other.

19. ADMINISTRATIVE EXPENDITURE

General administration	59 855	58 376
Travel and subsistence	14 937	21 630
Auditor's remuneration	3 604	3 613
Governing Body	3 872	4 500
Rentals in respect of operating leases: Buildings	52 116	50 625
	134 384	138 744

20. FINANCE COSTS

Finance leases	427	779
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Capitalisation rates used during the period were on average 10% on specific borrowings for capital projects and 10% being the weighted average cost of funds borrowed generally by the entity.

Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R 427 (2016: R 779).

21. SUBSIDIES

CCMA Accredited Bargaining Councils-Subsidy payments	5 981	4 755
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22. GENERAL OPERATING EXPENSES

	2017	2016
	R'000	RESTATED
		R'000
Advertising	1 094	1 532
Cleaning	3 066	3 424
Computer expenses	8 774	14 065
Consulting and professional fees	3 329	2 864
Other operating expenses	5 838	9 438
Case disbursements costs	332 476	309 708
Research and development costs	173	3 791
Software expenses	1 044	2 458
	355 794	347 280

Prior year has been restated due to mapping error correction.

23. DEPRECIATION AND AMORTISATION

Depreciation-leasehold improvements	2 171	1 743
Depreciation-motor vehicles	440	311
Depreciation-furniture & fittings	559	889
Depreciation-office equipment	5 730	6 440
Depreciation- IT equip	4 219	5 993
Depreciation low valued assets intangible asset	1 206	1 356
Intangible asset		
Amortisation-software	1 429	2 417
	15 754	19 149

24. AUDITORS' REMUNERATION

Fees	3 604	3 613
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25. CASH GENERATED FROM OPERATIONS	2017	2016
	R'000	RESTATED R'000
Deficit	(713)	(14 948)
Adjustments for:		
Depreciation and amortisation	15 754	19 149
Movements in operating lease assets and accruals	734	810
Finance cost	426	779
Income from investments	(17 664)	(16 560)
Loss on sale of assets and liabilities	96	170
Changes in working capital:		
Inventories	(400)	(49)
Receivables from exchange transactions	(2 376)	(897)
Other receivables from non-exchange transactions	2 112	(2 112)
Prepayments	4 302	(384)
Payables from exchange transactions	(9 760)	10 746
Income from investments	19 099	14 163
Finance cost paid	(241)	(779)
Bad debts	302	176
	11 671	10 264

26. FINANCIAL INSTRUMENTS DISCLOSURE

Categories of financial instruments 2017	AT AMORTISED		
	AT FAIR VALUE	COST	TOTAL
	R'000	R'000	R'000
Financial assets			
Trade and other receivables from exchange transactions	-	7 477	7 477
Cash and cash equivalents	89 218	-	89 218
	89 218	7 477	96 695

Financial liabilities	AT AMORTISED	
	COST	TOTAL
	R'000	R'000
Trade and other payables from exchange transactions	65 401	65 401

26. FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

2016	AT AMORTISED		
	AT FAIR VALUE	COST	TOTAL
Financial assets	R'000	R'000	R'000
Trade and other receivables	-	6 536	6 536
Other receivables from non-exchange transactions	-	2 112	2 112
Cash and cash equivalents	90 182	-	90 182
	90 182	8 648	98 830

Financial liabilities	AT AMORTISED	
	COST	TOTAL
	R'000	R'000
Trade payables	75 161	75 161

FINANCIAL INSTRUMENTS INFORMATION

Liquidity risk

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

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.

Credit risk

The entity's cash and cash equivalents are placed with high quality financial institutions.

The entity does not have significant exposure to any individual customer.

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

Fair values

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

- Bank balances, cash deposits and facilities without specified maturity dates bearing interest at market related rates.
- Accounts payable is subject to normal trade credit 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.

27. FINANCE LEASE OBLIGATION MINIMUM LEASE PAYMENTS

	2017	2016 RESTATED
	R'000	R'000

Finance lease information

It is entity policy to lease certain (property) motor vehicles and equipment under finance leases. The present value of minimum lease payments is lower than the carrying value of Finance lease assets disclosed on PPE.

Interest rates are fixed at the contract date. All leases have fixed repayments and include additional charges for contingent rent based on a percentage of sales. The average lease term was 3- 5 years and the average effective borrowing rate was 10%.

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

Minimum lease payments

-within one year

4 629 5 481

In second to fifth year inclusive

7 982 375

12 611 5 856

Future Finance charges

Less future finance charges

1 703 243

Present value of minimum lease payments

10 908 5 613

Finance lease obligation

Non-current Liabilities

7 243 355

Current liabilities

3 665 5 258

10 908 5 613

28. COMMITMENTS

Authorised capital expenditure Approved and contracted for

Property, plant and equipment

4 682 -

Total capital commitments

Office furniture Sheltered Employment Factories (SEF)

3 964

Motor Vehicles (RT57 Transvesal Contract)

718 -

4 682 -

AUTHORISED OPERATIONAL EXPENDITURE

Approved and contracted for

Operational Commitments within one year

12 494 17 812

Operational Commitments In second to fifth year

7 534 2 558

20 028 20 370



28. COMMITMENTS (COMTINUED)

Operational Commitments within one year	2016	
	RESTATED	
	R'000	

Approved and not yet contracted for

Operational Commitments within one year	1 990	-
Operational Commitments In second to fifth year	2 043	-
	4 033	-

Total operational commitments

Approved and contracted for	20 028	20 370
Not yet contracted for and authorised by members	4 033	-
	24 061	20 370

The capital expenditure was financed by government grants received from National Treasury through the Department of Labour. The commitments represent approved orders and contracts that are placed before year-end, invoiced and delivered in the new financial year and will be financed by available bank facilities, retained surpluses.

OPERATING LEASES - BUILDINGS

Minimum lease payments due

- within one year	53 377	41 767
- in second to fifth year inclusive	181 169	105 477
- later than five years	54 299	37 803
	288 845	185 047

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

FINANCE LEASES - OBLIGATION

Minimum lease payments due

- within one year	4 629	5 481
- in second to fifth year inclusive	7 982	375
- Less: Future finance charges	(1 703)	(243)
	10 908	5 613

29. CONTINGENT LIABILITY

Dispute case on section 198B interpretation between NUMSA vs CCMA. CCMA may be liable for R2,853,432.55 if court rules in favour of the applicant.

In terms of Section 53(3) of the PFMA, a public entity may not accumulate surplus funds without approval from the National Treasury. Approval has been requested from the National Treasury to retain surpluses amounting to R 21 323.93 as at 31 March 2017

30. RELATED PARTIES

2017

R'000

2016

RESTATED

R'000

RELATIONSHIPS

Controlling entity	Department of Labour
Entities with common control	Nedlac Workman's compensation (WCA) Unemployment Insurance Fund (UIF) Sheltered Employment Factories (SEF)
Subsidised Bargaining Councils	There are thirty six (36) accredited bargaining councils by the CCMA, which have been Accredited according to the Labour Relations Act (LRA).

Mr. David Lakay (committees fees)

-

39

Mr. David Lakay served as a member of the Finance and Risk Committee (FRC) as a subject matter specialist on the Advisory Committee of the Training Layoff scheme.

RELATED PARTY BALANCES

Receivables		
Department of Labour	-	2 112
Payable by CCMA		
South African Post Office Ltd	-	2
Telkom SA Ltd	-	648
Workmen's Compensation Fund	2 197	1 671
SEF	1 177	
South African Local Government	410	-
Metal and Engineering Industry	14	-
NBC for Road Freight Industry	8	-
BC for the Clothing Industry	4	-
Nat. BCI for Hairdressing Cosmetology	3	-

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



	2017	2016
	R'000	RESTATED R'000
30. RELATED PARTIES (CONTINUED)		
RELATED PARTY TRANSACTIONS		
Government grant		
Department of Labour	770 501	733 911
Purchases from related parties		
South African Broadcasting Corporation	8	8
South African Post Office Ltd	61	25
Telkom SA Ltd	9 494	9 219
Government Printing	37	47
Nedlac	-	93
SEF	4 751	-
UIF	1 652	1 309
WCA	1 035	935
BC for Civil Engineering Industry	199	-
BC for Electrical Industry	78	-

30. RELATED PARTIES (CONTINUED)

	2017	2016
	R'000	RESTATED
	R'000	R'000
BC for Contract Cleaning Ind	49	-
BC for Meat Trade	58	-
BC for Restaurant, Catering	271	236
BC for the Food Retail, Restaurant, Catering & Allied Trades	143	121
BC for the Furniture Industry	5	-
BC for The Hairdressing & Cosmetology	61	-
BC for Public Health and Social Development	255	181
BC for Building Industry	225	171
BC for Clothing Industry	100	104
BC for Furniture Manufacturing Industry	12	7
BC for Furniture Bedding & Upholstery Industry	61	76
BC for Metal & Engineering Industry	826	1 292
BC for Motor Industry Bargaining Council	898	1 067
NBC for the Road Freight Industry	892	674
NBC for the Leather Industry of SA	300	10
BC for Public Service Coordinating Bargaining Council	163	120
BC for Safety and Security Sectoral Bargaining Council	107	97
BC for South African Road Passenger Bargaining Council	212	147
BC for Statutory Council of the Printing, Newspaper & Packaging Industry	61	-
BC for the Wood and Paper	-	5
NBC for the Chemical Industry	-	134
BC for South African Local Government Bargaining Council	583	252
BC for Transnet Bargaining Council	-	34

Key management information

Refer to note 31 for key management and their remuneration details.

Refer to note 28 for related party commitments of R3.9m included under Capital Commitment for supply of office furniture.

31. MEMBERS' EMOLUMENTS

EXECUTIVE: 2017

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

EXECUTIVE: 2016

	PROVIDENT PAID				TOTAL
	EMOLUMENTS	OR RECEIVED	PERFORMANCE BONUS	EXPENSE ALLOWANCES	
	R'000	R'000	R'000	R'000	R'000
Director : N Kahn	3 169	374	281	63	3 887
CFO: N Boikhutso	1 991	284	215	34	2 524
NSC: Operations: R Bernickow	2 090	284	209	73	2 656
GM: Operations: N Govender	2 067	284	223	37	2 611
NSC: Dispute Resolution & Legal: C Morajane	2 065	284	211	41	2 601
NSC: CBO: J Daphne	2 264	-	207	-	2 471
NSC: Mediation: A Soobedaar	2 028	284	208	10	2 530
CAE: S Hlalele	2 319	-	223	2	2 544
Acting NSC: Dispute Resolution & Legal: F Brandt (Appointed 1 Jan 2016)	167	-	-	-	167
Acting Director: C Morajane	722	76	-	-	798
	18 882	1 870	1 777	260	22 789

31. MEMBERS' EMOLUMENTS (CONTINUED)

NON- EXECUTIVE: 2017	MEMBERS' FEES	ESC MEMBERS' FEES	AUDIT AND RISK COMMITTEE MEMBERS' FEES	ALLOWANCES	TOTAL R'000
Mr S Lukhele: Acting Chairperson : (Appointed 1 November 2016)	303	-	-	9	312
Mr Elias Monage: Organised Business Representative	210	-	-	7	217
Mr Bheki Ntshalintshali- Organised Labour Representative	76	-	-	2	78
Mr N Moloto- Organised Labour Representative	215	-	-	6	221
Mr IK Moyane- Organised Business Representative	120	-	-	3	123
Mr AS Harris - Organised Labour Representative	113	-	-	2	115
Mr D Dube: Chairperson (Contract term ended 31 October 2016)	129	-	-	50	179
Mr Luvuyo Bono- ESC	-	1 025	-	171	1 196
Ms Joyce Nkopane ESC	-	511	-	25	536
Mr Sifiso Khumalo- ESC	-	274	-	5	279
Ms Johan Koen- ESC	-	162	-	-	162
Ms Coleen Slabbert- ESC	-	65	-	-	65
Mr Rio Nolutshungu- ESC	-	249	-	7	256
Ms Nomazotsho Memani- ESC	-	168	-	-	168
Mr Caleb Mokoena- ESC	-	66	-	-	66
Mr Nicholas Smythe- ESC	-	15	-	-	15
Mr William Gumede- ARC	-	-	212	-	212
Mr Velile Pangwa- ARC	-	-	90	3	93
Ms Faith Burn- ARC	-	-	74	3	77
Mr Jim Wilson- ARC	-	-	115	-	115
Ms Ramona Clark- ARC	-	-	109	5	114
Mr Lucio Trentini- ASC	20	-	-	-	20
	1 186	2 535	600	298	4 619

31. MEMBERS' EMOLUMENTS (CONTINUED)

NON-EXECUTIVE: 2016	MEMBERS' FEES				TOTAL
	MEMBERS' FEES	ESC MEMBERS' FEES	AUDIT AND RISK COMMITTEE MEMBERS' FEES	ALLOWANCES	R'000
Mr D Dube: Chairperson	310	-	-	2	312
Mr Elias Monage- Organised Business Representative	49	-	-	1	50
Mr Bheki Ntshalintshali- Organised Labour Representative	112	-	-	10	122
Mr L Grobler- Organised Labour Representative	234	-	-	6	240
Mr N Moloto- Organised Labour Representative	157	-	-	3	160
Mr IK Moyane- Organised Business Representative	113	-	-	3	116
Mr S Lukhele- Organised Business Representative	262	-	-	4	266
Mr William Gumede- ARC	-	-	130	-	130
Mr Velile Pangwa- ARC	-	-	50	1	51
Ms Faith Burn- ARC	-	-	22	1	23
Mr Jim Wilson- ARC	-	-	89	-	89
Ms Ramona Clark- ARC	-	-	38	1	39
Mr Luvuyo Bono- ESC	-	821	-	26	847
Ms Joyce Nkopane- ESC	-	248	-	24	272
Ms Annelie Gildenhuis- ESC	-	19	-	-	19
Mr Sifiso Khumalo- ESC	-	205	-	15	220
Ms Johan Koen- ESC	-	305	-	16	321
Ms Coleen Slabbert- ESC	-	150	-	1	151
Mr Rio Nolutshungu- ESC	-	159	-	15	174
Ms Nomazotsho Memani- ESC	-	83	-	-	83
Mr Lucio Trentini- ASC	19	-	-	-	19
	1 256	1 990	329	129	3 704

32. PRIOR PERIOD ERRORS

	2017	2016
	R'000	RESTATED
	R'000	R'000

During 2016/17 financial year period management restated prior year figures in the annual financial statements as a result of:

Trade receivable for prior year have been restated due to increase in GCIS research and development expenditure.

Trade payables for prior year have been restated due to over-estimate of accrued Water & Electricity expenditure. Provision for prior year has been restated due to incorrect recognition.

Employee costs have been restated due to misallocation of medical receipts.

Operating expenses decrease due to provision for open cases incorrect recognition. Depreciation expenses decrease due to incorrect calculation.

PPE: Small Assets incorrectly classified as expense.

The prior period error(s) was adjusted retrospectively and the effect of the error on the individual line items in the financial statements is as follows.

Statement of financial position- Non Current Assets & Current Assets

Increase in Computer Software cost	-	5 494
Increase in Computer Software Accumulated		
Depreciation	-	(687)
Decrease in Computer Equipment-Cost (Misallocation of Live Recording System)	-	(7 697)
Decrease in Accumulated Depreciation Computer equipment	-	962
Increase in Low Valued Assets cost	-	14 601
Increase in Low Valued Assets Accumulated		
Depreciation	-	(8 008)
Net effect	-	4 664

Statement of financial position - Current Liabilities

Decrease in Trade payables	-	1 520
Increase in Accruals (Part Time Comm expenses)	-	(12 668)
Decrease in Provision for open cases	-	17 201
Net effect	-	6 053



32. PRIOR PERIOD ERRORS (CONTINUED)

	2017	2016
	R'000	RESTATED R'000

Statement of financial performance: Retained Earnings R.E prior year 2015/16

Decrease in Payroll expenses due to refund from insurance Sanlam	-	20
Decrease in recruitment- Advertising	-	59
Decrease in Subscriptions	-	13
Increase in GCIS research and development expenditure	-	(28)
Decrease in Plant Maintenance	-	(10)
Decrease in Cleaning service	-	34
Increase in Catering	-	(13)
Decrease in expenses (due to overstated 2015/16 expenditure)	-	103
Decrease in water & electricity (due to over-estimate of accrued Water & Electricity expenditure)	-	150
Increase in Payroll: Basic Salary	-	(3)
Decrease in Small assets expenses	-	261
Increase in Operating expenses (provision for open Cases)	-	(1 119)
Increase in depreciation	-	(1 136)
Increase in Accrued Part Time Comm expenses	-	(3 537)
	-	(5 206)

Statement of financial performance :Retained Earnings R.E prior 2015

Decrease in expenses (provision for open Cases)	-	18 320
Increase in Maintenance Expense (Correction of Misallocated Assets)	-	(785)
Decrease in small assets expenses (reclassified as assets)	-	14 560
Increase in depreciation of small assets	-	(6 652)
Reversal of Provision for Bonus (Overstated provision bonus)	-	452
Increase in depreciation on Misallocated Live Recording System	-	55
Decrease in Payroll (Payment received from Sanlam and paid to S van Zyl from March 2011 to October 2013)	-	465
Increase in Accrued Part Time Comm expenses	-	(9 129)
	-	17 286

Statement of Financial position: Current Assets

Increase in other receivables (Misallocated Live Recording System)	-	1 420
Decrease in Trade receivables	-	(59)
	-	1 361

33. RISK MANAGEMENT

	2017	2016
	R'000	RESTATED R'000

LIQUIDITY RISK

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and government grants facility.

Cash flow forecasts are prepared and adequate government grant (funds) facilities are monitored.

CREDIT RISK

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

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

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

MARKET RISK

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

The entity's interest rate risk arises from Finance leases. Finance leases issued at variable rates expose the entity to cash flow interest rate risk. Finance leases issued at fixed rates expose the entity to fair value interest rate risk.

34. GOING CONCERN

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

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the Government will continue granting funds for the ongoing operations for the entity.

35. FRUITLESS AND WASTEFUL EXPENDITURE

Opening balance	-	-
Add Fruitless and wasteful expenditure- current year less	27	-
Condoned or written off by relevant authority less Transfer to receivables for recovery	-	-
Fruitless and wasteful expenditure awaiting condonement	27	-

In order for CCMA to foster a culture of responsibility and accountability related to Irregular Expenditure and Fruitless Wasteful Expenditure as defined in section 1 of the Public Finance Management Act, 1999 (Act 1 of 1999), no official will be spared for failure to comply with the applicable legislative framework in the process of acquiring goods, works and services, as well as failure to exercise the required duty of care, skill and diligence in the management of contracts.

There were 3 cases of fruitless and wasteful expenditure reported during 2016/2017 financial year and all cases were still under investigation at year end.



36. IRREGULAR EXPENDITURE

	2017	2016
	R'000	RESTATED R'000
Opening balance	35 092	4 787
Add: Irregular Expenditure- current year	2 789	1 041
Less: Amounts condoned	-	(5 901)
Add: Irregular Expenditure - relating to prior years	16 190	36 495
Less: Amounts not recoverable (not condoned)	-	(1 330)
	54 071	35 092

Analysis of expenditure awaiting condonation per age classification

Current year	2 789	86
Prior years	51 282	35 006
	54 071	35 092

Details of irregular Expenditure awaiting condoned

Contravention of SCM processes and policies - Supply Chain Management processes were not followed	54 071	
--	---------------	--

DETAILS OF IRREGULAR EXPENDITURE (NOT CONDONED)

There were twenty alleged irregular expenditure cases reported during the current financial year, upon completion of the investigation. Two cases were cleared from any irregularity. Notwithstanding the above, eighteen of the alleged cases were found to constitute Irregular Expenditure as described in the PFMA and relevant Treasury Regulations. Whilst no persons were found liable in law on the basis that CCMA had received value from such irregularities, a number of individuals were found lacking in the exercising of the required duty of reasonable care, skill and diligence within their respective function, thus necessitating disciplinary measures to be implemented in terms of Treasury Regulations.

Condonement application has been submitted to National Treasury for approval.

37. RETIREMENT BENEFITS: DEFINED CONTRIBUTION PLAN

The entity has made provision for provident schemes covering all employees substantially. The funds are governed by the Pension Funds Act, 1956 (Act No. 24 of 1956). The CCMA operates a defined contribution retirement benefit plan for all qualifying employees. The assets of the scheme are held in funds under the control of trustees, separately from those of the entity.

38. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

REVENUE AND INCOME FROM INVESTMENTS

The Grant revenue is as per the drawdown agreement with the Department of Labour, the variance of R10.5m was allocated to Capital Expenditure (Non-Current Assets) budget spending.

Income from rendering services and other income was 12.5% over the budget, exceeding budget mainly due to rendering services income being demand based, which varies from year to year.

Income from investments was 19.1% above the budget mainly due to variable interest rates and investments timing differences.

SURPLUS

In the 2016/17 financial year R50.6 m of the prior year accumulated surplus was earmarked and budgeted for expenditure related to the implementation of the Labour Law amendments, absorption of the appointment of the full time interpreters, increase in case load and accessibility of the CCMA services. CCMA's approval budget and plan was to close the 2016- 2017 financial year with the budget deficit of R50.6m after the inclusion of operational expenditure rolled over from the previous 2015-2016 financial year. CCMA's annual financial statements indicate a deficit of R713k which is within the approved budget deficit of R50.6m.

EXPENDITURE

The overall expenditure spent against the budget 2016/17 is reported at 95.5% with overall saving of 4.5%. Employee related staff costs budget saving of 4% was mainly due to the staff vacancies that were not filled during the financial year.

Depreciation for the year was over the budget by R3.6m due to the new assets acquired during the financial year.

Administration and operating expenditure closed with a budget saving of 5% mainly due to the software, building maintenance and legal costs, as they are demand based and vary from year on year, as well as savings realised on travel costs due in part to implementation of cost containment measures.

Subsidies paid during the year were under the budget by R2.1m due to lower inflow of claims on estimated settled and awarded cases from Bargaining Councils.





Celebrating 20 years of

"Changing Workplaces - Changing Lives"

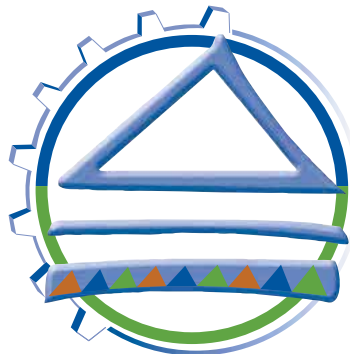
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Our People





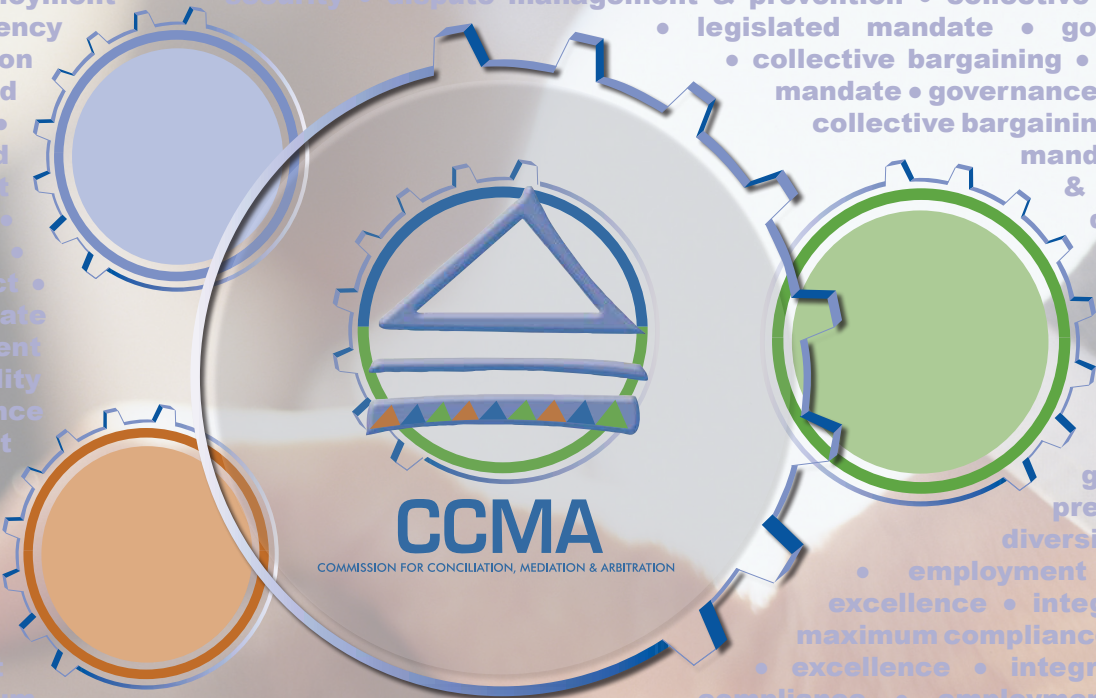
CCMA

COMMISSION FOR CONCILIATION, MEDIATION & ARBITRATION



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