



CCMA

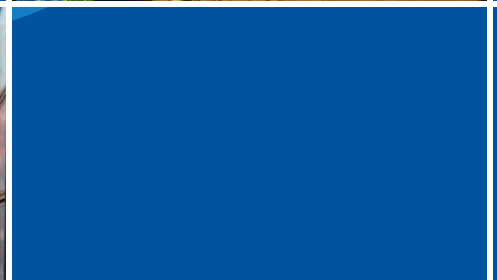
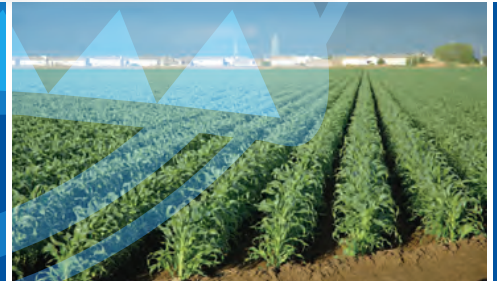
COMMISSION FOR CONCILIATION, MEDIATION & ARBITRATION



Annual Report

'REVOLUTIONISING WORKPLACE RELATIONS'

2012/13





CCMA

COMMISSION FOR CONCILIATION, MEDIATION & ARBITRATION

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Vision

To be the premier dispute prevention, management and dispute resolution organisation.

Mission

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

Values

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



New Commisioners being sworn in



CCMA Executive Committee

Functional Purpose

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

The CCMA's mandatory functions are to:

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

The CCMA's discretionary functions are to:

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



Governing Body's Chairperson
Tanya Cohen

Message from the Governing Body Chairperson

Considering the rapid evolution of the Commission for Conciliation, Mediation and Arbitration (CCMA) and the ever-changing socio-economic climate, it was appropriate that the organisation should embark on the annual review of its Siyaphambili Strategy. In the third year of the five-year strategy, the review included an assessment of the progress to date against the strategy and an evaluation of its continued relevance in the current labour market context.

The tragedy at Marikana and the destructive nature evident in many strikes acted as a catalyst for the review. This identified deep concern with the high levels of social, economic and political challenges that are manifesting within the workplace. In particular, the marked erosion of tripartism, social dialogue and mutual trust in the world of work manifested with hugely adversarial, destructive and sometimes violent workplace relationships.

These have widespread, negative implications for people, employment, investment and growth. Given the legislative mandate, independence and credibility of the CCMA, the strategic review recognised the increased call for the organisation to perform a more proactive role in relation to dispute prevention. The CCMA's statutory mandate is drawn from the purpose of the Labour Relations Act itself, which is 'to advance economic development, social justice, labour peace and the democratisation of the workplace'.

Primary objectives include the provision of a framework for collective bargaining, the formulation of industrial policy, the promotion of orderly collective bargaining, collective bargaining at sectoral level, employee participation in decision-making in the workplace and the effective resolution of labour disputes. It is the responsibility of all stakeholders in the labour market to embrace these purposes and objectives if we are to grow as a nation.

The National Development Plan, the New Growth Path and, more recently, the full package on the economy also provided a policy backdrop against which the CCMA reviewed its strategy.

The strategy review process identified the necessity of refocusing the strategy to address current labour market challenges. This would involve a combination of improving delivery of the CCMA's mandatory functions of dispute management and resolution, as contained in the Labour Relations Act. It would also require the enhancement of delivery of the organisation's discretionary functions to manage and prevent disputes, thereby proactively addressing emerging challenges in the world of work.

The reviewed strategy aims to improve conflict resolution throughout the conflict lifecycle by CCMA enhancements that include early warning and intervention, identifying key sectors for intervention, dialogue and strengthened collective bargaining, targeted and proactive specialist dispute resolution services and, post dispute,

maintenance interventions. Development of a conflict prediction model is also planned.

Technological innovations will be implemented to facilitate e-mediation, e-learning, improved case management, user self-service, and awareness through improved case management and social media. Also planned is the development of a model workplace tool accessible for all, but targeted at support for SMMEs, on how to better manage employment relations in the workplace.

Improved job and employment security will be achieved through early workplace interventions that address both employment security and business continuity requirements. In general, relevant partnerships with other labour market institutions will be pursued in the delivery of services. This will also be supported through an enhanced research agenda, improved internal and external communication, awareness and targeted capacity building.

An exciting development in this regard is a strategy to include conflict resolution as part of early school learning, as well as the imminent finalisation of a dispute resolution practitioner qualification. In addition, it will include other initiatives to further professionalise careers in labour dispute resolution and prevention.

A core risk to the delivery of the reviewed strategy, however, are the impending changes to the Labour Relations Act. Although not yet finalised, indications are that they will impact heavily on the resources and capacity of the CCMA. This will require an evolution of the organisation. It is critical that due recognition is given to the resource implications and effects that the amendments are likely to have on the organisation's ability to deliver against its mandate.

The focus in the first three years of the Siyaphambili Strategy has been on ensuring that the organisation is functioning effectively and efficiently, with enhanced financial and human resources management and improved governance, ensuring an organisation that is credible and internationally recognised. In the past year, the CCMA has consistently achieved the highest case management efficiencies in its history and it continues to have a healthy and clean audit.

In the past year, the CCMA was once more the recipient of a Gold Award in the category of Legal: Public Sector Excellence, demonstrating the continued value of the organisation's services to members of the public.

The CCMA was also requested by the International Labour Organisation (ILO) to support it in developing guidelines for dispute management and prevention to be used in countries across the world.

The CCMA further continues to provide guidance to labour dispute bodies in the SADC region. This highlights the regard with which the CCMA is held regionally, as well as the value that the organisation can bring to sharing its knowledge with southern African and other countries around the world.

Building on this success, more needs to be done to deliver to the CCMA's broad mandate and move the organisation into the next stage of performance and delivery. The reviewed strategy should greatly enhance the ability to meet the needs of the current labour market.

At this juncture, it would be remiss of me not to make special mention of our Director, Nerine Kahn. We have trodden a fascinating road together over the past few years and I have developed a great respect for Nerine. She has shown a commendable tenacity and determination for the CCMA to excel and her leadership and general business capabilities, together with her deep belief in dialogue, have been a major contributor in taking the organisation to what it is today. Nerine's personal attributes of care, courage, intelligence, sensitivity, commitment and humanity have clearly defined her leadership style.

As my term of office as Chairperson of the CCMA Governing Body draws to a close, it is important for me to acknowledge those who have taught me so much on this journey. It has been my privilege to have experienced the organisation from many standpoints; I was a part-time commissioner from the inception of the CCMA. During that time I learnt much from early senior commissioners and thought leaders about conflict resolution for sustainable outcomes, and fairness and quality in arbitrations.

I represented my employer, Woolworths, as a party in disputes, during which time I had the benefit of frequent interaction with many of my SACCAWU colleagues. This taught me much about the importance of underlying trust relationships in resolving disputes in a sustainable manner.

Message from the Governing Body Chairperson

I joined the Governing Body as a representative of business in 2003. Subsequently, I was nominated to serve, for a limited period, as acting Chairperson from 2008, following which, I served as an independent Chairperson for a three-year term of office until 2013. During this time I experienced the value and importance of tripartism, social dialogue, stakeholder relations and good governance. Furthermore, I acknowledge the expertise of the many commissioners and administrators in the CCMA who undertake their daily service with commitment and passion.

My personal journey, over the lifespan of the organisation, has enabled me to both watch and be involved in the growth and evolution of the CCMA, into what today is an organisation of which we can all be justifiably proud. The Commission has a global reputation as one of the world's leading dispute resolution bodies and I have no doubt that the CCMA will continue to evolve and play an increasingly important role in South Africa's progress towards a more equitable and prosperous society.

I would like to thank and acknowledge all those at the CCMA, past and present members of the Governing Body and others who have helped make my tenure such a rewarding experience. I wish the CCMA well in its on-going journey as it continues to serve our country in pursuit of the goals of social justice and economic development.

Tanya Cohen ended her tenure as Chairperson of the Governing Body of the CCMA in May 2013 with Elias Monage taking up the reins as Acting Chairperson of the Governing Body of the CCMA.



.....
Tanya Cohen

Governing Body Chairperson



Chairperson's last Governing Body meeting

Operating in a Changing Environment

2012 will be viewed as the defining year for South Africa's labour relations environment in the post democracy period. The Marikana tragedy and the De Doorns farm worker protests stand out in particular as signifiers of the evolving labour market.

The shooting of 34 workers on 16 August 2012, just days after the murder of police personnel and Lonmin security guards, laid bare the fault lines in the country's mining sector and, in the process, forced a re-examination and redefinition of our entire labour relations system.

During the course of the year, the Commission for Conciliation Mediation and Arbitration (CCMA) has drawn attention to the impact that this changing environment has had: not just on workplace relations, but on the economy as a whole.

These changes - a fragmentation of organised labour in some sectors, accompanied by a growing number of splinter unions and conflict around recognition and levels of representivity - are to some extent reminiscent of the worker struggles of the 1980s.

As a result of the fragmentation and the rise of new worker representatives, the CCMA's role since 2011 has increasingly focused on verification exercises or pronouncing on representivity. In some cases, broadly unpopular decisions have had to be taken, but these have always been determined by, and in compliance with, the law and in the interests of workplace stability and a functioning industrial relations environment.

Historically, the South African workplace has been a terrain of conflict with workers' rights and societal freedoms coalescing into demands on the shop floor. Similarly, the broader national dynamic - as seen in increased citizen impatience, community protests and political formations - is mirrored in current workplace relationships. Workers showing frustration at the slow pace of economic transformation, inter-union rivalry, unprotected strikes and the dynamics of broader politics, have made it difficult for the CCMA and its staff to operate. Furthermore, an undertone has been added to what are, essentially, legally-prescribed processes.

The CCMA has responded to these new challenges with dynamic flexibility and by adopting positions that are anchored in reality. This has enabled the Commission to decisively and responsibly intervene in sector and workplace conflict to prevent its further escalation. In addition, it has supported social partners in their efforts to strengthen collective bargaining and related systems of social dialogue.

This was not only in the case in Marikana, but also in relation to the Western Cape farmworkers' dispute, where the knock-on effects of workplace industrial action threatened an entire economic sector. The impact of the volatile labour market on the South African economy is evident; as our economic growth constricts, unemployment increases and this limits the state's ability to proactively intervene to meet the growing needs of the population with a shrinking budget.

With national cooperation and a commitment by its stakeholders, and with increasing links between workplace and broader community struggles, the CCMA has often been required to engage with representatives of communities beyond the workplace. This has, more often than not, contributed to complex negotiation processes to resolve what were previously seen as narrow workplace disputes.

The past year demonstrates that the CCMA will have to continue ensuring that it discharges its mandate in the year ahead in an environment that may be further complicated by the fallout from the current state of the economy and the political tensions in the build-up to national elections. Furthermore, the rising pressures and expectations of workers and communities around both workplace and broader societal demands, which often find their way into the collective bargaining processes, will add to the situation's complexity. It goes without saying that the CCMA is committed to continue playing its role and, where necessary, to take part in conversations around changes, which may be necessary, to the legal framework that governs this process.



Protest : Farm workers at De Doorns in the Western Cape



Director's Report

Reporting on the past year for the Commission for Conciliation, Mediation and Arbitration, so much more commonly known as the CCMA, is always a challenge in so far as marshalling all the information that needs to be imparted into a cohesive and meaningful report.

When looking at the statistics and achievements of the CCMA, it can only be considered as a really successful year, and yet the environment in which we operated was the hardest we have ever encountered. We have seen a further case load rise this year, from 649 to 679 every working day, a six percent increase without an increase in the number of commissioners. This is an excellent indicator of efficiency improvements.

This increased caseload could be interpreted as there being serious malaise in our society, with such a high level of conflict in the workplace. The work on which we tend to focus is that of dispute resolution and yet, if we had placed more emphasis on dispute prevention and management, perhaps there would be less need for resolution. Conversely, cases continue to be brought to us in seemingly ever increasing numbers, which must surely be interpreted as an increasing level of confidence in the CCMA's ability to successfully resolve workplace issues.

An interesting fact is that one of the fastest growing sectors, in terms of turning to the CCMA for dispute resolution, is that of business

professionals: the information technology, business, financial and insurance sectors, for example. This is a strong indicator of a change from the traditional 'customers' of the CCMA – labour and vulnerable workers – to the non-union, professional sector. We believe that this is a positive indicator of the reputation and impact that our organisation is having in the broader employment marketplace: a meaningful improvement in our general credibility.

Last year we achieved our settlement target and this year we have exceeded it, achieving a 73 percent settlement (compared to 70 percent last year), which is a first in our history.

There has been an anticipated and positive result from the decision to change part of the commissioners' remuneration structure from the start of this reporting period, which has resulted in a more balanced workload. In addition, we have managed to reduce our late awards (any awards distributed in excess of fourteen days), clearly demonstrating an improvement in management efficiency.

We set a target for every region to achieve a better than 63 percent result on the performance scorecard and we ended the year with only two offices with a rating below three, and only one, at our East London office, with a score below 63 percent. Interventions, including a change in management, have already produced an improvement in performance at East London. We are very proud to report that 16 of our 18 offices have exceeded their objectives and,

in some offices, have achieved 100 percent of targeted operational efficiencies: an outstanding achievement. We measure a 'return to work' index and set a target for settlement agreements or awards of fifteen percent, whereas reinstatement is the primary remedy in terms of the Labour Relations Act. A new target of twenty percent has been set for the next financial year for re-employment or return to work.

Commissioner training has entered the next level through our advertising for tertiary education institutions to make submissions to enter into a partnership with the CCMA to develop diploma and degree courses in labour relations. When implemented, there will be a better-informed and qualified supply of potential commissioners.

The Commission will retain intellectual capital in any resultant courses, with practical work at the CCMA being a prerequisite to obtaining the qualification. Bargaining councils and other industry stakeholders have been kept abreast of developments and fully support the process. It is anticipated that agreements with institutions and finalisation of the courses will be completed in the new financial year. In the past year, a training course was implemented to address the specific requirement area of improving the standard of arbitration award writing: this has had a positive effect on the quality of awards generated.

The CCMA has continued to make good progress in relation to governance, with the Governance Committee ensuring proper oversight of performance information through quarterly meetings. Further adding to our ability to manage governance issues, a Company Secretary was appointed in December 2012. This has introduced a further discipline in the enhancement and embedding of governance processes and a responsibility of the Company Secretary for the forthcoming year will be to embrace projects to review charters and committee evaluations.

The Department of Labour funding allocation for the CCMA for the 2013/14 financial year is R594 million, an increase of 23 percent over the year under review.

This increase is largely driven by some major projects, which include:

- The implementation of the employment law amendments
- Web enablement for the case management system

- The opening of new offices in Welkom, Tzaneen and the Vaal Triangle, in line with our strategy of improving accessibility to the CCMA's services
- Establishment of a Job Savings Unit.

When considering internal matters, I am happy to report that we have been successful in the main in entrenching supply chain management issues, with the department becoming more capacitated and working more efficiently. In terms of supply chain, 23 deviations were identified in the previous financial year, whereas in the year under review, this was reduced to six instances.

This is an area of the business to which I have paid particular attention and it should be noted that it is virtually impossible to have zero deviations as some procurements, which we would consider as emergencies, are classified as deviations. An example was the need to resolve the issue of lifts being out of order at the Johannesburg Office, resulting in staff having to walk to ninth-floor offices: this was classified by the auditors as a deviation.

Attention has been placed on expanding the capacity and scope of our Research department. This has been supported by funding from the Employment Promotion Programme (EPP), which is a project funded by the UK's Department for International Development (DFID). Its primary function is to run long-term programmes to help eradicate the underlying causes of world poverty. Funding is channelled through the Presidency and managed by the Development Policy Research Unit at the University of Cape Town. The focus at the CCMA is directed at the labour market.

Our foray into producing discussion papers and opinion pieces has proved to be fruitful. To gain further benefit from this experience, the Research department will be an area of greater focus in the coming year. Attention has been paid in the past year to developing and expanding our communications strategy, both internal and external.

Through some of last year's labour crises it became apparent that the CCMA was beginning to be criticised in the media, largely through a misinterpretation of our role. This reinforced the need for both a communications strategy and one for reputational protection, resulting in a more proactive approach to the media.

The compilation of media briefings and distribution of fact sheets during the Marikana, road freight and De Doorns situations went a long way to making the media more empathetic to the role of the CCMA. Furthermore, it was a vital part of my responsibility to make myself available to the media, especially during the Marikana crisis, and I held numerous proactive, public media engagements. This helped to create a better understanding of the role of the CCMA and the processes that were being followed.

A media monitoring analysis of the CCMA, which collates mentions and profiles on a worldwide basis, including my interviews on CNN, the BBC and French radio, reinforced the value of having a communications strategy. I consider the effectiveness of this strategy to have been a major achievement by the organisation.

Reporting trends, especially those encouraged by King III and the Global Reporting Initiative, have greatly raised the level of importance of environmental issues, placing them on par with economic and social reporting. We have been proactively trying to manage our impact on the environment and we have implemented various programmes and systems, which have now been incorporated into the Corporate Services' scorecard.

Responsibility within the workplace has been extended to encouraging staff members to carry the same ethos into the home. Positive results have been achieved in changing behavioural patterns through a general awareness of what we should all be doing to reduce our daily impact on the environment.

International involvement in the year under review was limited due to the other pressures to which we were subjected. However, our Governing Body Chairperson, Tanya Cohen, Ronald Bernickow, the National Senior Commissioner: Operations and I, attended the International Agencies Meeting in Canada, at which we each delivered a paper.

Every year, as a component of the CCMA's rewards and recognition strategy, and based on performance excellence, I nominate two senior members of the management team to attend the International Labour Organisation's (ILO) conference. Jean van Zuydam, for his work in nursing the East London Office towards improved performance, and Arnause Mohlala for his role in the Ekurhuleni Office, which won the Best Performing Office Award, attended the ILO's conference in Geneva in June 2012.

In view of the past year's exceptional circumstances, I presented a joint Director's Award to two senior commissioners who, despite the security risks and extraordinary external pressure (locally and internationally), chose to forego any concerns for themselves. They demonstrated unflinching commitment to South Africa in the work that they did in resolving the year's biggest tragedy through facilitating a settlement to the wage and other disputes at Marikana, Rustenburg.

The extent of this commitment was far beyond the work that any commissioner is required to do. This involved providing assistance with burials, pensions and supporting families in the mortuary, and enduring extreme personal security risks and insults in their quest to broker a solution. The award was presented to Elias Hlongwane and Afzul Soobedaar. I salute you both: you did us proud.

In addition, I presented one of our senior IT technicians, Albert Masoso, with a Director's Award for his essential work in keeping the CCMA going on a day-to-day basis in a world driven by modern technology. Albert has on so many occasions - be it on a Saturday evening or Sunday morning - arrived at a technically challenged staff member's house and spent his own time attending to their technical needs. I count myself among them.

The CCMA once again demonstrated its ability to assist the legislative process by proactively supporting NEDLAC through Ronald Bernickow's facilitation of amendment discussions for the Labour Relations Act (LRA), the Employment Equity Bill and the Employment Services Bill. It is clearly recognised by the CCMA that the uncertainty around the changes and date of implementation to the current employment laws pose a major risk for the organisation.

The reporting year was one in which the CCMA stressed the importance of employment equity by focusing on developing and promoting women, especially African women. We met and exceeded our targets in this respect and will continue to focus on this area in the coming years.

The CCMA is in a sound financial position, having worked its way out of the deficit years. Our financial management and years of austerity have instilled good financial discipline. However, this has sometimes resulted in an over-cautious approach to project implementation. The liquidity ratio has been maintained and we are focused on improving our staff complement to support the ever-increasing compliance requirements and growth in mandated work.

Our Governing Body has continued to provide balanced and valuable guidance and governance to the CCMA and I would like to thank them for their commitment to the organisation.

The events of the past year stretched us to the limit and I would particularly like to thank Nkosinathi Nhleko, Director General of the Department of Labour, for his involvement, dedication and support through the Marikana and de Doorns engagements: it made all the difference.

In the year under review we continued to address the expansion of accessibility to the CCMA's services in a virtual sense by improving on our IT footprint with the Department of Labour, bargaining councils and other relevant organisations. We also explored other means for conducting processes, such as on-line conciliations and Skype arbitrations, which are commonly used at other dispensations around the world. In addition, we have identified areas requiring new offices and this is addressed elsewhere in my report.

It has long been a strategic goal for the CCMA to formulate a succession plan. While various policy documents have contained components of one, and it has also been a priority for senior management, the lack of a formal promotions policy has been identified as the main hindrance to the finalisation of a succession plan. This requirement has been targeted for the ensuing year to ensure that the requirement is evaluated, addressed and formalised before the end of 2013.

I am happy to report that I have an excellent relationship with the

Chairperson of the Essential Services Committee and that we are co-operating closely on the ongoing development of this working relationship. The committee held a planning session to chart the way forward for its work, in which I participated. This has certainly enhanced our working engagements and future planning for the committee, especially in relation to the implementation of the LRA amendments.

As always, the staff of the Commission for Conciliation, Mediation and Arbitration has pulled together through a tough year and overcome some serious challenges through hard work and commitment to the organisation's ideals and objectives. Unfortunately, it is likely that the coming year will also bring its own problems, with probable major retrenchments in the mining industry and a more militant approach to wage negotiations.

Both the CCMA and I have been so fortunate in having Tanya Cohen as Chairperson of the Governing Body. She has always been a receptive sounding board, provider of measured advice and a tenacious overseer of good governance. It has been a privilege to work with her and, while Tanya steps down as the CCMA's Chairperson, her commitment to the positive development of the labour environment will continue to benefit the broader workplace.

.....
Nerine Kahn
Director



Marikana peace process

Corporate Governance

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

Governance Mandate

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

Oversight

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

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

Governing Body

The roles and responsibilities of the Governing Body are stipulated in the LRA and also derived from the PFMA and Treasury Regulations.

The non-delegable functions of the Governing Body are as follows:

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

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

The Governing Body is also responsible for:

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

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

The Governing Body is constituted with nine members nominated by the National Economic Development and Labour Council (NEDLAC), as well as a chairperson appointed by the Minister of Labour. Three members each from organised labour, organised business and government make up the tripartite Governing Body.

In the period under review the Governing Body, in terms of section 116(2) (a) of the LRA, as well as its five subcommittees, was reconstituted as the previous Governing Body term of three years had expired.

Finance and Risk Subcommittee

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

Accreditation and Subsidy Subcommittee

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

Governance Committee

The Governance Committee considers and advises the Governing Body on all matters relating to governance and compliance. The functions of the committee are, inter alia, to:

- Develop the CCMA's approach to matters of corporate governance and make recommendations to the Governing Body
- Evaluate the effectiveness of the Governing Body, its committees and management, and report thereon to the Governing Body
- Assist in developing and monitoring the organisation's strategy.

The Governance Committee is comprised of the chairpersons of the Governing Body, the Human Resource Subcommittee, the Finance and Risk Subcommittee and a representative from government.

The committee is chaired by Ms Tanya Cohen, who is also the Chairperson of the Governing Body.

Audit Committee

The Audit Committee's primary role is to review the effectiveness of the internal audit function, the reports of internal and external auditors and the quarterly and annual review of financial statements. Assurance is provided by the Internal Audit function to the Audit Committee that internal controls are appropriate and effective. This is performed by means of an independent, objective appraisal and evaluation of risk factors, management processes, internal controls and governance processes. The chairperson is an independent person and not affiliated to organised business, organised labour or government.

Human Resource Subcommittee

Human Resources matters in relation to staff, commissioners and policies are considered by the Human Resource Subcommittee. Disciplinary and litigation matters are also considered and recommended to the Governing Body for approval. The subcommittee is chaired by Mr Elias Monage from organised business.

Governing Body and Subcommittee Membership and Attendance

The Governing Body may, in terms of section 121 of the LRA, establish committees and subcommittees to assist the Commission, and the following committees have been established to fulfill this

need: the Human Resources Subcommittee, the Audit Committee, the Finance and Risk Subcommittee, the Accreditation and Subsidy Subcommittee and the Governance Committee.

The Governing Body and Subcommittees are Constituted as Follows:

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

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

Governing Body and Subcommittee Attendance

The attendance of the Governing Body and subcommittees for the period 1 April 2012 to 31 March 2013 is indicated below.

Human Resources Subcommittee Attendance Register					
Members	11 May 2012	2 August 2012	1 November 2012	15 February 2013	Total Attended
Elias Monage	√	√	-	√	3/3
Narius Moloto	√	X	-	√	2/3
Thembinkosi Mkalipi	√	√	-	√	3/3
Sifiso Lukhele	√	√	-	√	3/3
Nerine Kahn	√	√	-	√	3/3

√: attendance X: apology

Accreditation and Subsidy Subcommittee Attendance Register

Members	15 May 2012	7 August 2012	6 November 2012	5 February 2013	Total Attended
Ian Macun	√	√	√	√	4/4
Aruna Ranchod	√	X	√	√	3/4
Narius Moloto	√	X	X	√	2/4
Dave Carson	√	√	√	√	4/4
Nerine Kahn	√	√	√	√	4/4

Governance Committee Attendance Register

Members	10 May 2012	13 August 2012	7 November 2012	21 February 2013	Total Attended
Tanya Cohen	√	√	√	√	4/4
Leon Grobler	√	√	√	√	4/4
Elias Monage	√	√	X	√	3/4
Freddie Petersen	√	√	√	√	4/4
Nerine Kahn	√	√	√	√	4/4

Finance and Risk Subcommittee Attendance Register

Members	2 May 2012	20 July 2012	14 August 2012	15 August 2012	5 November 2012	26 February 2013	Total Attended
Leon Grobler	√	√	√	√	√	√	6/6
Ntsoaki Mamashela	√	√	√	√	√	√	6/6
David Lakay	√	√	√	√	√	√	6/6
Nerine Kahn	√	√	√	√	√	√	6/6

Audit Committee Attendance Register

Members	7 May 2012	20 July 2012	24 August 2012	12 November 2012	27 February 2013	Total Attended
Shami Kholong	√	√	√	√	X	4/5
Velile Pangwa	√	√	X	√	√	4/5
Ramona Clark	√	√	√	√	√	5/5
Jim Wilson	√	√	√	X	√	4/5
Freddie Petersen	√	√	√	√	√	5/5

Governing Body Attendance Register

Members	22 May 2012	31 July 2012	5 September 2012	11 September 2012	28 November 2012	6 March 2013	Total Attended
Tanya Cohen	√	√	√	√	√	√	6/6
Aruna Ranchod	√	√	√	√	√	√	6/6
Elias Monage	√	√	√	√	√	√	6/6
Leon Grobler	√	√	√	√	√	√	6/6
Bheki Ntshalintshali	√	√	√	X	√	√	5/6
Ian Macun	√	√	X	√	√	√	5/6
Narius Moloto	√	X	√	X	√	√	4/6
Kaizer Moyane	√	X	√	√	√	X	4/6
Ntsoaki Mamashela	√	X	√	X	√	X	3/6
Thembinkosi Mkalipi	X	X	√	X	X	X	1/6
Nerine Kahn	√	√	√	√	√	√	6/6

√: attendance X: apology

Director's Office Special Projects

Commissioners' Indaba – 'Reflect, Re-create, Reach'

The Commissioners' Indaba, under the theme 'Reflect, Re-create, Reach' took place over two days in December at the Elangeni Hotel in Durban. The value of this annual event to the knowledge and skills development of commissioners has become increasingly evident.

In a year of protest, disharmony, change and tragedy in South Africa's labour market, the theme challenged commissioners to reflect on the CCMA's role, to identify opportunities to re-create itself and the mechanisms used to carry out its mandate, and to find new ways to reach into the labour market and bring about genuine transformation. The programme included international insights in dealing with organisational change in the context of amended legislation, reflections on recent developments in our labour market and the causes of conflict, and several workshops on various aspects of the proposed amendments to employment law.

The event is attended by approximately 300 delegates including full- and part-time commissioners, members of management, Governing Body members and prominent academics and thought leaders in the labour market. All logistical arrangements are made in-house and the resources expended in this regard are all from within the organisation.

Over and above the topical issues that were discussed at the Indaba, the attendees enjoyed a motivational speech on the topic of 'The village values system: lessons on how to live organisational values', presented by Max Moyo.

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

Best performing region: Ekurhuleni

Most improved region: Tshwane

Mediation award: Port Elizabeth

Dispute Management and Prevention: Johannesburg

Best performing Full-time Commissioner:

Elizabeth Lerumo, Ekurhuleni

Best performing Part-time Commissioner:

Namisile Kheswa, Johannesburg

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

Directors Award

Afzul Soobedaar National Senior Commissioner

Elias Hlongwane Convening Senior Commissioner

Albert Masoso Senior IT Systems Engineer



Best Performing Region, Operations - Ekurhuleni

The Director with Excellence Award Recipients



Best Performing Full-time Commissioner
Elizabeth Lerumo - Ekurhuleni



Best Performing Part-time
Commissioner- Namisile Kheswa



Director's Award- Albert Masoso



Best Performing Dispute Management Region -
Johannesburg



Best Performing Region - Ekurhuleni



Most Improved Region - Tshwane



Best Performing Mediation Region - Port Elizabeth



Director's Award
Afzul Soobedaar & Elias Hlongwane

Reflect. Re-create. Reach
CCMA
COMMISSIONERS
INDABA
Elangeni Hotel
6-8 Dec 2012

Amendments to Employment Law

The parliamentary process of amending South African employment legislation - notably the Labour Relations Act, the Basic Conditions of Employment, the Employment Equity Act and the Employment Services Bill – is under way and the CCMA has contributed constructively by participating in this process.

It is envisaged that the proposed amendments will have a profound effect on the labour market in general, and the CCMA in particular in its performance of dispute resolution functions. It has been a key focus area to prepare the organisation to deal with the anticipated impact that these amendments will have on the CCMA and to ensure that commissioners and staff are well informed on the changes and ready to implement the new provisions.

The Director of the CCMA established a number of internal structures tasked with monitoring and analysing the amendments and their

anticipated operational impact. These structures are led by a national task team comprising experienced commissioners, internal and external technical experts, and led by the Director. The national task team is advised by specialist working groups that focus on the most complex sections of the bills such as organisational rights disputes, essential services, temporary employment services and equal pay for work of equal value. The teams have developed initiatives and interventions that will assist the CCMA to implement the amendments effectively.

In addition to the amendments awareness initiative, the CCMA has been preparing to change its rules and forms in order to ensure that the CCMA processes, rules, policies, procedures and forms are in line with the amendments, when enacted.

The CCMA Funding Model Study

The CCMA has responded proactively and constructively to turn around the negative operating results for the 2008/09 and 2009/10 financial years, in which the CCMA had accumulated successive deficits. By implementing stringent austerity measures and increasing efficiencies, the CCMA has achieved a surplus position. A study of the CCMA Funding model was commissioned, with the aim of identifying potential revenue generation streams and to investigate the optimum subsidy model for bargaining councils at the request of National Treasury.

The key finding of the study was that the CCMA is currently operating at optimal efficiency with no evident areas to increase efficiencies. The study also confirmed that the CCMA business has very few areas for income generation. The proposed areas of possible income generation are being explored. Consultation with bargaining councils is under way in relation to the findings on subsidies for bargaining councils.



Tany Cohen, Chairperson of the Governing Body and Sifiso Lukhele Member of the HR Sub Committee at the CCMA Indaba

Greening the CCMA

Triggered by the CCMA's determination to be a responsible global citizen, the CCMA Greening Initiative recognises that there are ways through which each person can contribute meaningfully to improving our impact, both collectively or individually.

The initiative started by engaging with NGOs involved in 'greening' initiatives and their constructive counsel informed the design of a practical programme that would work for the CCMA. An awareness programme was implemented and forms the foundation of educating CCMA staff about the role they can play in benefitting the world in which we live. Concepts included recycling, water usage, diet and energy consumption, and messages were reinforced through a cleverly designed handout bag. During the reporting year, presentations were given at all fourteen official offices, as well as satellite offices. A major component of the awareness campaign has been the production and distribution of posters that have been displayed in offices around the country.

The CCMA has implemented recycling stations at all of the organisation's offices. What was initially a challenge - the comparatively small quantities of recyclable paper and plastics - has led to an innovative programme aimed at the expansion of enterprise development through engagement with 'street collectors'.

The CCMA Greening Initiative correlates with efforts to reduce resource utilisation, in particular paper, water and electricity. The monitoring of electricity and water consumption in each of the CCMA's offices has proven to be difficult as building owners often do not allow for individual tenants to monitor and manage their energy consumption.

As a result, the CCMA has designed new lease agreements that enable energy and water resource monitoring and saving.

Efforts to reduce our carbon footprint have included organisational behaviour changes in relation to travel, accommodation and services management. These targets have been incorporated into the Corporate Services' scorecard and will provide a quantifiable measure of the programme's success in a year's time. The way forward for the CCMA's greening initiative is clear and exciting. Imaginative programmes will continue to increase staff consciousness of environmental impact both in the workplace and in the broader communities that the CCMA serves.



CCMA staff with Greening goodie bag



Greening Presentation for the staff of CCMA

Governing Body



Chairperson
Tanya Cohen



Organised Business
Representative
Elias Monage



Organised Labour
Representative
Bheki Ntshalintshali



Government
Representative
Thembinkosi Mkalipi



Organised Business
Representative
Aruna Ranchod



Organised Labour
Representative
Leon Grobler



Government
Representative
Ntsoaki Mamashela



Organised Business
Representative
Kaizer Moyane



Organised Labour
Representative
Narius Moloto



Government
Representative
Ian Macun



Siyaphambili Strategy Scorecard

Introduction

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

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

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

- Target achieved
- Target partially achieved
- Target not achieved

For the year under review the organisation performed well and satisfied all conditions that were established for meeting targets. A synopsis of the organisational performance revealed that, irrespective of the huge demands placed on the organisation, we achieved the following:



CCMA Promotional Activation about its Services

#	Key Performance Area (KPA)	Annual Target as per Strategic Plan	Actual output - validated	Score
1.1	The CCMA plays a meaningful role in the facilitation of social dialogue and economic development on identified labour market issues locally and internationally.	<p>The quality and impact of CCMA social partner structures, engagements and inputs reviewed and a report produced.</p> <p>A minimum of two papers/articles on topical issues produced.</p> <p>One-hundred-and-twenty relevant labour market events held or participated in, including CCMA User and Sector Forums.</p>	<p>The quality and impact of CCMA User and Sector Forums was reviewed and the outcomes of the review process was embedded in the Operational Plan for 2013/14 for implementation.</p> <p>Seven papers/articles were produced.</p> <p>A total of 175 relevant labour market events held or participated in.</p>	●
1.2	Provide support and assistance to local, regional and international organisations.	Implementation of agreed project with identified organisations reviewed and reported on.	CMS rolled out to the PSCBC (including the four sectoral bargaining councils in the public sector) and the MEIBC, MIBCO and NBCCI.	●
1.3	Enhance the quality and effectiveness of dispute resolution under the auspices of the bargaining councils and private agencies.	<p>Compliance of bargaining councils with the accreditation criteria monitored and evaluated with 100 percent compliance of criteria and conditions.</p> <p>Bargaining councils subsidy reviewed.</p> <p>Investigation into accreditation of private agencies completed.</p> <p>Establishment of bargaining councils in identified sectors facilitated with partner department.</p>	<p>Ongoing monitoring of the 39 accredited bargaining councils was conducted.</p> <p>Bargaining council subsidy review research was completed, with a report submitted for adoption. An automated 'record of subsidies' system has been introduced.</p> <p>A feasibility study was conducted; subsequently a policy was drafted, considered and was approved.</p> <p>The Statutory Council for Fast Food and Bargaining Council for the Civil Engineering Industry were registered.</p>	●

#	Key Performance Area (KPA)	Annual Target as per Strategic Plan	Actual output - validated	Score
1.4	Provide user and stakeholder empowerment and capacity building.	Awareness raising and skills development interventions reviewed and enhanced.	Reviewed and enhanced the quality of awareness raising and skills development interventions. Incorporated into operational plan for the new financial year.	●
		Publicity and promotional materials translated into at least two other official languages.	Eight information sheets and two brochures were translated into ten official languages.	●
		Awareness raising and skills development activities conducted nationally, with a minimum of 240 interventions held and identified sectors/constituencies engaged.	A total of 941 awareness-raising and skill-development activities conducted nationally and identified sectors/constituencies engaged.	●
		Seventy-two interventions held nationally, with 50 percent of activities delivered devoted to the Agri-sector and 50 percent to one other vulnerable sector, following identified criteria.	228 interventions held nationally.	●
		A total of four new capacity-building interventions researched and development initiated.	Research and development initiated for the following four courses: Unfair Discrimination, Arbitration Course for Users, Negotiation Skills and Workplace Mediation.	●
1.5	Promotion of employment security.	Approaches and strategies used to support employment security and capacity-building initiatives evaluated and improved.	Approaches and strategies evaluated and improved. Carnegie 3 paper on the value of partnerships to address job insecurity completed and presented. Research for the EPP Project on the value of the CCMA's Job Saving strategy completed.	●

#	Key Performance Area (KPA)	Annual Target as per Strategic Plan	Actual output - validated	Score
		<p>Two national, internal capacity-building interventions held on the delivery of the CCMA's employment saving strategy for facilitators, training layoff coordinators and administrators.</p>	<p>Two national internal capacity-building interventions held. Job Saving research manual launched.</p>	●
		<p>A minimum of 144 publicity and capacity building activities developed and delivered in 100 percent of identified subject areas.</p>	<p>A total of 291 publicity and capacity building activities delivered in 100 percent of identified subject areas.</p>	●
		<p>The CCMA's role in the NEDLAC Training Layoff Scheme effectively delivered.</p>	<p>The CCMA role in the TLS conducted with SOPS and time frames complied with.</p>	●
		<p>A minimum of six partnerships in place.</p>	<p>Engagements have resulted in the establishment of six partnerships: EDD, DTI, Productivity SA, ITAC, DoL and IDC. Several instances of effective partnerships in action. In addition, engagements held with SETAs and bargaining councils.</p>	●
1.6	Participate in the process of amending CCMA-relevant employment law and policy development.	<p>Participate in the process of amending employment laws, as required.</p>	<p>Participated in the process of amending employment laws by giving input on proposals, providing further suggestions on amendments and conducting research for social partners when requested. In addition, the NSC: Operations was deployed to facilitate the NEDLAC process.</p>	●
		<p>Participate in the process by providing information to social partners, as required.</p>	<p>All information requests by social partners were addressed.</p>	●

#	Key Performance Area (KPA)	Annual Target as per Strategic Plan	Actual output - validated	Score
		Evaluate impact of amendments (when finalised) on the organisation and take necessary steps to address, if necessary.	Evaluated the impact of all amendments, including analysing the organisation's state of readiness and have commenced putting plans in place to develop material for capacity building and organisational changes that may be required.	●
		CCMA rules and forms revised and presented to the Governing Body for consideration.	CCMA rules and forms revised and presented for consideration and adoption.	●
1.7	Assist, support, promote and enhance the quality of collective bargaining.	Specialist dispute resolution service and post-dispute support services maintained.	The specialist dispute resolution service is in place and dealt with 3 636 matters nationally. Post-dispute support services conducted in the Road Freight, Motor Industries, Hospitality and Chemical sectors.	●
		At least 66 percent settlement rate on all matters of public interest (section 150 matters).	56 percent settlement rate on all matters of public interest (section 150 matters) achieved.	●*
		Relevant offers of assistance made, including all key national disputes, and reported on.	236 offers of assistance made in public interest disputes, including all key national disputes. 95 percent of offers accepted by parties.	●
		Commence establishment of second bargaining structure.	The process to establish a National Bargaining Forum for the Legislative sector was further advanced. Process to establish Bargaining Council in the Private Security sector, that had been previously initiated, was revived.	●

*1.7 The volatile industrial relations climate resulted in a challenging collective bargaining season, especially in the mining sector. This resulted in the target not being met and declining by 11 percent from the previous year's 63 percent. Despite the low result, recognising that the target may have been over optimistic, given the adverse external conditions, significant successes were achieved, including the resolution of the strikes at Lonmin Marikana, farm workers in the Western Cape and the road freight sector.

#	Key Performance Area (KPA)	Annual Target as per Strategic Plan	Actual output - validated	Score
1.8	The organisation adds value to the labour market as determined by its mandate.	Conduct impact assessment exercises of at least two organisational initiatives.	The impact of three organisational initiatives was assessed. Report on the Sanlam S188a initiative was produced. Research commissioned into the effectiveness of the CCMA Job Saving Strategy in the Johannesburg region. Research commissioned on assessing the economic impact of Job Saving at Harmony Gold.	●
2.1	Ensuring the development and delivery of a Conflict Resolution Practitioner occupational qualification.	At least one higher education and training institution identified, engaged and contracted to develop and deliver an academic Dispute Resolution Practitioner (DRP) qualification.	Seven higher education and training institutions (HET) identified and engaged to develop and deliver Dispute Resolution Practice (DRP) qualification.	● ^{*1}
		Performance of the contracted higher education institutions monitored and evaluated the in line with the contract signed.	N/A	● ^{*2} N/A
		Research conducted into the establishment of a Professional Body for the Labour Relations Practice Industry and a report produced.	Research conducted and a report compiled.	●
2.2	Design and development of training materials and courses to support continuous professional development.	Four new Commissioner Training courses completed and piloted.	Four new Commissioner Training courses completed and piloted. Development of three additional training courses initiated.	●

^{*1} 2.1 The target of contracting an HET was not met due to the lengthy engagement process that resulted from the much higher than anticipated interest to participate by HETs.

^{*2} 2.1 Target not achievable due to HETs not being contracted in the period under review.

#	Key Performance Area (KPA)	Annual Target as per Strategic Plan	Actual output - validated	Score
		Three new training courses' material completed for users, managers and support staff.	Training material for two new training courses * completed: Arbitration Guidelines Workshop and Managing Workplace Discipline and Incapacity Inquiries. The Preparation for and Representation of Parties at Arbitration course material was 80 percent completed, noting recorded challenges.	
		Review and updating of the six modules of the entry-level Commissioner and Interpreter training materials including the Substantive Law course modified for CMO training. In line with promulgated statutory amendments, if promulgated.	Eight modules were reviewed and updated.	
2.3	To ensure continuous research and development of effective adult training methodology and techniques, including e-learning.	Further research conducted on the application of enhanced facilitation methods and tools. Report compiled.	Research was conducted on enhanced facilitation methods and tools, the findings of which were adopted and implemented in selected new training modules.	
		The effectiveness of the training methodology evaluated.	An evaluation conducted.	
2.4	Development and updating of assessment and mentoring methods.	Review and enhance assessments for commissioner recruitment, and identified organisational training including mentoring methods for commissioners.	The assessments for commissioner recruitment and the Candidate Commissioner training programme were reviewed and enhanced. Mentorship methods were reviewed and recommendations made.	
		Mentorship documentation updated, following outcomes of 2012 mentorship programme.	The 2012 mentorship programme was reviewed and no changes were recommended.	

*2. Work on the additional planned courses was suspended due to the priority given to the development of the material for the labour law amendments training.

#	Key Performance Area (KPA)	Annual Target as per Strategic Plan	Actual output - validated	Score
2.5	Develop and deliver effective human capital training to align with the needs of the organisation.	<p>Training plan developed with at least 80 percent of the training plan implemented.</p> <p>Establish monitoring and evaluation systems to measure the impact and effectiveness of training delivery.</p> <p>At least three new customised, in-house training interventions implemented.</p> <p>Review and refine the personal development planning system.</p>	<p>90 percent of the training plan implemented.</p> <p>Monitoring and evaluation tools designed, developed and implemented for three capacity-building initiatives.</p> <p>Five customised in-house training courses were implemented.</p> <p>The personal development planning system was reviewed. Review findings necessitated a complete overhaul of the system, which resulted in the system being significantly redesigned and enhanced. The revised system was communicated to managers.</p>	●
3.1	Entrench the mandate of the LRA (social justice, economic development and labour peace) in all CCMA services and outcomes.	<p>Capacity building enhanced through adult learning techniques, with at least one new methodology applied.</p> <p>The ETD role and impact in supporting the CCMA to deliver on its strategy assessed and a report produced.</p> <p>Monitor commissioner performance and address non-compliance.</p> <p>Monitor and evaluate quality of settlement agreements, arbitration awards and rulings to ensure continuous improvement.</p>	<p>Capacity building was enhanced through adult learning techniques by adopting e-Learning as a new methodology.</p> <p>An impact assessment tool was designed and developed.</p> <p>Commissioner performance monitored and non-compliance addressed.</p> <p>99 percent of agreements perused were compliant with established quality criteria. Process to measure awards and ruling quality finalised and communicated.</p>	●

#	Key Performance Area (KPA)	Annual Target as per Strategic Plan	Actual output - validated	Score
3.2	Improve accessibility of services to users.	<p>Improve accessibility of services to users.</p> <p>Report on the investigation of alternate models to improve accessibility produced.</p> <p>Maintain and monitor CMS services to DoL offices and bargaining councils.</p>	<p>Strategic discussion paper prepared to evaluate CCMA's existing services.</p> <p>Preliminary report produced.</p> <p>Continuous monitoring in place.</p>	●
3.3	Review the impact of the extended mandate.	<p>Current Training Layoff Scheme fully entrenched, integrated and internalised as a job saving mechanism within the organisation.</p> <p>Assess impact of the 2012 labour law amendments EEA, LRA, BCEA and ESA.</p> <p>Investigation into revised business model commenced.</p>	<p>Refer to KPA 1.5. These targets have been included in other KPAs.</p> <p>Refer to KPA 1.6. These targets have been included in other KPAs.</p> <p>This target was concluded in previous reporting periods.</p>	N/A
3.4	Transformation of workplace relations with a view to embedding economic development, industrial peace and promotion of social justice.	<p>Review and enhance BWR, MCW and Unfair Discrimination interventions. Building Workplace Relations and Managing Conflict in the Workplace projects marketed and delivered with 24 interventions held.</p> <p>Forty-eight presentations and workshops on unfair discrimination delivered.</p>	<p>MCW and Unfair Discrimination interventions reviewed and enhanced. BWR intervention found not to require further enhancement. Thirty-one BWR and MCW interventions delivered nationally.</p> <p>One-hundred-and-eighty presentations and/or workshops on unfair discrimination were delivered.</p>	●
3.5	Promotion of user compliance and removal of social justice blockages in the CCMA dispute resolution process.	<p>User compliance problems and blockages identified, analysed and 40 bilateral meetings held with users.</p>	<p>One-hundred-and-forty-nine user compliance problems and blockages identified, analysed and bilateral meetings held with users.</p>	●

#	Key Performance Area (KPA)	Annual Target as per Strategic Plan	Actual output - validated	Score
		Social justice blockages identified within the CCMA DR processes and analysed with 40 engagements held with Regional DR structures.	One-hundred-and-twenty-seven social justice blockages identified within CCMA DR processes and analysed with engagements held with region dispute resolution structures.	●
3.6	Improve the quality of service delivery to ensure speedy dispute resolution.	Review and agree new efficiencies (where necessary).	New efficiencies implemented.	●
		All statutory efficiencies met by all regions.	All statutory efficiencies met by all regions.	●
		A minimum of 63 percent of agreed efficiencies met by each office.	Sixteen of the 18 offices met or exceeded the required efficiencies. *	●
4.1	Entrench a culture that focuses on performance and service delivery excellence.	Entrench the performance management framework linking organisational and individual performance. Monitor and evaluate the new performance management and development structure.	Performance management framework entrenched, with linking of organisational and individual performance. Policy has been reviewed and undergoing further refinement. A Performance Management procedure e-guide has been developed and distributed.	●
		Implementation of the revised Remuneration policy commenced.	Implementation of the revised Remuneration policy has been initiated and advanced. All salary adjustments were implemented in accordance with the revised policy.	●
4.2	Improve and strengthen organisational capacity for holistic external and internal communication.	Integrated communication and engagement plan implemented, emphasising internal communication channels, implemented with four quarterly newsletters produced.	An integrated communications plan was implemented which determined alternate mechanisms for internal communication to be used.	●
4.3	Top-of-mind awareness of risk management principles and consideration in all planning and decision making throughout the organisation.	Risk activities monitored in line with best practice.	Risk activities monitored via Control Self Risk Assessment registers for all regions and National Office departments.	●

*3.6 Interventions in progress in under-performing offices

Key Performance Area (KPA)	Annual Target as per Strategic Plan	Actual output - validated	Score
	Entrench the awareness of current governance and legal prescripts in relation to the PFMA.	National Awareness programme conducted. Training and additional support provided.	●
	Implement a Risk Management System (tool). Ensure competitive and better cover for the organisation.	Risk Management System embedded, and complemented with an electronic risk management tool.	●
	Risk Management System embedded and complemented with an electronic risk management tool.	Enterprise Risk Management (ERM) embedded in the organisation. OHS testing completed for the organisation, insurance reviewed and strategic risk register maintained.	●
4.4 Best practice policies and governance structures implemented.	Evaluate Risk Management Strategy, which will include an annual strategic risk assessment tool.	Risk management policy, framework and strategy was reviewed and approved. Strategic risk assessment tool in place.	●
	Revise policy process and reduce the time frame.	The policy approval plan was adopted. The revised policy approval process has been implemented and a significant reduction in the time frame to approve policies was achieved.	●
	Ten organisational policies revised. Implement approved policies.	Sixteen policies were adopted.	●
	Four training sessions held.	Three capacity-building sessions were held with the Governing Body and the subcommittees.	●*

*4.4 Although the target was not quantitatively achieved, an analysis of the Governing Body's capacity-building needs revealed that the three capacity-building sessions held were sufficient.

#	Key Performance Area (KPA)	Annual Target as per Strategic Plan	Actual output - validated	Score
4.5	Ensure public finance management compliance and that the organisation operates as a going concern.	Unqualified audit reports.	<p>Adequate controls were implemented to ensure that the organisation will receive an unqualified audit report. Significant progress was made in addressing previous audit queries.</p> <p>Accsolve and VIP projects completed. 100 percent count in all regions. An average of 93 percent of assets verification achieved nationally.</p>	●
		No new matters of emphasis.	Various measures have been put in place to limit incidence of new matters of emphasis.	●
		Maintain liquidity.	Liquidity ratio was favourable at 1,02:1	●
		Review and enhance processes and procedures.	Internal control processes and procedures reviewed and enhanced.	●
		To improve planning and budgeting process.	Budget processes have improved, with better planning, budget turnaround times and improved budget support to all regions. National budget road shows were held, supporting all regions with budget preparation at mid-term budget review.	●
4.6	Review the Information Communication Technologies (ICT) application architecture to meet the strategic needs of the organisation.	Maintain, review and improve where appropriate.	The organisation's ICT was maintained, reviewed and advanced upon. A revised ICT Strategy was approved.	●
		Embed the Facilities Furniture Acquisition Guide.	Furniture Acquisition Guide used for procurement of furniture.	●

#	Key Performance Area (KPA)	Annual Target as per Strategic Plan	Actual output - validated	Score
5.1	Source and retain the best talent for the organisation.	Implement cost containment initiatives.	Various cost containment measures implemented.	●
5.1	Source and retain the best talent for the organisation.	Continue the implementation of the retention and succession planning strategy.	Retention and succession strategy documented. Evaluation of the document necessitated a consolidation and further refinement.	●*
5.2	Promote skills development, employment equity and women in commissioner and leadership positions.	Entrench a Management Development strategy.	Compliance with regional numerical goals being monitored. A draft Programme for Woman Empowerment and Development Leadership in Action (PWEDLA) evaluated by the National Employment Equity Committee. A Management Development plan is in place, and two courses were conducted. Candidates for management development, with due regard to gender and other demographics, are being identified.	●
5.3	Align the organisational design that facilitates delivery of the strategy.	Streamline organisational structures as necessary.	Significant progress made in achieving employment equity targets. Recruitment policy amended. Three strategic policies that specifically related to the streamlining of the organisation were adopted.	●
5.3	Align the organisational design that facilitates delivery of the strategy.	Finalise implementation of organisational design.	Review and design of outstanding areas of organisational structure substantially advanced.	●*

*5.1 The drafting process is currently under way and is being further strengthened by the outcomes of an external benchmark and best-practice study.

*5.3 The process to finalise the organisational structure has taken longer than initially envisaged.

#	Key Performance Area (KPA)	Annual Target as per Strategic Plan	Actual output - validated	Score
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- | | | | | |
|-----|---|--|---|---|
| 6.1 | Review the Information Communication Technologies (ICT) application architecture to meet the strategic needs of the organisation. | Planning, budgeting and reporting cycle aligned. | Formulated planning, budgeting and reporting cycle with associated calendar. The new process and procedure nationally implemented | ● |
| | | Annual review of the five-year rolling strategy conducted. | The Governing Body reviewed the strategy, resulting in the adoption of the Broad Mandate strategy document. | ● |
| 6.2 | Foster a dynamic organisational culture informed by the values of the organisation. | Develop and implement initiatives to embed the values. | An awareness campaign that reinforced the CCMA values was designed and implemented, using various methodologies. | ● |







Introduction

The Operations department is managed by two senior managers, with one being responsible for the day-to-day management of all regions and all Convening Senior Commissioners reporting to him. Reporting to the second are the following national departments: Case Management, Research, Call Centre and Information Technology.

Both senior managers provide support to all users and regions to ensure that the CCMA mandate is delivered in terms of its broader goals and strategy.

Strategic Objectives

The strategic objectives of the Operations department are:

- **To enrich the role of the CCMA in the labour market**
- **To deliver excellent service rooted in social justice, ensuring a balance between quality and quantity**
- **To enhance and entrench internal processes and systems for optimal deployment of resources**
- **To align the structure that will enable optimal implementation of the strategy**

Operations

Functions of the Section

The Operations department is the engine of the organisation, providing a range of services to both internal and external users. These services range from IT systems, through labour market research to providing advice to the public on CCMA processes. The department also provide services to bargaining councils and to other similar institutions in the SADC region. Its biggest impact is within the CCMA itself, where the department provides ongoing support in all areas of the CCMA's business.

Governance

The department is guided by relevant legislation and associated CCMA policies. Both senior managers act as custodians in this regard to ensure that compliance governs the regions and all operational units: this is performed through the Management Committee structure. All decisions taken by managers are monitored and are required to be in line with the organisation's strategy.

Initiatives and achievements Regional performance

The biggest achievements for the period under review were to stabilise regional managerial structures and to sustain the performance of the organisation. With the exception of the East



Ronald Bernickow
National Senior Commissioner: Operations

London office, both of these achievements were realised. For the first time, the majority of offices achieved 100 percent of the measured efficiencies and were able to sustain them over many months. In the 2012/13 financial year, there were only two offices below the required 3 rating – East London and Limpopo. The East London office's management was stabilised in the last quarter of 2012/13, which will no doubt augur well for that region's performance in the forthcoming year, as well as for service delivery to the public.

Referrals

As projected, the case referral rate and jurisdiction cases both increased by four percent, year-on-year. This translates to an average of 679 (649 for the previous year) new cases referred every working day.

As with the previous year, the region that experienced the highest growth in referral rate was Ekurhuleni at 23 percent. This was followed by the smaller Port Shepstone satellite office in KwaZulu-Natal, Port Shepstone at 26 percent. Evidently, the strategy of taking the CCMA services 'to the people' does have an impact on the referral rate. This trend is projected to continue in the 2013/14 year as the CCMA drives its 'accessibility programme' of continuing to take its services to areas where there are especially vulnerable workers.

Pre-conciliations

The actual number of pre-conciliations heard increased by eight percent year-on-year and the number settled increased by a noteworthy six percent. Most regions consistently met this target throughout the period under review.

The George and Limpopo offices achieved the highest settlement for pre-conciliations of their jurisdictional cases at 14 percent and 13 percent respectively.

Con/Arbs

Con/arbs heard increased by three percent, year-on-year, and the number of cases finalised in one event (the primary objective of the con/arb process) increased by five percent. Some 32 percent of the con/arb cases were settled by parties. Total objections to the con/arb process decreased by three percent, while objections by the employee and employer decreased by 26 percent and two percent respectively.

For the second consecutive year, the Pietermaritzburg office finalised the highest number of cases (48 percent) in a single event. The Port Shepstone and George offices improved the finalisation of cases in one event by 12 percent and eight percent respectively.

While the uptake of the con/arb process has been relatively slow since its inception in 2002, it has nevertheless increased progressively over the last few years. This is primarily due to confirming the 'objection' with the parties prior to the hearing, as well as revising the measured target

Conciliations

The total number of conciliations scheduled outside the 30-day period increased by a remarkable 68 percent, year-on-year (this includes those where the 30-day period was extended). The finalisation of conciliation cases (those that were heard and closed) improved by three percent, year-on-year. Of note is the increased number of cases that were settled (five percent). Cases withdrawn and settled by the parties increased by 18 percent each.

The Newcastle office achieved the highest improvement of settling cases (10 percent) at the conciliation phase.

Settlement Rate

The actual number of cases settled increased by six percent year-on-year. The final settlement rate stands at 73 percent, a one percent improvement over the previous year and an area that has been sustained over a two period. For the second consecutive year, the George office year achieved the highest settlement rate at 83 percent, while the region that most improved its settlement rate was Port Elizabeth (by nine percent).

Arbitrations

The number of arbitrations heard continued to decrease from the previous year by nine percent. This is indicative of parties placing more acceptance on the conciliation 'family of processes', which is supported by the associated increase in cases settled.

The late awards (submitted by commissioners) decreased by a massive 193 percent, year-on-year, and this area continues to be

tightly managed nationally. Of the total 18 846 awards rendered, just 15 were submitted late.

While the late awards sent to parties has been reduced by a titanic 1 214 percent, year-on-year, it is an area that will require further management in 2013/14 as it is a statutory requirement that all awards rendered must be sent to the parties within the 14-day period. Just one percent of all awards rendered were sent late to the parties.

The use of Heads of Argument also reduced by six percent.

The East London office accounted for the highest number of awards sent late to parties (three percent).

Other

CCMAS143 Certifications decreased by 23 percent while Bargaining Council Certifications increased by 34 percent.

The repositioning of full-time commissioner usage during the mid-term review resulted in a higher usage of part-time commissioners. This allowed for the capacity building of full-time commissioners (for example, training and outreach programmes). The conscious change in this particular aspect of operations was well managed, as all regions stayed within their allocated case disbursement budget.

Postponements and rework of cases were well managed in the regions and were respectively reduced by 11 percent and 18 percent.

Information Technology

An unreliable network was stabilised and two fibre network lines were added in preparation for the deployment of the Case Management system to all bargaining councils. In addition, new backup systems and disaster recovery programmes were implemented. In line with today's rapid advances in technology, the early stages of implementing facilities, such as 'cloud computing', are in process to improve the overall performance of critical system applications.

Research

The Research unit is being re-positioned to enhance its capacity to provide the required research in broader labour market trends. This includes the recruitment of highly skilled researchers to cater for the need of the CCMA and the general labour market. In addition, partnerships are being forged with external research organisations as part of the internal capacity building programme.

Call Centre

The Call Centre and information management continue to play a valuable role in addressing the needs of all parties, including members of the public who use this service, which is provided in a user's language of choice. On average, more than 630 calls are received and serviced daily via the Call Centre. Interestingly, the e-mail query facility saw an 18 percent increase in usage.

Risk and Mitigation Measures

The key risks for the department include a limited budget, particularly as IT development is largely dependent on available funding, which determines the pace of implementation of new technologies.

Structures, such as the Management Committee, have been established to address and skill managers in core business operations on an on-going manner.

Empowerment and Transformation Capacity

The department is mindful of the relevant legislation and is compliant to the extent that the department meets its goals. The broader goal is to empower line managers and staff towards self-sufficiency.

Staff Complement

The staff complement is aligned with the organisational strategy and objectives, including related budgetary requirements. This is monitored on an ongoing basis and discussed regularly to ensure that the department is able to meet the needs of its users and function optimally.

Operational Focus	Target/Objective	2010	2011	2012	2013
Pre-Conciliations heard	Hear 10% or more of all jurisdictional referrals using the pre-conciliation process	14%	14%	16%	17%
Pre-Conciliations settled	Settle 7% or more of all jurisdictional referrals using the pre-conciliation process	6%	7%	8%	9%
Con/Arbs heard	Hear 50% or more of all jurisdictional referrals using the con/arb process	40%	42%	41%	41%
Con/Arbs finalised	Finalise 80% or more of con/arbs heard - conducted ** Changed measure in 2008 to be 'in jurisdiction'	32%	35%	36%	36%
Conciliations heard and closed	Close 90% or more of all conciliations heard (includes all 'con' type processes)	91%	94%	96%	96%
Conciliations heard outside of 30 days	Statutory requirement to attempt to conduct all conciliation within 30 days	0%	0%	0%	0%
Settlement rate	Settle 70% or more cases across all processes	65%	69%	72%	73%
Arbitrations finalised	Finalise 90% or more of arbitrations heard	91%	94%	95%	95%
Late Awards	Statutory requirement to issue arbitration awards within 14 days	1%	1%	1%	1%
Postponements/Adjournments	Allow for maximum of 5% postponement/adjournments of all processes heard	7%	6%	5%	5%
Average turn around - Conciliation	Conciliation process to take place from 'activation' to 'closed' within a maximum of 30 days	27	26	24	24
Average turn around - Arbitration	Arbitration process to take place from arbitration referral date to 'closed' within a maximum of 60 days	39	70	59	61

Stakeholder Programmes

The Operations department works in synergy with other CCMA departments and collaborates on various joint projects to achieve its broader objectives.

Targets

The primary goal of the department is to ensure that all regions meet a minimum of 63 percent of set operational efficiencies.

Risks and Mitigation

Risks have been minimised in all operational areas.

Case Management System

In late 1995, during its establishment phase, the CCMA looked internationally for an electronic system to manage the envisaged workload of the CCMA. None was available and the Case Management system had to be designed from scratch. Some of the main objectives of the system were that it had to mirror the various jurisdictional legislation of the CCMA, be user friendly and have the ability to process, track and manage the workflow of all cases.

The core functionality of the system includes:

- Unique user names with alphanumeric passwords
- Comprehensive pick-lists on legislative issues, locations, venues, commissioners, interpreters and outcomes
- An integrated diary and scheduling system
- A financial module to process claims
- A Call Centre module to manage queries
- A secure, hard-coded audit trail
- An integrated SMS feature to notify parties
- An integrated e-mail facility to notify commissioners and parties of hearing dates.

The system has been operational for more than 16 years and in excess of two million cases have been processed. The system is enhanced at least twice a year to accommodate legislative and business requirement changes. It is also used by public and private sector bargaining councils and by sister organisations in the SADC region. The system is enhanced to accommodate the unique requirements from these entities.

The Case Management system is now web enabled, which allows it to cater for faster deployments and enhances the accessibility of the CCMA's services in far flung places that were previously unreachable.

Caseload



Mediation and Collective Bargaining

Introduction

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

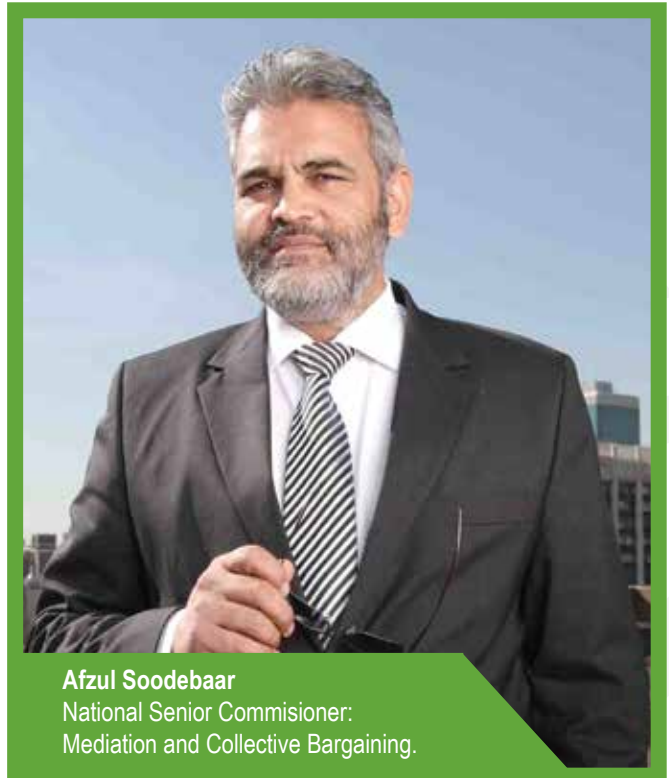
The department supports the organisational strategy by contributing to the Siyaphambili Strategy objectives to:

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

Operational Performance

The department's operational targets for the 2012/2013 financial year were as follows:

- To achieve a settlement rate of 66 percent for all conciliation processes and a settlement rate of 40 percent for arbitration processes
- To ensure that at least 75 percent of all settlement agreements concluded in processes were perused, and that 99 percent of the settlement agreements perused complied with established quality criteria
- To make offers of assistance to parties in matters of public



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National Senior Commissioner:
Mediation and Collective Bargaining.

- interest, achieving a 75 percent acceptance rate
- To achieve at least a 66 percent settlement rate in mutual interest disputes, including matters of public interest
- To achieve a total of 15 percent reinstatement and re-employment outcomes (return to work) in agreements perused
- To ensure that 90 percent of all conciliation processes assessed complied with established quality criteria.



Development Bank of South Africa (DBSA) and Solidarity, SAACCAWU and non-unionised employees during the S189A facilitation

Mediation and Collective Bargaining

Seven of the nine operating targets were achieved or surpassed. Results achieved for the period under review are reflected in the table below.

Efficiency	Target 2012/13	ACTUAL 2011/12	ACTUAL 2012/13
Conciliation settlement rate	66%	66%	67%
Mutual interest settlement rate	66%	61%	61%
Arbitration settlement rate	40%	43%	51%
Section 150 acceptance rate	75%	98%	95%
Section 150 settlement rate	66%	56%	63%
Settlement agreement perusal	75%	83%	93%
Settlement quality index	99%	99%	99%
Return to work index	15%	15%	12%
Conciliation quality index	90%	N/a	8%

The Conciliation Settlement Rate was exceeded by one percentage point and also reflected an improvement over the previous financial year. Success in achieving this target may be attributed to the continued focus on front-end processes, as well as ongoing monitoring and support. This focus has contributed to an increase in the organisation's overall settlement rate.

An intensely challenging collective bargaining season, especially in the mining sector, resulted in the Mutual Interest Settlement Rate target of 66 percent not being met. The 61 percent achieved was the same as in the previous financial year. The specialist dispute resolution service dealt with 3 636 matters nationally; this was two percent lower than in the previous financial year.

The target for the S150 Acceptance Rate was significantly exceeded. A total of 236 offers of assistance was made to parties in matters of public interest, with 224 of the offers being accepted by parties, representing 95 percent. Activity in this area increased by 13 percent from the previous financial year. The continued focused and structured approach to dealing with matters of public interest contributed to the achievement of this target that remains a strong indicator of social partner confidence in the organisation. Despite this, the target for the S150 Settlement Rate was not achieved and the 56 percent result further represented a decline from the previous financial year.

The Arbitration Settlement Rate was substantively exceeded, attributable primarily to the change that was effected in the commissioner fee structure to include the payment for awards in an all-inclusive fee and an ongoing focus to promote voluntary conciliation just before arbitration.

The target for Settlement Agreement Perusal was significantly exceeded. For the period under review, 93 percent of all agreements concluded were perused for quality, indicating that this delivery monitoring mechanism is now firmly entrenched in the organisation. The target for the Settlement Quality Index was achieved, with 99 percent of the agreements perused found to be compliant with established quality requirements. Of the 78 881 settlement agreements perused, 77 964 agreements were found to be compliant with the established quality requirements.

The Return to Work target was achieved, with 15 percent of all settlement agreement outcomes reflecting reinstatement or re-employment. The result achieved represented a significant improvement over the previous financial year, giving credence to initiatives to promote the primary remedy for unfair dismissal in settlements. Despite this, the figure is still considered to be low, and effort will be concentrated in this area.

The newly introduced Conciliation Quality Index, a global first amongst dispute resolution agencies, provides a means to measure the quality of conciliation processes through direct observation and assessment.

The target of 90 percent was significantly exceeded, with 98 percent of all conciliation processes assessed found to be compliant with established quality criteria. The assessment process not only allows for the measurement of conciliation process quality, but also provides an opportunity for engagement with commissioners to continuously improve conciliation practice.

The operational targets discussed above represent the cumulative effort of the twelve regions of the organisation. Targets are set

for each region on a weighted basis and regional performance is determined on an overall weighted average basis across all targets. For the period under review, ten of the twelve regions performed at or better than the base acceptable level. The result achieved was consistent with the previous financial year; the Port Elizabeth region was the top performer in both years. Those regions that did not perform were marginally below the acceptable level of performance and are thus deemed no cause for concern.

Activities and Projects Capacity Building

The department collaborated with the Capacity Building unit in the development and delivery of specialist courses, including the Labour Economics module and the Advanced Mutual Interest Training module.

The purpose of the Labour Economics training was to build the capacity of CCMA commissioners who engage in high-level mutual interest disputes to strategically understand, interpret, analyse and apply labour economics and labour market information and analysis when conducting mutual interest disputes.

The Advanced Mutual Interest course was intended for commissioners who primarily deal with mutual interest disputes. This provided an opportunity for information sharing and exposure to different styles and approaches to dealing with mutual interest disputes and constructive feedback through peer assessment. A total of sixty commissioners participated in the training that commenced in March and was concluded in June 2012.

The training of the CCMA Research unit staff by the Development Policy Research Unit at the University of Cape Town ensured that mediator support is provided through access to various economic data, trends and analyses through fact sheets prepared by the Research unit. This information can be accessed through the submission of a data request form.

Collective Bargaining

Key Performance Area 1.7 in the Siyaphambili Strategy is to promote, support and assist collective bargaining.

This is achieved through a variety of proactive and reactive means, ranging from pre-bargaining facilitation, wage negotiation facilitation, statutory conciliation of collective bargaining disputes and post dispute mediation, including strike mediation. Assistance is also offered in the form of collective bargaining support services and assistance with the establishment of collective bargaining structures. Some key interventions included:

Private Security Sector

The CCMA facilitated the 2012 wage negotiations under the National Bargaining Forum that was established in 2009. Unfortunately, the parties went into dispute, necessitating the referral of a dispute. The matter was, however, successfully conciliated and a three-year agreement was concluded.

National Bargaining Council for the Sugar Manufacturing and Refining Industry

The CCMA extended an offer of assistance to the parties after efforts to resolve wage negotiations under the auspices of the council deadlocked. The intervention resulted in the successful resolution of the dispute.

National Bargaining Council for the Wood, Pulp and Paper Industry

The CCMA was involved in the facilitation of wage negotiations in the council, and subsequently conciliated the dispute that was referred, resulting in parties concluding an agreement.

National Bargaining Council for the Road Freight and Logistics Industry

The deadlock in negotiations in the road freight industry led to protracted industrial action. The CCMA's intervention during the strike resulted in parties reaching a landmark, multi-year agreement. An innovation in the agreement was the establishment of a Compliance Committee comprised of business and labour to supplement and oversee the council's compliance function.

Hospitality Sector - SACCAWU and Sun International

The CCMA successfully intervened and resolved a dispute between SACCAWU and Sun International that had the potential to adversely impact the Million Dollar Golf Challenge and Miss SA Beauty Pageant. The agreement reached saw the resolution of a long-standing dispute over the non-payment of gratuities to workers. It also paved the way for three separate task teams to be established to deal with building workplace relations and addressing challenges in the sector.



Signing of agreement at Lonmin Marikana

Agricultural Sector - farm workers and Agri South Africa

The CCMA was instrumental in setting up a process in tandem with COSATU and the Department of Labour to resolve the dispute of largely unrepresented farm workers in the Western Cape that flared up in November 2012. A Sectoral Determination was subsequently promulgated that provided for an improved minimum wage of R105 per day for farm workers.

Mining Sector – Lonmin Marikana

The CCMA played a leading role in assisting parties in the Lonmin Marikana strike to establish a peace accord and subsequent agreement that resolved the unprotected strike.

Section 189A Facilitations

In the period under review, the CCMA dealt with 377 Section 189A facilitations. This was approximately ten percent less than the number dealt with in the previous financial year. A total of 26 054 jobs has been saved, as reflected in the graph below.

Jobs saved		26 054
Voluntary		1 570
Forced retrenchment		8 373
Total retrenchment		9 943
Employees affected		58 109

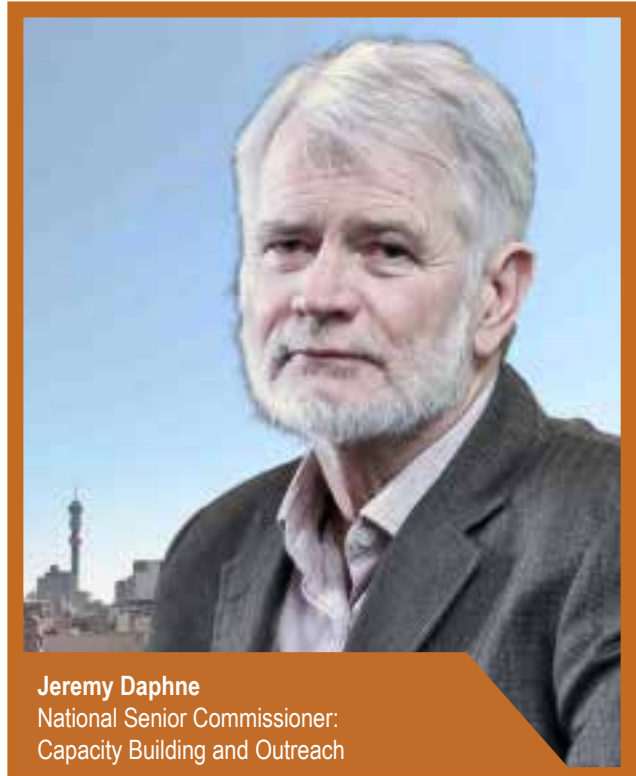
Conclusion

The department experienced a challenging 2012/13 financial year, with resources stretched to the limit in responding to labour market needs. The collective bargaining season in 2012 initially proceeded uneventfully, but took a turn for the worse in the latter part of the year, culminating in the tragedy at Marikana.

The experience strongly brought home the need to increase resources and to allocate effort between supporting commissioners in front-line processes and supporting collective bargaining. To this end, a second Senior Commissioner position was created to assist with the former function. This will allow the department to be more responsive to the needs of commissioners in regions without compromising its focus on supporting collective bargaining.

While the next financial year promises to be even more robust, the department approaches the future with increased confidence.

Capacity Building and Outreach



Jeremy Daphne
National Senior Commissioner:
Capacity Building and Outreach

The Capacity Building and Outreach cluster includes the Education and Training Department, the Training Development Unit, The Job Saving Strategy and the Dispute Management and Prevention Department. Due to the divergent areas of focus and diverse functions of these departments, each has strategic objectives requiring distinct reporting.

Education and Training Department

The purpose of the Education and Training Department (ETD) is to support the CCMA in meeting its strategic objectives through the development of staff.

Its main objective is to provide focused education and training interventions geared to meet the CCMA's capacity needs at all levels in an increasingly complex and challenging environment.

Strategic Objective

To build skills to achieve professionalism

Key Performance Areas

Under the Siyaphambili Strategy, the ETD's Key Performance Area is to develop and deliver effective human capital training to align with the needs of the organisation. The following are the outputs achieved in relation to targets.

Annual Training Plan

The annual target was for the plan to be developed and at least 80 percent implemented. During the year, a comprehensive needs analysis was carried out and the training plan compiled and 90 percent of the plan implemented.

Monitoring and Evaluation Systems

The requirement was for the establishment of monitoring and evaluation systems to measure the impact and effectiveness of training delivery. An impact assessment tool was designed and developed in conjunction with the Research department, with the impact assessments communicated to relevant stakeholders for completion. The target was achieved.

New Training Interventions

A target was set for the implementation of at least three new, customised, in-house training interventions. The department implemented five new training courses across different staff levels.

Personal Development Planning System

The year's target was for the implementation of a personal development planning (PDP) system. Learning initiatives were identified for competencies linked to each position and captured in the form of a PDP. The new PDP system and process was communicated to managers within the regions.

Capacity Building Enhancement

It was required to enhance capacity building through adult learning techniques, with at least one new methodology applied. The identification and appointment of a successful supplier to implement the CCMA Induction course and the Microsoft Office modules via the e-learning platform took longer than anticipated. Consequently, implementation was delayed and will be undertaken in year four of the Siyaphambili Strategy. ETD embarked on a project to identify and add potential service providers to the database to mitigate recurrence of this problem.

Strategy Delivery Assessment

An impact assessment tool was designed and developed in conjunction with the Research department. The tool was sent to different stakeholders for further input.

Departmental Highlights

The Education and Training Department delivered capacity building initiatives that reached large numbers of employees within the CCMA.

Substantive Law for support staff	3	109
Interpreter training	3	275
Supply Chain Practices for support staff	2	209

Candidate Commissioner Training

The Candidate Commissioner training started in February 2012 and was completed in June 2012. Fifty Governing Body-appointed learners and five administrative staff attended the training. Fifty learners successfully completed the programme.

Values Awareness Project

ETD embarked on an awareness programme to communicate and reintroduce the six CCMA values in the organisation. Awareness will be created on two values at a time over a period of eight to ten weeks. The campaign will be initiated in year four of the Siyaphambili Strategy.

Capacity-Building initiatives

Arbitration and Award Writing Revision Course

The course was offered to currently practising commissioners who were delivering poorly drafted awards and who were identified as experiencing difficulty in conducting effective arbitration hearings. Eighty-five commissioners attended the course and its success is clearly demonstrated by the fact that just eight commissioners require further coaching.

Effective Communication training for managers

A capacity building initiative was offered to middle managers and supervisors and 50 commissioners attended the training.

Conciliation of Unfair Discrimination Cases course

Commissioners were nominated to undergo training and serve on a panel that deals with the conciliation of unfair discrimination cases. A three-day training course was held in February 2013, with 25 commissioners attending.

Bursaries and Study loans

Full-time employees were invited to apply for bursaries. Sixty-nine bursary and three study loan applications were received.

Capacity

The ETD staff complement consists of an ETD Manager, an ETD Officer and three ETD Coordinators. As part of building capacity and repositioning the department more strategically, ETD created an additional position for an ETD Specialist to be appointed in the following financial year.

Targets

The following additional strategic targets have been identified for **ETD**:

- The development of a training plan with emphasis on diversity awareness, CCMA values and soft skills development
- Development and implementation of a Women's Empowerment and Development programme.
- Impact assessments for at least three major capacity building initiatives.

The Training Development Unit

Introduction

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

Strategic Objective

Build skills to achieve professionalism

Key Performance Areas

The TDU has four key performance areas (KPA's), targets for all of which were either met or exceeded.

Labour Dispute Resolution Practice Qualification

Excellent progress was made in the development and delivery of a Labour Dispute Resolution Practice qualification, in partnership with universities. The CCMA played a leadership role in this undertaking. Eleven universities responded to a call for involvement, of which seven were invited to submit partnership proposals, and three were invited to participate in the process of concluding a standard agreement for all universities. This will lead to formal agreements between identified universities and the CCMA.

Conclusion

ETD has made good progress in identifying and addressing real needs within the organisation and playing a more strategic role. The department has embarked on value-adding projects and continuing effort is made to ensure a positive contribution to the strategic goals of the CCMA.

Training Materials Design and Development

The TDU enjoyed a productive year in the area of training material development and the following new material was piloted:

Advanced Mutual Interest

This course is designed to develop advanced mediation skills.

Arbitration and Award Writing

Designed for commissioners, this course deals with the more complex areas of arbitration and award writing.

Capacity Building for Interpreters

The course material includes a focus on ethics, interpreting skills and substantive law.

Misconduct Arbitration Guidelines

The workshop material focuses on those aspects of the guidelines applicable to CCMA users.

Conciliation of Unfair Discrimination Disputes

This course was designed for the training of a specialist panel of commissioners who will undertake the conciliation of unfair discrimination disputes.

Material Under Development

The following material is under development and will be implemented in the following financial year.

Workplace Discipline and Incapacity

Completed in this financial year, the course covers a number of topics, including criteria for substantive and procedural fairness, formulating allegations, conducting an inquiry and interpreting evidence.

Parties at Arbitration Hearings

This new course includes guidelines on preparation for and representation of parties at arbitration hearings, gathering and presenting evidence, and formulating closing arguments.

Social Justice, Ethics and Diversity

This is a new module, designed to enhance Candidate Commissioner training. Topics covered include principles of social justice, ethical conduct required of commissioners and an overview of the impact of unfair discrimination and personal prejudice.

Principles of Evidence

A further new module focusing on the law of evidence.

Labour Law Amendments

Workshop material that serves to highlight proposed amendments to labour statutes and the reasons for them.

Adult-targeted Training

Further research was conducted on effective facilitation methods and tools. These were applied to the design and development of new training material such as the Capacity Building for the Conciliation of Unfair Discrimination Disputes course.

Assessment and Mentoring

The 2011 mentorship programme documents were updated and the outcomes of the 2012 mentorship programme were assessed. It was recommended that mentors be given formal training prior to the start of the 2013 mentorship programme.

An assignment and portfolios of evidence were developed for the Candidate Commissioner Training modules. Assessments were also developed for the commissioner recruitment process.

Assessment development during 2012/13

Type of assessment	Quantity developed
Summative assessments (main and supplementary exams) for commissioner training	12
Formative (portfolios of evidence and assignments) assessments for commissioner training	8
Commissioner recruitment assessments	9

Departmental Highlights

The principle achievements of the TDU included the success of the programme to partner with universities to develop a Labour Dispute Resolution Practice qualification, as well as the preparation of new training courses and the enhancement of existing material. A further key achievement was the large number of courses that was piloted. Equally positive was the encouraging feedback received relating to the quality of training material.

Capacity Empowerment and Transformation

Over the past two years, the number of part-time material developers has grown from four to eighteen. The TDU is advancing the transformation agenda by recruiting and promoting a diverse pool of material developers and offering accredited material development training.

Growth Plans

The TDU's full-time staff complement consists of one administrator, one full-time senior commissioner and one part-time senior commissioner. All other material developers are contracted on a part-time basis or are full-time commissioners who assist on a project basis. Available capacity and material development skills remain a challenge to the TDU. A plan to expand the available capacity of the unit will be implemented during 2013/14 financial year.

Targets

The increasing complexity of labour disputes underpins the increasing need for quality materials of all forms to meet the rapidly changing demands on the CCMA's capacity.

The following strategic priorities form the basis of enabling the TDU to achieve its objectives in the forthcoming year:

- Development and delivery of the Labour Dispute Resolution Practice qualification
- Development and delivery of three specialised courses on the labour law amendments
- Development and delivery of courses on unfair discrimination in the workplace.

Conclusion

The TDU has succeeded in meeting or exceeding its core targets for 2012/13. The third year of the unit's existence brought with it a shift towards enhancing the quality and presentation of course material, whilst considering the differing needs of adult learners. The hard and challenging work undertaken on the development and delivery of the Labour Dispute Resolution Practice qualification paid off, as confirmed by the great interest shown in the project by multiple universities. During 2013/14 there will also be a focus on broadening the diversity amongst the group of material developers, and on capacity building and skills transfer.



CCMA and Department of Labour at a Workers Day Rally in Sharpeville



CCMA and the Department of Labour collaborating in outreach programmes



CCMA Outreach



Mandela Day - '67 minutes' at SOS Children Village in Mamelodi



Outreach Members of Aspen Pharmacare management and the leadership of CEPPAWU who participated in a BWR intervention facilitated by Senior Commissioners Willia

The Job Saving Strategy

Introduction

With ongoing and escalating employment insecurity and job loss, the significance of the CCMA's role continues to increase, necessitating greater capacity and a consolidated response to the challenges facing the labour market. More than ever, the need is apparent for a holistic, integrated approach to dealing with business distress and job insecurity. The CCMA's Job Saving Strategy entails a multi-faceted approach aimed at dealing with the factors at play in a potential or actual job insecurity situation: in particular in Section 189A facilitation processes.

Strategic Objective

To enrich the role of the CCMA in the labour market

Key Performance Area

The KPA embraces the promotion of employment security, for which the CCMA is recognised as a leader through high-level dispute management interventions.

The overall objective of the strategy is, 'to leave no stone unturned in pursuing the quest for business health and job security'. Where this is not possible and retrenchments are unavoidable, 'to not let any retrenched worker walk into the sunset without facilitating the provision of survival and support mechanisms'.

The following are the focus areas within the KPA

Business Recovery and Job saving

A key initiative has been to partner with government departments and other institutions to assist businesses in distress and explore all possible alternatives to retrenchment in order to save jobs.

Survival and Support Mechanisms

Where job loss cannot be avoided, the CCMA assists retrenched workers to access survival and support mechanisms, including job creation initiatives and alternative forms of livelihood, such as co-operatives.

Job and employment security promotion

The CCMA plays a leading role in promoting and developing capacity on employment security, both among commissioners and users of CCMA services. The following are the interventions conducted, with all targets met.

Employment Security and Capacity Building

The target was to evaluate and improve approaches and strategies used to support employment security and capacity-building initiatives. A Carnegie III paper on the value of partnerships to address job insecurity was completed and presented. Research for the Employment Promotion Project on the value of the CCMA's Job Saving strategy was successfully completed.

Capacity-building interventions

The year's requirement was for two national, internal, capacity-building interventions for facilitators, training layoff co-ordinators and administrators to be held on the delivery of the CCMA's employment-saving strategy. In this regard, a Job Saving workshop was held in April 2012 and a Section 189A and Job Saving workshop was conducted in March 2013. Furthermore, a comprehensive Job Saving Resource manual was launched.

NEDLAC Training Layoff Scheme

For the CCMA's role in the NEDLAC Training Layoff Scheme to be effectively delivered was set as a target for the year. This was delivered, with adherence to turn-around times and standard operating procedures. In addition, proactive interventions were conducted to improve functionality beyond the CCMA's role.

Partnerships

It was required that at least six partnerships should be established. Engagements resulted in the formation of the following partnerships:

- Department of Economic Development
- The Department of Trade and Industry

Capacity Building and Outreach

- Productivity South Africa
- International Trade Administration Commission of South Africa
- The Department of Labour's Public Employment Services
- The Industrial Development Corporation.

The CCMA has developed four case studies where partners were involved in job saving initiatives. In addition, the CCMA has engaged various Sector Education and Training Authorities to address challenges in delivery of the Training Layoff Scheme and bargaining councils (through the Joint Consultative Forum for Bargaining Councils and Statutory Forums), particularly on identification of early warning indicators of business distress.

Training Layoff Scheme

The NEDLAC Training Layoff Scheme (TLS) is one of the possible alternatives to retrenchment and forms part of the CCMA's holistic approach. While the TLS has a multi-partner design, with final approval for participation resting with the Project Evaluation Committee, the CCMA is required to deliver on the following:

TLS uptake for the 2012/13 financial year

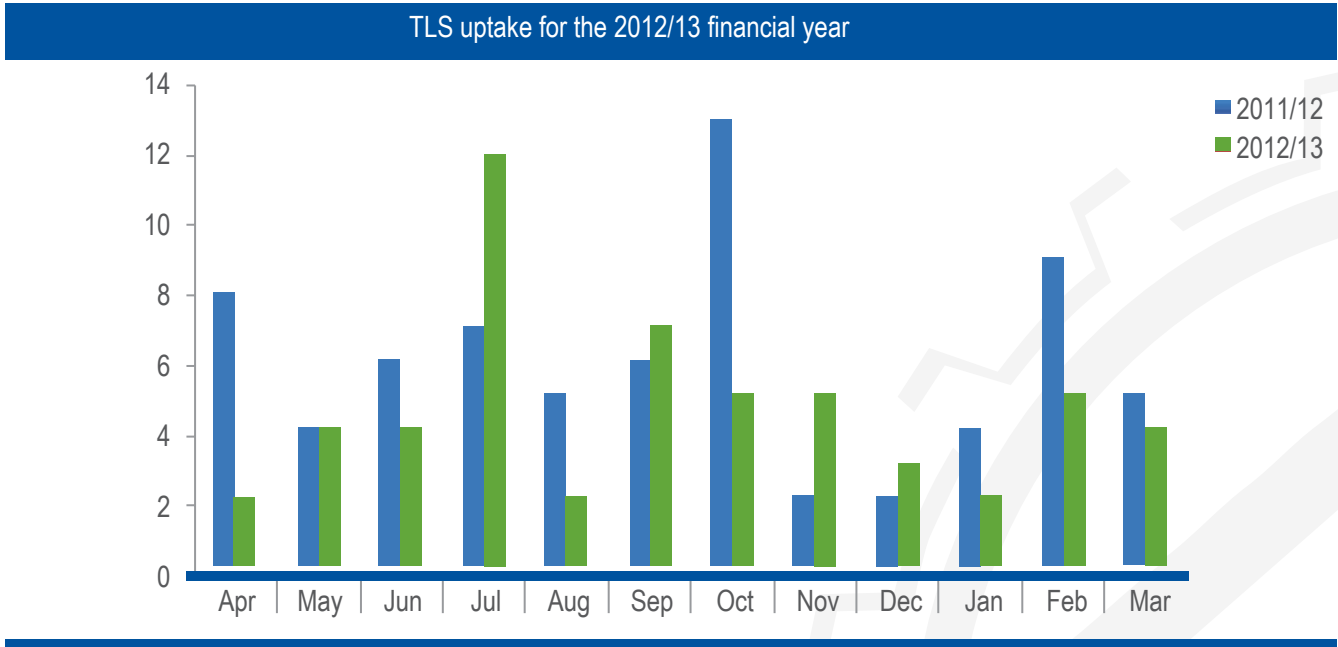
- The CCMA promotes participation in the TLS as an alternative to retrenchment
- The CCMA is the point of entry for participation and the commissioner concerned facilitates a Training Layoff Agreement and secures all the necessary information to support the application
- The CCMA Advisory Committee considers the application in terms of the criteria for participation and makes a recommendation in the form of an advisory award
- The CCMA keeps statistics on the details of applications and reports on these.

Stage of TL process	Activity	Number of cases	Number of affected workers
Training	Training completed	0	0
Training	TL approved by the Project Evaluation Committee (PEC) and training in progress with the respective SETA	0	0
SETA & NSF	TL at the stage of being processed by the SETA involved, and the National Skills Fund (NSF)	33	5 612
CCMA Advisory Committee	TL at the stage of being evaluated by the CCMA Advisory Committee for eligibility	1	241
	Total cases currently in the TL process	34	5 853
Not recommended	Cases not recommended by the CCMA Advisory Committee	18	1 134
Withdrawn	Cases that entered the TLS system but were subsequently withdrawn by the parties involved	1	6
Liquidated	Companies that were liquidated or in the process of liquidation subsequent to submitting TL requests	2	619
Declined by PEC	Companies that were recommended by the CCMA Advisory Committee but declined by the Project Evaluation Committee	0	0
	Total cases processed	55	7 612

The CCMA processed a total of 55 cases, of which 37 were recommended by the CCMA Advisory Committee. The reasons for not recommending participation were either that the company was found not to be 'in distress' in terms of the TLS Rules, or that the distress was too advanced for a training layoff to be effective.

In terms of the information available to the CCMA, no cases reached the training stage in the period under review. This was largely due to blockages at the post-CCMA stage. A review of the scheme is scheduled to address the causes involved.

TLS monthly uptake trends



There was no significant variation of uptake trends between the two financial years, with uptake varying from month to month but remaining consistent overall. While uptake is relatively low, each case has a significant potential impact in terms of alleviating business distress and saving jobs.

TLS Uptake Synopsis

Since the inception of the scheme in September 2009, and until March 2013, a total of 215 cases involving 25 942 workers has been processed by the CCMA. The training process has been completed for 28 cases, involving 2 624 workers. Training is in process for 29 cases involving 2 624 workers. There are 56 cases involving 7 758 workers at the SETA/NSF/UIF stage of the training layoff process. The CCMA Advisory Committee did not recommend 58 cases involving 5 056 workers, while 37 cases, involving 2 365 workers, were withdrawn.

Departmental Highlights

Capacity Building of Commissioners

A key focus area has been to develop capacity of commissioners to effectively conduct Section 189A facilitations, in particular to fully explore alternatives to retrenchment, including the TLS. Two internal capacity building sessions have been held and a Job Saving Resource manual produced to enable easy access to all forms, presentations, publicity material and other documents.

University of Cape Town Conference

The CCMA contributed to, and presented, at the UCT Conference on Strategies to Overcome Poverty and Inequality: Towards Carnegie III.

Partnership Building

The CCMA promotes early intervention in situations of distress and, in this regard, has embarked on engagements with bargaining councils to improve co-operation and to encourage councils to contact the CCMA on identifying early warning signs of business distress. There have been a number of interventions where the CCMA has worked with its job saving partners to assist businesses in distress, thereby removing the need for job loss. These include some precedent-setting success stories.

Nature's Choice

The value and impact of the CCMA's integrated approach to job insecurity situations is evident in the S189A facilitation at Nature's Choice Products in Alberton. The company produces frozen vegetables and French fries (chips). Due to increasing costs, the company became uncompetitive with imported chips. Nature's Choice considered closing the product line, with retrenchment of the affected workers.

In the course of the facilitation process, the CCMA engaged with the Economic Development Department and the International Trade Administration Commission (ITAC), given that the reasons for the proposed retrenchments related to broader international trade-related problems.

The collaborative process resulted in parties concluding an enabling agreement that provided for an application for protection being submitted to the ITAC, participation of affected employees in the Training Layoff Scheme and for no forced retrenchments. As a consequence, pending the ITAC decision, over 120 jobs will have been saved.

Risks and Mitigation

The CCMA is currently reviewing the Job Saving Strategy by means of an EPP-funded research project. The recommendations, once implemented, are likely to result in significant improvements in the effectiveness of Section 189A processes.

The main challenges in delivering the Job Saving Strategy have been the delays and administrative blockages in delivery of the TLS, after the CCMA's involvement. To add to the understanding and effectiveness of the TLS, the CCMA held a successful workshop for SETAs on its functioning. A key outcome from the workshop was the clarification of the roles of the various implementing partners.

The CCMA is also engaged with involving partners in a review process of the TLS and its rules. Part of the review includes exploration of ways to increase uptake and expand the reach of the TLS.

Capacity

Delivery of the Job Saving Strategy currently resides in the Capacity Building and Outreach cluster, but it is envisaged that a fully-fledged Job Saving unit will be established in the course of the 2013/14 financial year. This will necessitate capacitating the unit in terms of commissioner and administrative support.

Targets

In the year ahead, the focus will be on establishing and capacitating the Job Saving unit, training of specialist commissioners in conducting Section 189A facilitation processes, entrenching partnerships and, most importantly, ensuring that businesses in distress are assisted and jobs saved through 'partnerships in action'.

Conclusion

With no end to job loss in sight, it has become a strategic focus area of the CCMA to ensure that all possible alternatives to retrenchment are explored to assist businesses in distress and to save jobs. This is important in order to assist in poverty reduction as a result of unemployment and to preserve an industrial base for job creation initiatives.

Dispute Management and Prevention

Introduction

The Dispute Management and Prevention (DM&P) department offers a wide variety of outreach services to its users and social partners in all corners of South Africa, including most rural areas. The rapidly changing external environment is placing greater emphasis on the CCMA's outreach work and, in particular, on engaging with workplace relations and factors underpinning the increasing complexity of labour disputes.

The main focus of the department is capacity building, information sharing, awareness raising and problem solving. Its main objective is effective and proactive management of conflict and disputes from workplaces to CCMA hearing rooms.

Strategic Objectives

The Department derives its mandate from the following strategic objectives:

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

Key Performance Areas

The department has five Key Performance Areas through which it delivers on its projects and activities for the year under review. They are as follows:

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

The following projects and activities were delivered through the above-mentioned Key Performance Areas, with a total of 2 220 activities conducted. It is important to bear in mind that each activity involves the improvement, even if only in a small way, of the working lives of the participants involved. Impact assessments conducted over the years have been consistently favourable.



Above: CCMA staff who participated in a joint stakeholder summit convened by the Mpumalanga and Limpopo Regions to facilitate social partner dialogue in the Game Reserves and Lodges Sector.

Capacity Building and Outreach

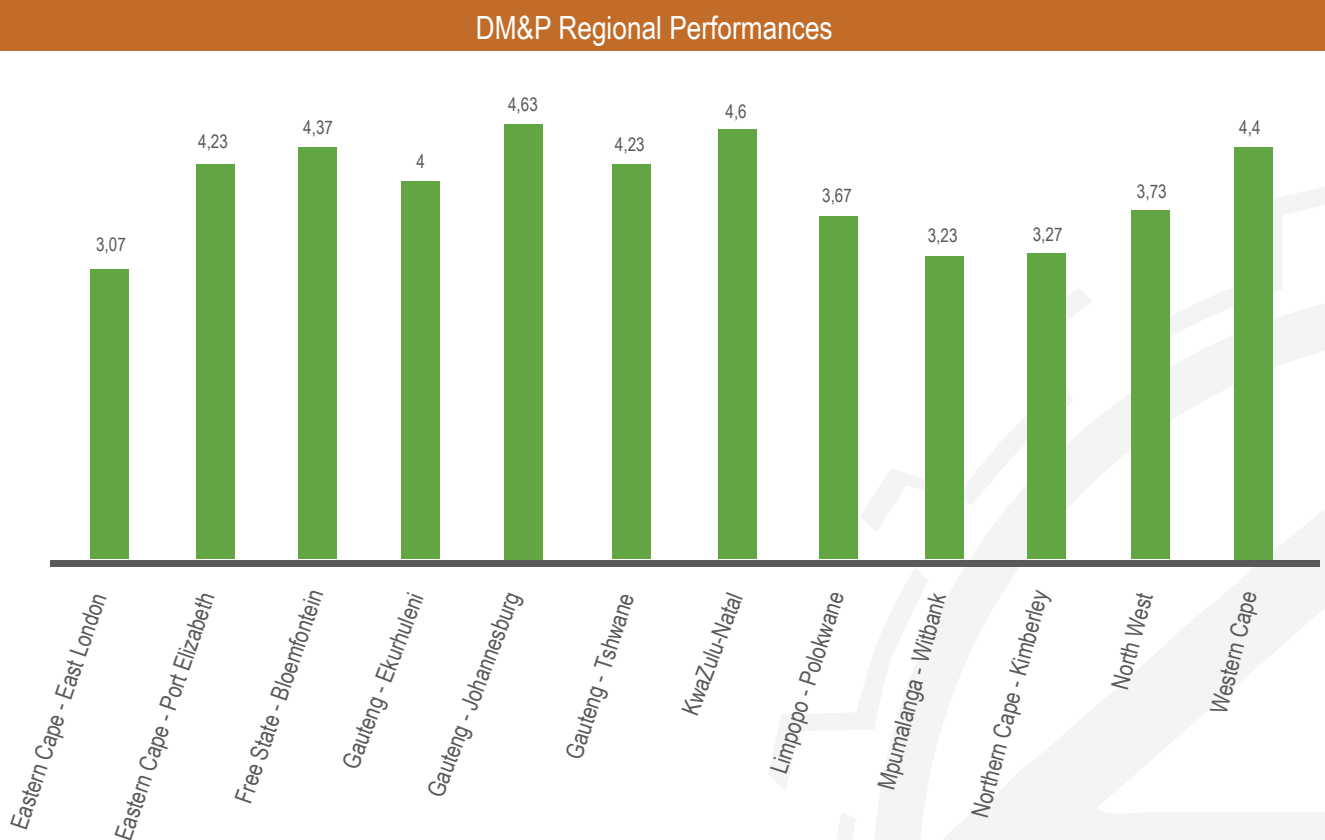
The table below illustrates the projects, minimum targets, number of activities delivered and the ratings achieved.

Projects and activities	Minimum no of activities targeted	No of activities delivered	Rating
Production of papers/articles on topical issues	2	4	5,00
Establishment of labour market structures, and holding and participating in social partner events	120	175	3,42
Awareness-raising events	120	573	5,00
Knowledge and skills development interventions	120	368	5,00
Contribute to the empowerment of vulnerable sectors and constituencies	72	228	5,00
Awareness raising, education and training on 'dealing with job insecurity' and promotion of the CCMA's Job Saving and Business Turnaround strategies and approaches	144	291	4,42
Partnership building to entrench co-operation between the CCMA and other institutions involved in business and job saving, and the provision of support and survival mechanisms	72	94	3,83
Building and sustaining workplace relations, including managing conflict in the workplace	24	31	3,33
Addressing unfair discrimination in the workplace	48	180	4,83
Promotion of user compliance with dispute resolution processes	48	149	4,83
Removal of social justice blockages	48	127	4,17
Total		2 220	4,44

Departmental Highlights

All twelve regions have met and exceeded the minimum performance rating of three, as illustrated by the graph on the following page. This is despite the regions varying in capacity and performance, and it is through concerted support at CCMA National Office level that all regions are performing well.

The graph below illustrates overall regional performance from 1 April 2012 to 31 March 2013



Activities delivered included User and Sector Forums, radio talk-shows, road shows, izimbizo meetings, best practice workshops, short-session presentations, breakfast and labour law seminars, facilitated building workplace relations exercises, managing conflict in the workplace, capacity building and training for dealing with unfair discrimination in the workplace.

The sheer numbers of activities and people affected, together with the considerable geographical reach involved, constitutes a highlight in itself.

As part of its endeavours to reach out to vulnerable sectors and constituencies, the DM&P department embarked on a project to translate its information sheets and brochures into ten other official South African languages.

This project has been completed, resulting in the translation of eight information sheets and two brochures into Afrikaans, IsiZulu, IsiXhosa, SiSwati, IsiNdebele, Southern Sotho, Northern Sotho, Setswana, Xitsonga and Tshivenda. This will enable workers from vulnerable sectors and constituencies to read and understand the information sheets and brochures in their mother languages.

The CCMA and the Department of Labour from the Limpopo and Mpumalanga Regions jointly facilitated a Game Lodges and Reserves Stakeholder Summit with support from SANParks and the trade unions organising in that sector. Sector trends analyses showed the reserves and lodges segment of the Hospitality Sector to have the highest referral rates in the Limpopo and Mpumalanga Regions. Based on this, and coupled with job losses experienced in the sector, the decision to convene a stakeholder summit was taken, with the theme of Economic Development, Social Justice and Labour Peace in the Sector. The summit was held over two days in November 2012 and was attended by 112 delegates. The event culminated in an agreed-upon action plan aimed at contributing to stable labour relations in the sector.

Capacity

In terms of the current DM&P structure, the department is fully staffed, but further capacity is required due to significantly increased expectations and demands on the CCMA's outreach services. Proposals have been made regarding further capacity building, both at national and regional level. The department has entered into a collaborative initiative with the Mediation and Collective Bargaining

department, aimed at addressing latent and escalating conflict in identified workplaces, together with post-strike interventions.

Targets

The department's Operational Plan and its Targeting and Scoring approach for the new financial year place more emphasis on working to plan, quality, strategic targeting and impact. Cumulative numbers of activities will generally not be measured for scoring purposes.

Ongoing loss of DM&P commissioners and co-ordinators remains a significant challenge, with new incumbents taking time to be fully integrated into the DM&P function. However, the department has proposed a number of interventions, including that a Dispute Management and Prevention module be included in the Commissioner Training programme.

To address the ever-present challenge of making outreach services available to all corners of South Africa, especially remote rural areas, a series of SABC radio programmes, consisting of 24 episodes, to be broadcast by 12 stations, is planned for the forthcoming year.

Conclusion

The role of the DM&P department is becoming increasingly significant, with the department, in collaboration with other structures, moving rapidly towards the CCMA centre stage.

Overall, excellent progress was made during the year under review, with all targets met and exceeded. Demand for DM&P services continued to increase from both business and labour, which reflects positively on the quality of services delivered.



CCMA service delivery sites

Dispute Resolution, Legal and Statutory Bodies Liaison



Eugene van Zuydam
National Senior Commissioner: Dispute
Resolution and Legal

Introduction

This department consists of three sections, namely Dispute Resolution, Legal and Statutory Bodies Liaison. The Dispute Resolution section is responsible for dispute resolution in general, and in particular for all post-arbitration hearing processes. Additionally, it is tasked with keeping commissioners abreast of new employment laws, practices and procedures, as well as rendering support services to the Essential Services Committee.

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

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

Strategic Objectives

The department's delivery is informed by the Siyaphambili Strategy, which is now in its fourth year by

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

Key Performance Areas

The first objective, in terms of the Siyaphambili Strategy, is delivered through input and recommendations to the Minister of Labour in respect of the proposed amendments to the employment law legislation. Furthermore, through the development of a system to improve the quality of the dispute resolution processes in the CCMA.

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

To support the second goal, the department annually revises the Practice and Procedure and Case Law Manuals for commissioners. The manuals are furnished to each commissioner as a reference and guide, not only to advance the professional service delivered, but also to ensure consistency in dispensing social justice.

As part of our knowledge development programmes and initiatives, commissioners are required to attend regular case law monitor workshops, at which the latest case law developments are discussed.

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

To promote optimal deployment of resources, and in protecting the organisation's institutional integrity, the department protects and, where required, defends the interests of the CCMA.

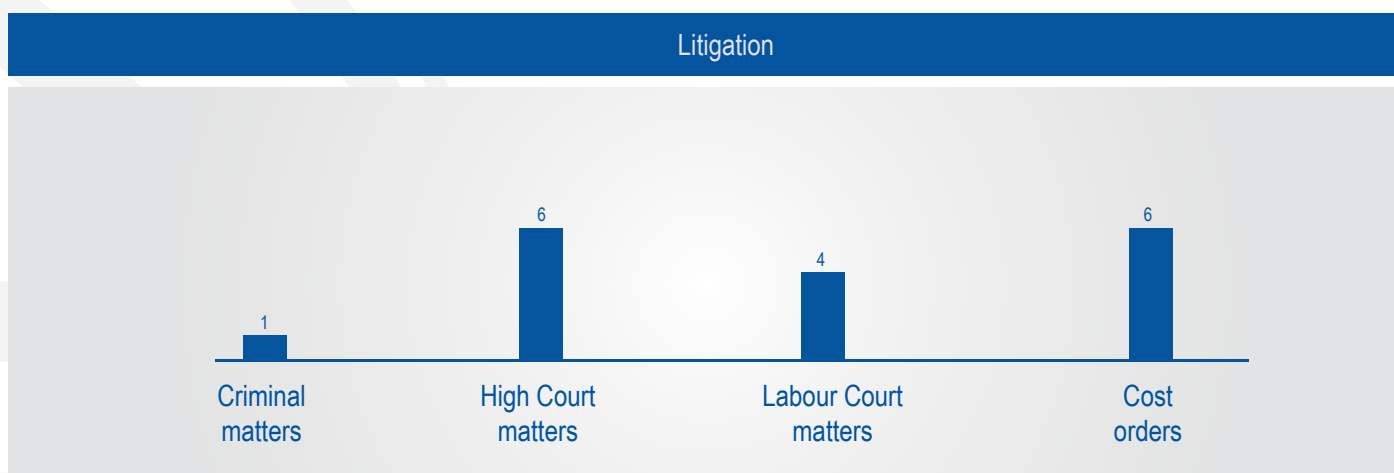
Besides litigation, advice and the settling of contracts, guidelines, practice notes and opinions are issued on a regular basis in promotion of service delivery excellence.

The team established to revise the CCMA's Rules and its forms has completed its task and submitted the draft rules to the Governing Body for approval. The department organises consultative meetings with councils on a regular basis, where strategic labour market issues and the improvement of dispute resolution are discussed.

A new fee structure for commissioners has been implemented and this contributed to the reduction in the number of arbitration awards.

Litigation

A case worth noting is the Law Society of the Northern Provinces vs the Minister of Labour, CCMA and Others. The Law Society instituted an action to declare Rule 25 (1)(c) of the CCMA rules, which deals with an objection to legal representation, unconstitutional. The Law Society succeeded in their action and the CCMA then lodged an appeal against the High Court decision. The appeal will be held on the 6 September 2013 at the Supreme Court of Appeal in Bloemfontein.



Targets

In the forthcoming financial year the department plans to:

- Complete the revision of the CCMA's Rules and its forms and promulgate them
- Design a mechanism that will sustain the newly developed system to improve the quality of awards
- Further engage the Sheriffs' Board to make enforcement processes more accessible and effective
- Continue to participate in the process of the employment law amendments.

No risks are foreseen in achieving these strategic objectives.

Conclusion

The department is geared-up to achieve its objectives and key performance areas in terms of the Siyaphambili Strategy, which, in turn, will ensure that an effective and efficient dispute resolution service is delivered.

Essential Services Committee



Luvuyo Bono
Essential Services Committee Chairperson

Chairperson's Report

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

In terms of this section, the functions of the Committee are:

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

In exercising its responsibilities, the Committee may only determine a service as essential where, in terms of Section 213 of the Act, it can be shown that an interruption of that service would 'endanger the life, personal safety or health of the whole or any part of the population'.

Moreover, it would have to be established that a 'clear and imminent threat to the life, personal safety or health of the whole or part of the population existed'. Similarly, the Committee may only determine a service as a maintenance service where, in terms of Section 213 of the Act, it can be shown that '... the interruption of that service has the effect of material physical destruction to any working area, plant or machinery'.

This report seeks to point out the strategic and operational direction of the ESC, as well as the co-operation that is required from the CCMA for the ESC to succeed in achieving its strategic objectives.

The report includes a status report on the cases handled by the ESC to date and indicates the improved turnaround times in the handling of cases.

One of the ESC's members, Ms V Harbhajan, resigned in March 2013

ESC Strategic Plan

The Essential Services Committee held a strategic planning session in February 2013. The session was attended by members of the ESC, Mr Mkalipi and Mr Rathai from the Department of Labour, and Ms N Kahn (Director of the CCMA) and Ms T Cohen (Governing Body Chairperson of the CCMA).

Labour Relations Amendments

The ESC identified certain issues that require clarity in the Labour Relations Amendment Bill. These issues include:

- The envisaged relationship with the CCMA, especially given that the Director of the CCMA shall be the ESC's Accounting Officer
- The exclusion of minimum services in Section 70B
- The appointment of a CCMA panel for ESC matters
- Clarity on the monitoring and enforcement of Minimum Service Agreements.

Subsequently, members of the ESC met with the drafters of the Labour Relations Amendment Bill to raise concerns and seek clarity on the issues identified at the strategic planning session. Many of the issues were clarified, with the exception of the exclusion of minimum services in Section 70B, which the drafters agreed to pursue as it was identified as a clear omission in the draft documentation.

The issue of the CCMA panel for Essential Services Committee matters will be taken up by the ESC's Chairperson with the Director of the CCMA.

The ESC has also undertaken to prepare itself for the amendments to the LRA by undertaking some groundwork so that there will be a seamless transition on their implementation.

This includes assisting the Public Service Co-ordinating Bargaining Council and the South African Local Government Bargaining Council, both of which have previously sought assistance with the conclusion of Minimum Service Agreements. This is one of the major projects that will have a great impact on both the financial and human resources of the ESC.

ESC Relationship with the CCMA

The relationship between the ESC and the CCMA is critical, and the proposed amendments to the LRA appear to further entrench the relationship. It is against this background that the relationship should be healthy and more structured. The following would assist in this regard:

- Regular meetings between the ESC Chairman and the Director of the CCMA
- Representation on the CCMA's Governing Body by the ESC's Chairman *

- Clarification of the ESC's budget by the CCMA
- Resource assistance from the CCMA, including the training of commissioners who will be deployed for ESC matters and the drafting of ESC rules, regulations and operating procedures.

In this respect, the ESC has been advised that, under Section 116 of the LRA, which sets out the constitution of the CCMA's Governing Body, such an appointment of the ESC's Chairman to the Governing Body of the CCMA would be ultra vires. This will be considered by the ESC at a meeting in July 2013.

Meetings with the Director of the CCMA have been ongoing since 2012 and have proved beneficial for the operations of the ESC. Budget matters pertaining to the operation of the ESC have been discussed with the CCMA and such discussions are ongoing. (The ESC's budget is funded by the CCMA.)

Discussions with the CCMA will determine the constitution of the CCMA panel for managing ESC matters and will include the necessary training for panel members. Drafting assistance with the ESC rules and guidelines will also be determined.

Capacity Building

There is a requirement to train members of the ESC for the work they perform, and the organisation is currently conducting a needs analysis of necessary skills to capacitate members. Integral to this capacity building will be training for CCMA commissioners, who will be conducting ESC processes.

Publicity

An increase in the public's awareness and understanding of the roles and functions of the ESC is essential. Currently, the ESC has collaborated with the CCMA in its New Age Newspaper articles and has, to date, written three articles that have been published under the name of the CCMA. It is appreciated that development of a communications strategy must receive high priority in the coming year.

There has been an increase in the ESC's invitations to present at conferences. The Chairman has taken advantage of these opportunities to raise awareness of the ESC's work, including recent cases in which it has been involved.

Operations

During the strategic planning session, the following issues were addressed:

- The ESC agreed to adopt the CCMA's scorecard and tailor it for relevance to the ESC, so that its performance can be effectively measured
- The ESC's case management must be made available in the CCMA's case management system, which must also cater for the ESC processes
- Access to research regarding international trends and best practices is essential.

Referrals received during 2012/13

- Northern Platinum
- Bill Buchanan Association for the Aged
- Chevra Kadisha
- Air Traffic and Navigation Services
- Pretoria Laundry
- McKaiser Old Age Home
- State Information Technology Agency
- KwaZulu-Natal Legislature
- NUM/Eskom
- Netcare & Melomed
- Sonqobo Security
- Europ Assistance Worldwide
- Langeberg Municipality MSA
- Belvedere Park Home Owners Association
- Western Cape Legislature
- Social Development/NEHAWU
- POPCRU vs G4S.

All the above matters have been disposed of, except for the NUM/Eskom matter and that between Social Development and NEHAWU.

Conclusion

Objectives for the Essential Services Committee have been clearly defined as a direct result of the February 2013 strategic planning session. This has also clarified the essential nature of the organisation's relationship with the CCMA, resulting in a clear sense of stability for the ESC and its future role in the labour market. Emphasis has recently been successfully placed on improving the turnaround time for completing cases.



Itumeleng Masege
General Manager: Corporate Services

Corporate Services

The role of the Corporate Services cluster is to provide operational and strategic support to the organisation in the key areas of strategy, monitoring and evaluation, policy development and management, human resources management, national facilities management, office management and corporate governance.

This cluster contributes to the Siyaphambili Strategy by delivering on the strategic objectives and key performance areas outlined below.

Strategic Objectives

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

Key Performance Areas (KPA's)

- Improve accessibility of services to users
- Entrench a culture that focuses on performance and service delivery excellence

- Best practice policies and governance structures implemented
- Source and retain the best talent for the organisation
- Align the organisational design that facilitates delivery of the strategy
- Ensure effective development, implementation, evaluation and reporting on the strategy
- Foster a dynamic organisational culture informed by the values of the organisation.

Functions of the Section

During the year under review, this cluster, under the leadership of the General Manager: Corporate Services, has made tremendous strides in increasing the efficiency of the organisation, strengthening the functioning of the organisation, enhancing monitoring and evaluation and further developing our people-centred culture.

Strategy Management

Policy Development

The organisation further strengthened the internal regulatory and governance environment by continuing the development and review of policies,

including in the areas of information communication technology (ICT), human resources, occupational health and safety, ethics and governance.

A number of policies within the ICT environment were developed in order to address audit queries that were raised by the Auditor-General. Additionally, the improvements in the human capital arena and the Office of the CFO, including supply chain, required the development and review of a number of enabling policies.

Most importantly the policy review process was reviewed and enhanced with the aim of accelerating the policy approval process. The policy management system and procedure will be reviewed and enhanced in the next financial year.

Monitoring and Evaluation

The mid-term review of the Siyaphambili Strategy was successfully conducted. A strategic outcome of this process has been the development of the Broad Mandate document, which begins to lay the foundation for the CCMA vision beyond 2015. The quarterly scorecard reporting has been effectively administered, further strengthening the organisation's planning capacity and monitoring capability. Clusters and regions were afforded the opportunity to hold strategic planning sessions with operational plans being submitted prior to the development of budgeting, further strengthening the alignment of planning, budgeting and reporting.

The Annual Performance Plan and the Strategic Plan were submitted to Parliament prior to the required end of January submission date. Furthermore, the CCMA complied with the reporting requirements of the Annual Report by meeting all due dates as well as submitting the final Annual Report to Parliament by 30 August 2012, as required by the PFMA. The CCMA was not called to Parliament to make a presentation. The Corporate Services' scorecard was successfully implemented for the first time, ensuring that managers focus their attention on achieving efficiencies in the corporate services functions.

Highlights

In the area of human resources (HR), a ground-breaking, three-year collective agreement with the Commission Staff Association was signed. The policy adoption and review process was further strengthened, with sixteen policies having been adopted during this reporting period. As part of the CCMA Governing Body's vision that the CCMA must be a high-performance-driven organisation, the performance management system was further enhanced by strengthening the link between individual performance and organisational delivery. Additionally, as part of the review of the remuneration policy, all managers' increases were completely performance based.

The Commissioner Recruitment Project for 2012/13 was successfully implemented, with 65 new recruits taken into the organisation, of which 61 are currently undergoing training. In order to further strengthen the organisation's strategic delivery, and as a result of the evaluation of the three previous years recruitment process, a dedicated Commissioner Recruitment and Management Service unit has been established under HR. Additionally, HR has provided effective recruitment, performance correction, disciplinary and grievance support services to the organisation throughout the year under review.

In terms of group risk, the focus has been on improving and enhancing benefits with a dramatic and significant improvement in the efficiency of the administration having been achieved. The CCMA has identified the achievement of its employment equity targets in line with the approved five-year plan as central to transforming the organisation. In assessing our current achieved status in the third year of a five-year plan, we are confident that we will meet our targets.

Corporate Services was responsible for, and managed, all logistics related to the holding the successful Commissioners' Indaba in Durban. A process has been initiated, in preparation for the imminent expiry of a number of lease contracts, to commence the procurement process for new lease contracts at least 18 months prior to the actual expiry date. This system has allowed for a more efficient procurement process that complies with the determined delivery timelines. New furniture was acquired for all regions using the approved furniture catalogue. The greening programme is bearing fruit, born out of a dedicated will from management to promote a change in the behaviour of our staff, with sustainability information sessions being held and sustainability targets being

Lease Management

During the year under review, the organisation negotiated and renewed two operating leases: Rustenburg and Nelspruit. Furthermore, a total of six leases was advertised in the Government Tender Bulletin and are at various stages of an open competitive bid process: Western Cape (Cape Town), KwaZulu-Natal (Durban), KwaZulu-Natal (Pietermaritzburg), North West (Klerksdorp), Mpumalanga (Nelspruit) and the Free State (Welkom).

Due to growth, the office in Welkom will be converted into a fully-fledged satellite office to service Welkom and the surrounding area. This step is part of the Commission's mandate to continue striving to reach and serve the people of South Africa.

Building Maintenance and Alterations

Negotiations with the Johannesburg Offices' landlord are in process to conduct extensive alterations at the Johannesburg office. The alterations will be executed in two phases in the next financial year, which will allow the region to streamline and improve the office's service delivery to the public.

Travel and Accommodation

The CCMA successfully completed an open bidding process for an in-house travel agent to be based at National Office, Johannesburg, with the process being verified as compliant by Internal Audit. A services level agreement is in the process of being finalised and the new contract will come into effect effective on 1 August 2013.

Although the CCMA has been successful in travel savings, due to the tight monitoring and controls in place, a new position in Facilities has been created for implementation in the new financial year to tightly monitor and control national travel expenditure.

Fleet Management

The CCMA has a fleet of 14 vehicles on a full-maintenance lease. The process of awarding a contract for the pool vehicle leases was advertised in the Government Tender Bulletin and an award was issued. A total of five leases was renewed and a further four leases will be expiring in July 2013 and will be covered under the same contract. As part of improving its systems, the organisation has also implemented a vehicle tracking system. This aims at improving and concurrently tracking our resources and fleet.

Greening the CCMA

This project has been identified as a special project by the Director and is reported as such.

Source and Retain the Best Talent for the Organisation

In order to ensure that the CCMA is able to deliver social justice, and comply with and live the Batho Pele principles, the Human Resources section plays a central role in assisting the organisation to meet its legislative and social mandate. The Human Resources section has developed processes and systems that address the requirements of both its full-time employees, as well as independent contractors. Among these are a system-based performance management process, benchmarking of remuneration and benefits, as well as an Employee Wellness Programme. The organisation's website, and regional and national print media are utilised when advertising for positions in order to maximise the possibility of reaching the intended audience. The organisation's Labour Turnover Rate is within the defined parameters.

Human Resources Standard Operating Procedures

Having implemented standard operating procedures in the 2011/12 financial year, a significant improvement in service delivery to the regions and departments has been evident. The Human Resources department continues to monitor, evaluate and re-align the standard operating procedures, taking into account best practice and input from various stakeholders.

Remuneration Project

The second phase of reviewing the organisational compensation strategy for management was completed during November 2012. It is envisaged that the last phase of the remuneration review process will be completed in the next two years as part of the Succession and Retention plan. It is important to note that remuneration in this instance includes all aspects of the baskets and is not only limited to financial payment.

Commissioner Recruitment

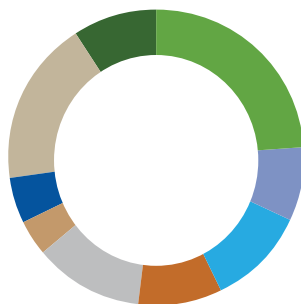
In terms of the Labour Relations Act 66 of 1995, the recruitment and termination of Commissioners is the exclusive function of the Governing Body and this structure plays a central role throughout the commissioner recruitment process. The organisation advertises commissioner vacancies every year for both full- and part-time commissioners. It is a policy of the organisation that there is no automatic renewal of existing contracts when they expire, but that all Commissioners are required to reapply for new contracts. The appointment of new Commissioners is finalised after successful completion of commissioner training that takes place over a six-month period.

The Governing Body has resolved to separate commissioner recruitment into two phases: the first being to interview new applicants, including existing Commissioners applying for upgrades, and the second phase for existing Commissioners applying for new contracts.

The regions that recruited in 2012 included Limpopo, Western Cape, Johannesburg, Ekurhuleni, North West, Mpumalanga, East London, Tshwane, Free State and Northern Cape. KwaZulu-Natal did not recruit. For the 2012 recruitment process, 1 728 applications were received and were processed through a project-managed approach that included written assessments and two sets of interviews. The recruitment processes commenced in June 2012 and concluded with the newly appointed commissioners commencing training on 1 May 2013.

There were 86 new appointments made by the Governing Body and 128 new contracts issued for existing commissioners. The extended recruitment plan was approved by the Governing Body and would result in about 300 commissioners, with contracts expiring at the end of March 2014, undergoing interviews between June 2013 and December 2013. The tables below depict both new appointments and contracts for 2012.

New Appointments

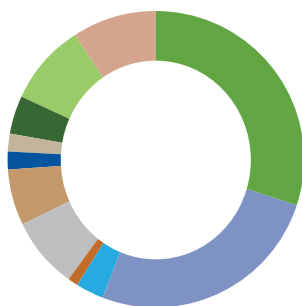


Johannesburg	18	24%
Ekurhuleni	6	8%
Mpumalanga	11	11%
North West	7	9%
East London	9	12%
Free State	3	4%
Northern Cape	4	5%
Tshwane	13	18%
Limpopo	7	9%

Appointments Percentage

Appointments	Percentage
18	24%
6	8%
11	11%
7	9%
9	12%
3	4%
4	5%
13	18%
7	9%

New Contracts



KwaZulu-Natal	30%
Western Cape	26%
Tshwane	3%
Northern Cape	1%
Limpopo	8%
Port Elizabeth	6%
East London	2%
North West	9%
Mpumalanga	4%
Free State	9%

Percentage

30%
26%
3%
1%
8%
6%
2%
9%
4%
9%

The evaluation feedback will be compiled and will form part of the 2013/14 annual report. The 2012 recruitment project was not evaluated for feedback, pending the finalisation of interviews for existing Commissioners.

Human Resources Information System (HRIS)

The outstanding module for recruitment has been held in abeyance pending the development of a module customised to the CCMA's specific needs. The current VIP system Recruitment module was suspended until 2013 as VIP advised that they will be reviewing the module as they cannot accommodate the requirements of the CCMA with the current system. VIP started evaluating feedback and suggestions for this module early in 2013.

Employee Benefits

An enhanced Employee Assistance Programme (EAP) has been added to the employee benefits basket with the appointment of a new service provider. Furthermore, the organisation commenced the process of reviewing its offering regarding the quality of work life. This includes the review of the EAP policy, which is currently undergoing an internal governance approval process as the rebranded Employee Wellness Policy. It is envisaged that this will be completed in the new financial year and implemented thenceforth. The culmination of the review is to develop a culture of working that takes into cognisance the balance of work and home life for our employees, who form the bedrock of our success.

Retirement Fund and Group Risk Benefits

The CCMA Provident Fund is experiencing unprecedented growth under the new fund administrator after the section 14 transfer was completed during the 2010/2011 financial year. There has been a steady growth in employee use of the online portal service, through which employees are able to monitor the performance of the fund in real-time.

The organisation has invested in transforming the organisation into an employer of choice and the statistics above are a positive indicator of the rewards that such an investment is yielding.

Align the Organisational Structure

A review of the organisational structure was conducted during the financial year as the ability of the organisation to fulfil its legislative mandate is dependent on the effectiveness of the functional structure. A further review of the structure was necessitated by the impending labour law amendments that will place additional responsibilities on the CCMA.

Employee Relations

The first year three-year wage agreement for the Bargaining unit, agreed between management and the Commission Staff Association, was implemented during the financial year. The parties



CCMA staff on World Aids Day

An awareness campaign was undertaken to inform staff members on the importance of taking ownership of the provident fund contributions by utilising the provident fund portal. After this initiative, an increase in use of the portal has been shown over the previous period.

Medical Aid

A supply chain management process was undertaken, culminating in the appointment of an additional service provider. The process of bringing the new service provider on board will be completed during the forthcoming financial year.

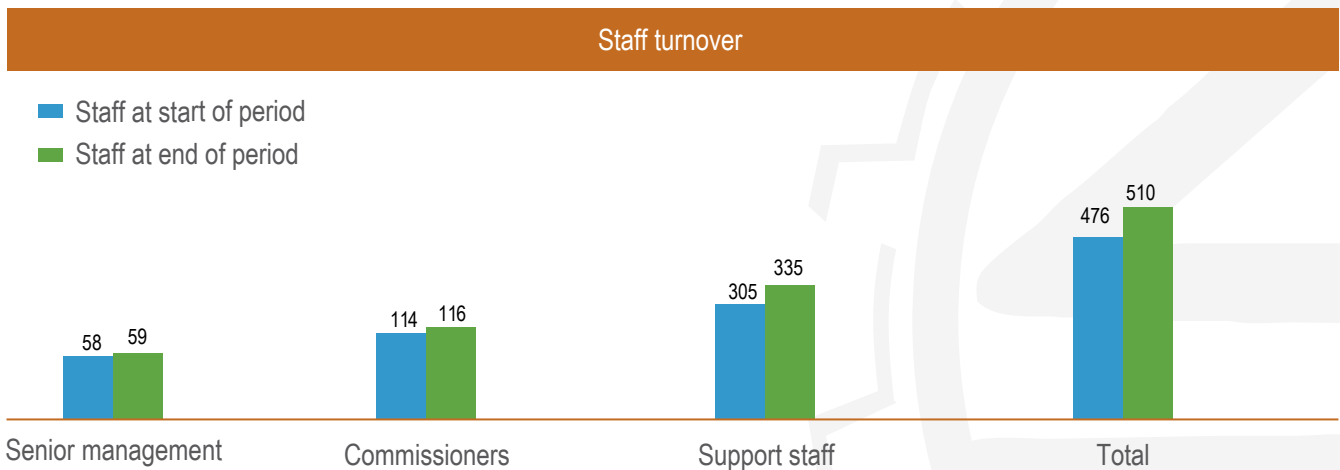
It is a condition of employment for all employees to belong to a medical aid.

To this end, HR conducts medical aid membership audits twice per year to ensure that all employees are always covered by a medical aid scheme.

A non-pensionable allowance, in lieu of medical aid membership, was introduced in April 2012 for all categories of employees.

Recruitment of Management and Support Staff

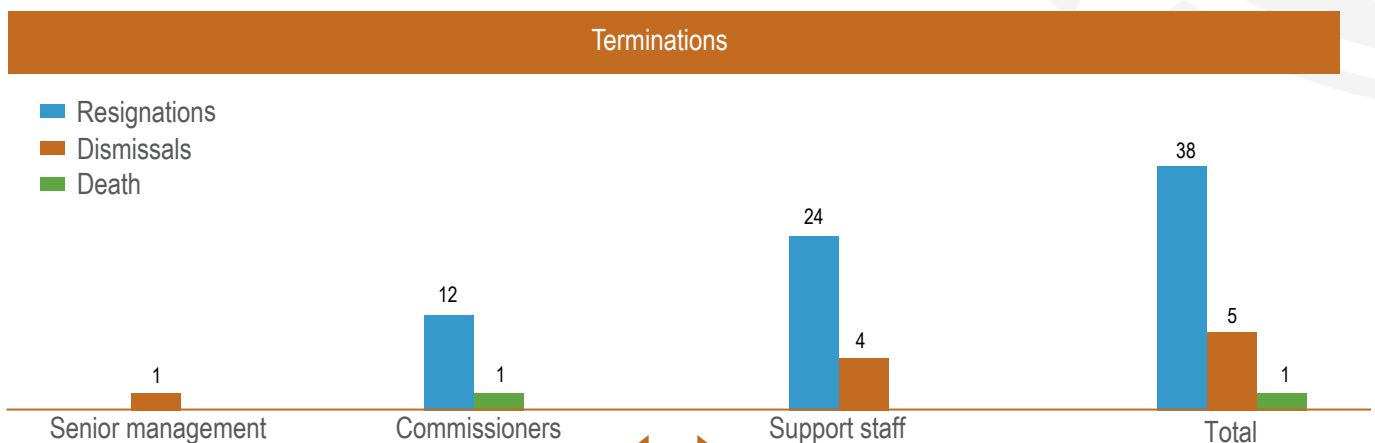
During the 2012/13 financial year, one management, two commissioner and thirty-one support staff vacancies were filled to ensure and maintain service level standards. In the same period, thirty-eight employees left the organisation. The turnaround time in filling critical positions was enhanced throughout the financial year



Terminations

During the financial year, the overall staff turnover was at 0,21 percent for senior managers, 5,04 percent for support staff management and 2,73 percent for commissioners. Industry benchmarks vary, depending on the nature of the business, but in general, turnover should not be more than ten percent and key losses should not exceed ten percent.

The CCMA target turnover rate is between five and ten percent. It is clear that the expanded benefits that the CCMA offers to staff, as well as the improved working environment, have made the CCMA an employer with which most staff members want to be associated.



Align the Organisational Structure

A review of the organisational structure was conducted during the financial year as the ability of the organisation to fulfil its legislative mandate is dependent on the effectiveness of the functional structure. A further review of the structure was necessitated by the impending labour law amendments that will place additional responsibilities on the CCMA.

Employee Relations

The first year of a three-year wage agreement for the Bargaining unit, agreed between management and the Commission Staff Association, was implemented during the financial year. The parties agreed to deal with outstanding issues at a later date. It is envisaged that those issues will be finalised during the 2013/14 financial year. A decision was made to re-draft the Discipline and Grievance Management policy in its entirety. The re-drafting process has been completed and the policy has been scheduled for approval by the Governing Body, with implementation during the course of the forthcoming financial year.

The organisation is transforming into an employer of choice and the statistics are a positive indicator of the rewards that such an investment is yielding.

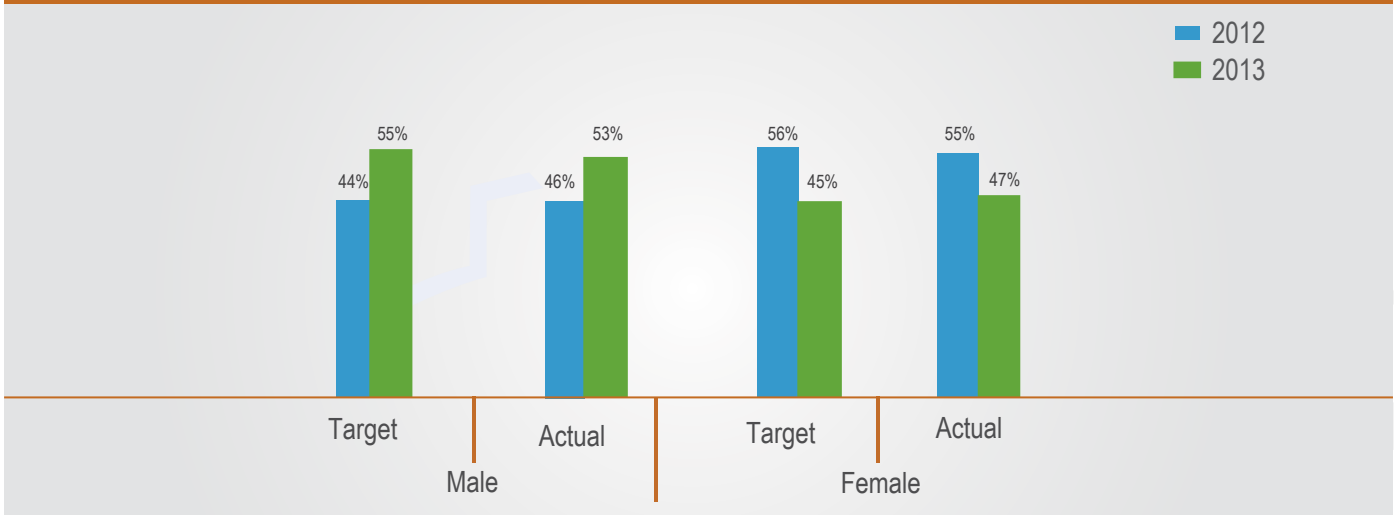
Employment Equity

The organisation has a five-year Employment Equity Plan that is being implemented with annual targets. A new Chairperson was appointed to the Employment Committee and other new members were appointed with the aim of ensuring that employment equity issues are given prominence in the organisation. In addition, the General Manager: Corporate Services was designated as the senior manager responsible for the implementation of employment equity throughout the organisation.

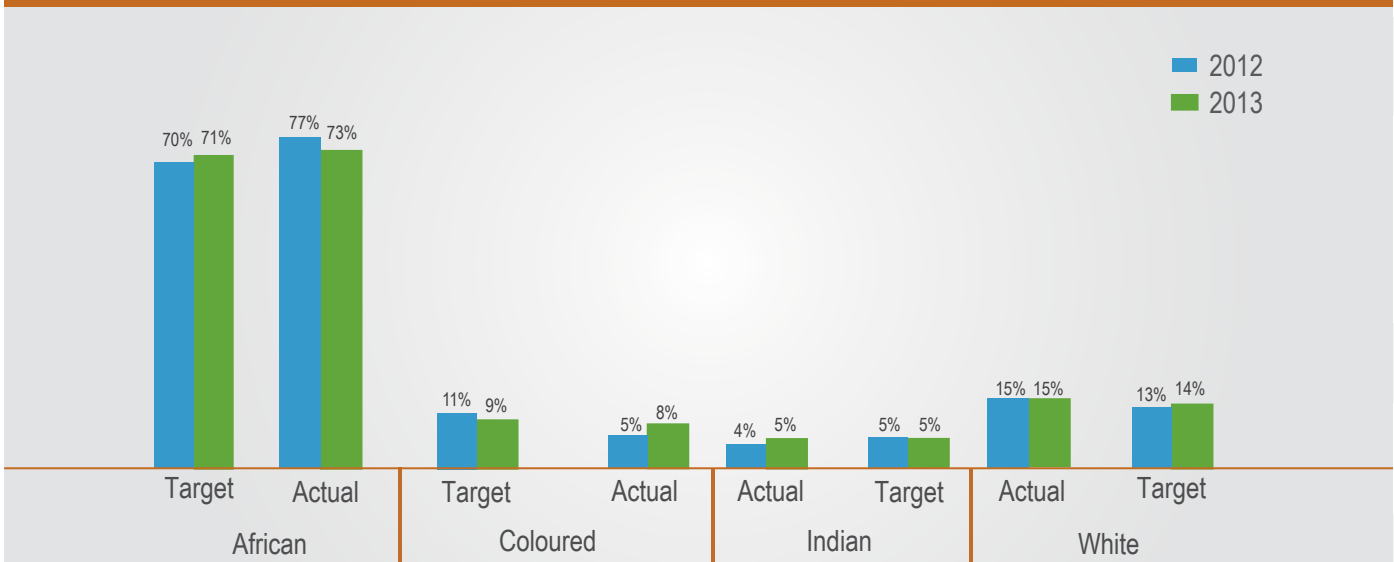
In furtherance of its employment equity imperatives, and as part of its transformation mandate, the organisation has adopted specific programmes and projects that help in additionally capacitating women in our workplace. The organisation has developed a specific management training course that focuses on women. The CCMA has also identified a number of women and placed them on position-specific development programmes as part of the succession planning framework. As a result of this initiative, we have had an increase in the number of women in the management echelons.

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

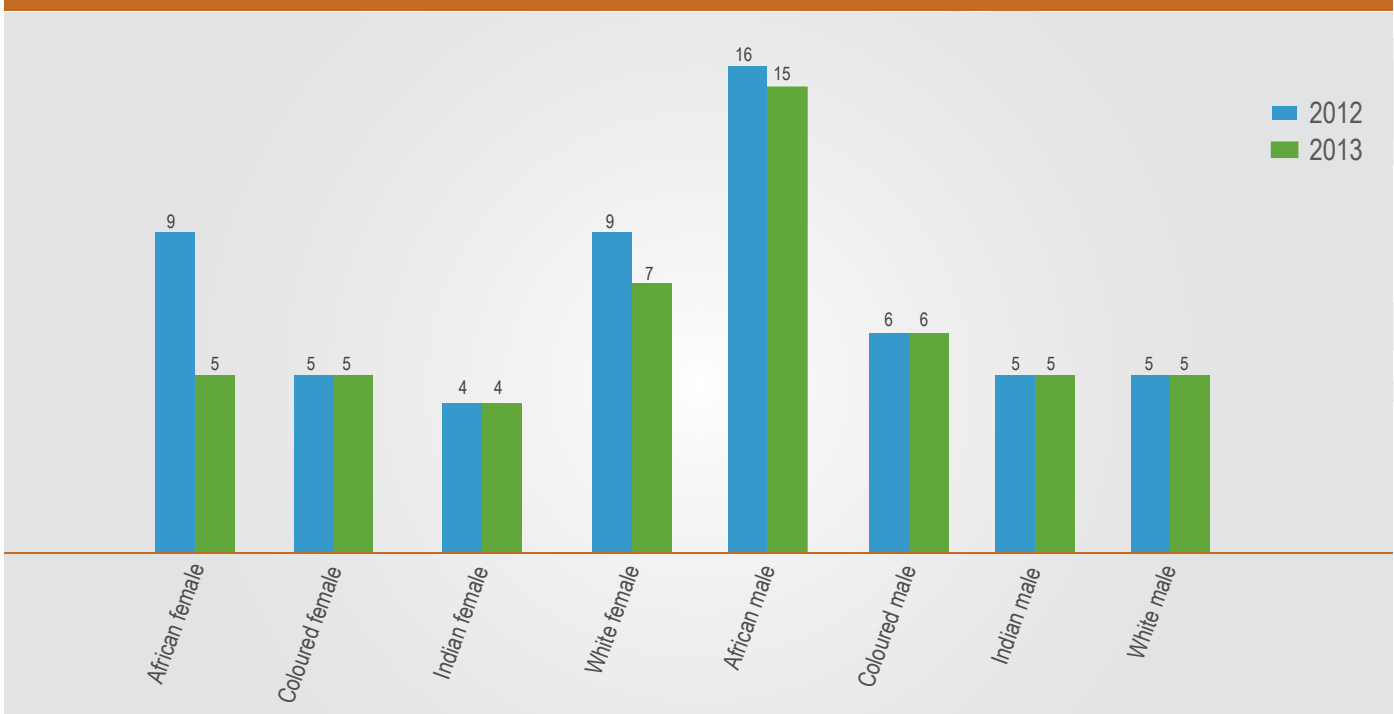
Employees by gender: 2012 and 2013



Employees by race: 2012 and 2013



National Management Committee: 2012 and 2013





Farewell function for CSC: Limpopo Region - Piet Shai and Director Nerine Kahn



Above: Some of the school learners who visited the CCMA stand that was manned by the Tshwane DM&P team at the Pretoria Show Grounds on Heritage Day



Ntombi Boikhutso
Chief Financial Officer

Introduction

The Office of the Chief Financial Officer oversees the Financial Management, Risk Management and Supply Chain Management sections of the Commission for Conciliation, Mediation and Arbitration.

Strategic Objectives

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

Key Performance Areas

The key performance areas for the Office of the CFO to successfully deliver on its strategic objective are to:

- Further embed a risk management process in the organisation by updating and reviewing the occupational, health and safety (OHS) register, operational risk registers, and strategic risk register
- Achieve an unqualified audit report by ensuring reduction in internal and external audit findings through continuous monitoring and implementation of mitigating action plans

Office of the Chief Financial Officer

- Ensure compliance with legislative prescripts, such as the Public Finance Management Act (PFMA) and the Preferential Procurement Policy Framework Act (PPPFA).

Strategic Targets

The strategic targets for the unit in 2012/13 were to:

- Further embed a risk management process in the organisation
- Ensure an unqualified audit report
- Ensure that efficient and effective internal controls processes, procedures and policies were in place
- Manage working capital effectively, maintaining a healthy liquidity position.

Departmental Highlights

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

- The organisation managed its working capital effectively, with a liquidity ratio of 1,02:1
- Monthly cash management and cash forecasting

assisted the CCMA in maintaining a favourable cash position of R71,7m at year-end and in ensuring a minimum of at least two month's cover to meet short-term financial obligations

- Income from investments grew by 30 percent, year-on-year from R7,6m to R9,8 million due to investment in funds yielding favorable returns with lower volatility on short term investments
- Other income grew by 82 percent, year-on-year, through higher demand for CCMA gazetted services
- Explored avenues of income generation through a study conducted in the current year. The outcome of the study highlighted a number of opportunities that management will be planning for implementation at different stages
- As part of entrenching the awareness of legal prescripts, such as the PFMA and PPPFA, the office conducted a national awareness campaign providing training on the Supply Chain Management policy and National Treasury regulations
- A Risk Management system was embedded in the organisation, including risk registers (strategic and operational), insurance and OHS. These were complemented by an electronic risk management tool to track performance
- A number of internal controls and processes were monitored, such as the Issues Being Tracked for Correction (IBTC), to ensure that findings from both Internal and External Audit are being addressed and that controls are in place to ensure that such issues do not recur
- Additional supply chain reports were developed to enhance compliance, and an automated Contracts Management System was implemented
- The unit developed a Procurement Plan Tracking Tool (PPTT) to monitor actual spending against procurement plans and also to monitor adherence to delivery dates.

Financial Management

The section focuses on designing, maintaining and implementing sound financial processes and controls, and on ensuring full compliance to the

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

A challenge that the unit faced was with the management of fixed assets, in particular movable assets such as recorders and laptops. This was addressed through strengthening controls of moving assets from one region to another or when assets are taken in for repairs. The monthly assets verification exercise also served as an internal control to ensure that physical assets reconcile to the asset module.

Risk Management

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

Management identifies these risks and develops and enhances control procedures to manage them on an ongoing basis. This is aimed at continuously improving the identification, assessment and monitoring of risks. A full risk assessment was undertaken of identified organisational risks at both strategic and operational levels.

The risk management unit is also responsible for occupational health and safety (OHS), insurance, and the monitoring of the audit findings raised by the regulatory audit of the Auditor-General. The Risk Management and Internal Audit functions work closely together to provide combined assurance on the identification and management of key risks faced by the organisation.

Strategic and operational risks are monitored on an ongoing basis, with action plans updated accordingly. The progress on implementation of action plans is reported on a quarterly basis to various governance bodies, namely the Risk Management Working Committee, Executive Committee, Finance and Risk Subcommittee, the Audit Committee and the Governing Body.

Supply Chain Management

The unit focuses on the management of interdependent activities of demand, acquisition, inventory and disposal management, with the goal of increasing their effectiveness and efficiency.

All procurement processes of the CCMA are handled centrally through an electronic system to enhance compliance.

The following activities were performed in the current year under review:

- In July 2012 SCM training was conducted in all regions, focusing on SCM policy, processes, procedures and contracts management
- The unit reviewed the SCM policy to align it to Treasury Regulations
- A Procurement Plan Tracking Tool (PPTT) was developed to monitor actual spending against procurement plans and also to monitor adherence to delivery dates.

The following activities are planned for the forthcoming year:

- Supplier open days in all nine provinces, informing current and prospective suppliers of commodities that will be procured in the 2013/14 financial number year. A further objective is to increase the number of suppliers in the database and to enhance the CCMA brand
- Review of SCM processes and procedures to improve turnaround times
- Embed the process of the Procurement Plan Tracking Tool (PPTT) in the organisation.

Supplementary Information

The table below presents the four-year review of the statistical financial information. The value added statements reflect the utilisation of the grant income received from the Department of Labour for the year under review.

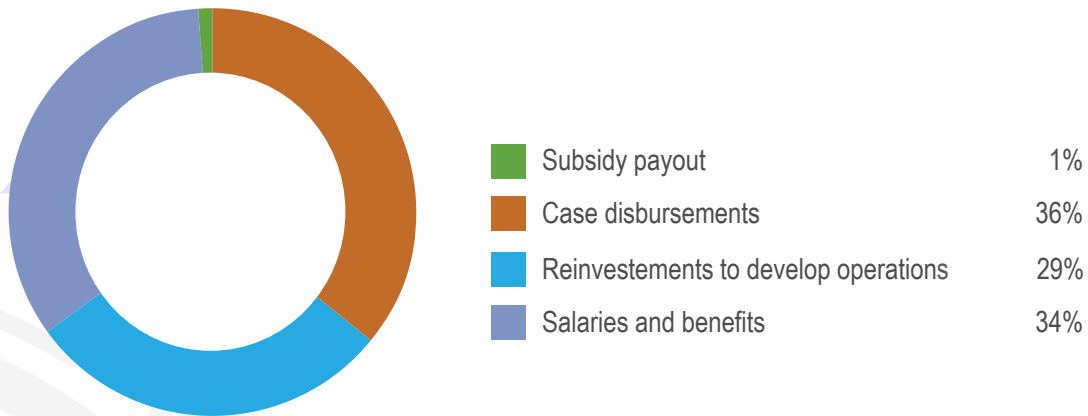
Four-year review

Item	2009/10	2010/11	2011/12	2012/13
	R'000	R'000	R'000	R'000
Grant income and services rendered	359 578	403 523	450 859	484 103
Operating expenditure	380 419	381 346	427 923	508 477
Accumulated surplus/(deficit) for the year	(46 378)	(14 499)	17 733	8 933
Interest received	3 685	5 453	7 556	9 837
Investments and cash	11 531	35 191	73 097	71 702
Average cost per case referred	2 476	2 485	2 648	3 019
Average cost per settlement	5 852	5 430	5 406	6 059
Staff costs as percentage of grant income	34%	32%	32%	34%
Total costs as percentage of grant income	106%	95%	95%	106%
Current ratio	1:0,18	1:0,58	1:1,10	1:1,02

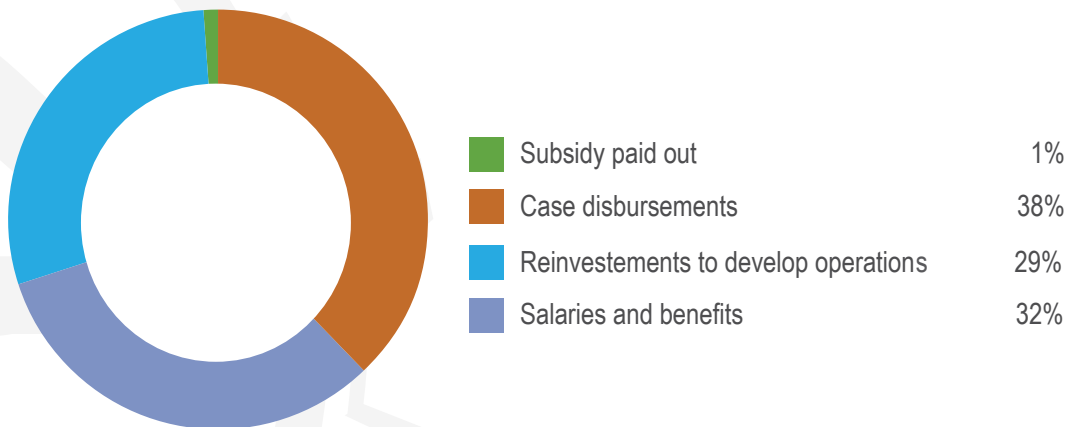
Value Added Statement

	2012	2013
	R'000	R'000
Salaries and benefits	143 753	164 518
Subsidy pay out	5 367	5 496
Case disbursements	156 170	191 756
Reinvestment to develop operations	122 633	146 707

Value distribution 2011/12



Value distribution 2012/13



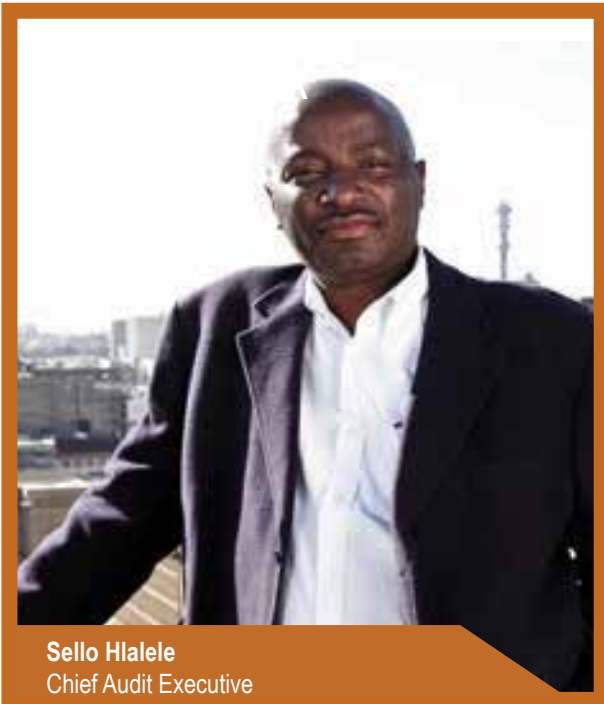
Target

The strategic targets for the financial year 2013/14 for the Office of the Chief Financial Officer, as embedded in the operational plan of the department, are to:

- Further embed a Risk Management process in the organisation
- Ensure an unqualified audit report
- Review and enhance internal control processes, procedures and policies
- Continuous entrenchment of the current governance and legal prescripts, such as the PFMA and PPPFA
- Maintain effective and efficient budget and planning processes.

Conclusion

It is pleasing to report that the Annual Financial Statements, for the year ended 31 March 2013, of the Commission for Conciliation, Mediation and Arbitration, which were subjected to an audit by the Auditor-General of the Republic of South Africa, received an unqualified audit opinion.



Sello Hlalele
Chief Audit Executive

The Governing Body is responsible for the design, implementation and maintenance of appropriate internal controls in mitigation of the inherent risks of the organisation. The Internal Audit function, the independence of which is ensured through a functional reporting line to the Chairman of the Audit and Risk Committee, examines and evaluates the organisation's activities, with the objective of assisting executive management and the Governing Body in the effective discharge of their responsibilities.

Fraud, Irregularities, Waste and Abuse

For the year under review, Internal Audit has not undertaken any new irregularity and wasteful expenditure investigations, neither has it received any new anonymous tip-offs nor management request that resulted in an investigation.

Review of 2012/13 Internal Audit work Performed

During the 2012/13 financial year, a total of 21 audits was conducted in accordance with the plan. Only two audits have been rolled over to the 2013/14 financial year. Overall, the control environment is satisfactory, assuring that the adequacy of design and effectiveness of controls are as management had intended. There is room for improvement, particularly with respect to the continuous monitoring of such controls.

Internal Audit

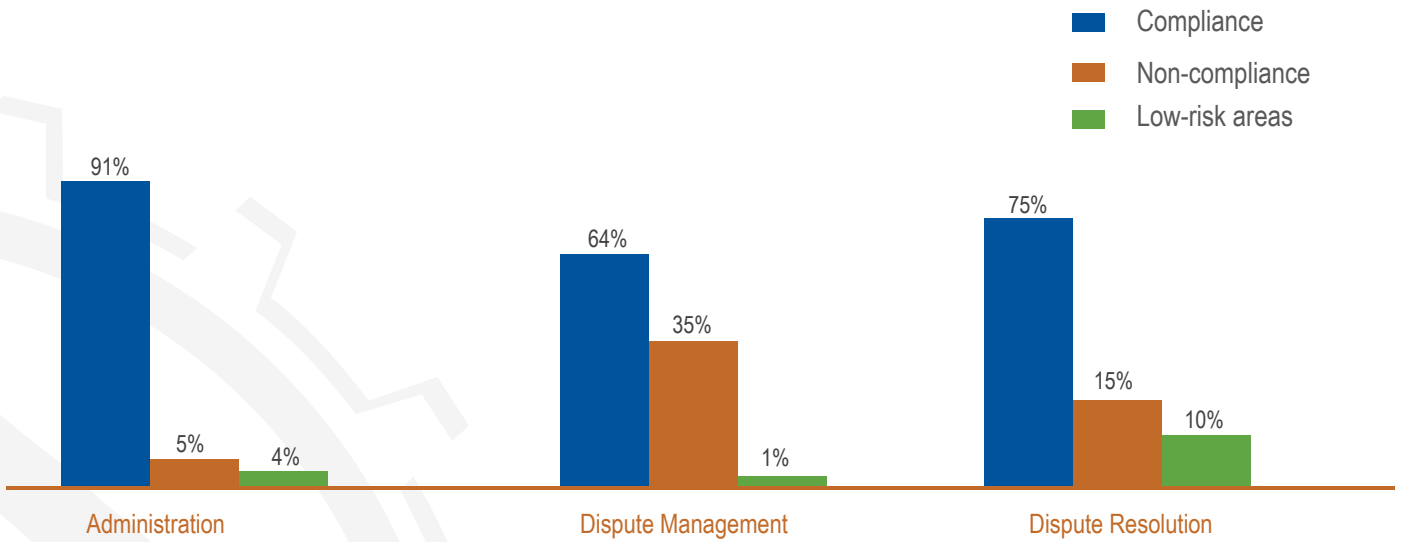
The Commission for Conciliation, Mediation and Arbitration believes strongly in the key role that the Internal Audit function plays in ensuring overall good corporate governance. This role is performed through examining and evaluating the organisation's activities with the objective of giving assurance to the Governing Body and management on the adequacy, effectiveness and efficiency of internal controls within the organisation. The objectives of the internal controls that have been implemented include safeguarding the organisation's assets, efficient and effective employment of resources, the prevention and detection of errors and fraud, ensuring the accuracy of accounting records and the timely production of reliable financial and operational information.

Challenges going forward

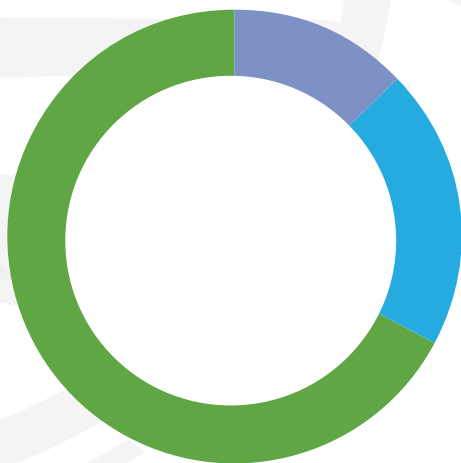
For the 2013/14 financial year, Internal Audit will be embarking on strategic projects to enhance the effectiveness of the Internal Audit department, including:

- Preparing for the 2014/15 Quality Assurance Review
- Embedding the Barnowl IA system.

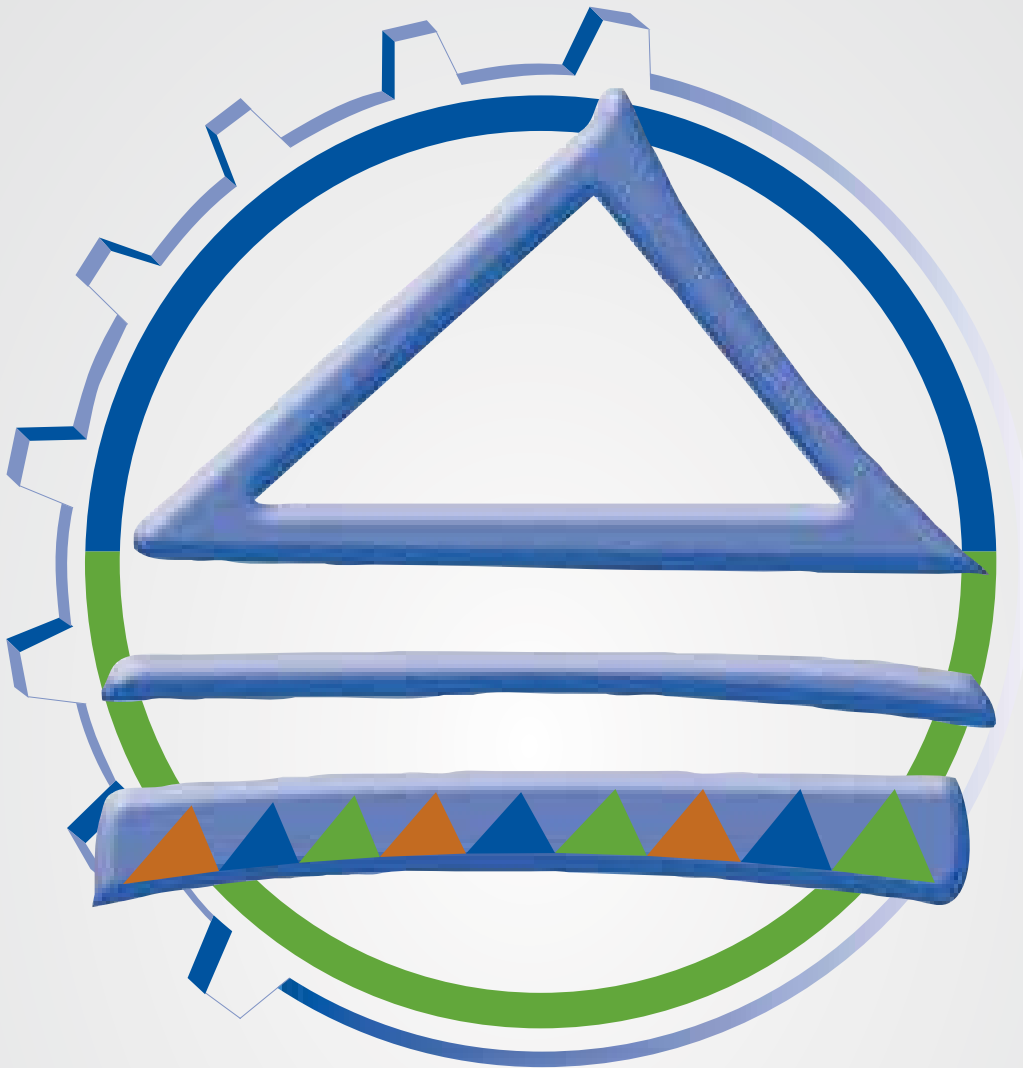
Control environment (2012/13)



Audit results



	Number	Percentage
Needs improvement	10	67%
Poorly managed	2	13%
Well managed	3	20%



CCMA

COMMISSION FOR CONCILIATION, MEDIATION & ARBITRATION

Annual Financial Statements
for the year ended 31 March, 2013

Auditor-General's Report

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

Report on Financial Statements

Introduction

1. I have audited the financial statements of the Commission for Conciliation Mediation and Arbitration (CCMA) as set out on pages 84 to 125, which comprise the statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, the notes, comprising a summary of significant accounting policies, and other explanatory information.

Accounting authority's responsibility for the financial statements

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

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the CCMA as at 31 March 2013, and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the PFMA.

Report on other legal and regulatory requirements

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

Auditor-General's responsibility

8. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 22 to 35 of the annual report.
9. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is present in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information.

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

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

Compliance with laws and regulations

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

Procurement and contract management

12. Goods and services of transaction values between R500 000 and R 1 000 000 were procured without inviting competitive bids as per the requirements of Treasury Regulation 16A.6.4 and Practice Note 8 of 2007/08.
13. Contracts were awarded to bidders based on preference points that were not calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.

Internal Control

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

Leadership

15. There was a lack of adequate oversight by the leadership of over the supply chain management policies and procedures, which resulted in non-compliance as reported in paragraph 12 and 13 of this report. The implementation of the action plans prepared has not been effective in completely addressing all supply chain management deficiencies.¶

Auditor-General

Pretoria
31 July 2013



AUDITOR-GENERAL
SOUTH AFRICA
Auditing to build public confidence

General Information

Legal entity	The CCMA was established in terms of section 112 of the Labour Relations Act, 66 of 1995
Nature of business and principal activities	<p>The CCMA's compulsory statutory functions are to:</p> <ul style="list-style-type: none">• Conciliate workplace disputes• Arbitrate certain categories of disputes that remain unresolved after conciliation• Establish picketing rules• Facilitate the establishment of workplace forums and statutory councils• Compile and publish information and statistics about its activities• Accredite and consider applications for subsidy by bargaining councils and private agencies• Provide support for the Essential Services Committee.
Business Address	JCI House 28 Harrison Street Marshalltown Johannesburg 2001
Postal address	Private Bag X94 Marshalltown 2107
Jurisdiction	The CCMA is a national public entity under the Department of Labour
Accounting Authority	The Governing Body

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The reports and statements set out below comprise the financial statements presented to Parliament.

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Accounting Authority's Responsibilities and Approval

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

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

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

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

that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and policies. The Governing Body is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Governing Body has reviewed the entity's cash flow forecast for the year to 31 March, 2014 and, in the light of this review and the current financial position, it is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The Auditor-General is responsible for independently reviewing and reporting on the entity's financial statements. The financial statements have been examined by the entity's external auditors and their report is presented on page 82.

'The annual financial statements set out on pages 84 to 125, which have been prepared on the 'going concern' basis, were approved by the Accounting Authority on 31 July, 2013 and were signed on its behalf by:'



Mr Elias Monage

Acting Chairperson of Governing Body
31 July 2013



Ms Nerine Kahn

Director

Audit Committee Report

We are pleased to present our report for the financial year ended 31 March, 2013.

Audit Committee Members

The Audit Committee consists of the members listed hereunder and, for the current year under review have met in accordance with the scheduled meetings of the committee.

Adv S Kholong	Chairperson (Independent)
Mr V Pangwa	Member of the Committee (Independent)
Mr F Petersen	Member of the Committee (Government)
Mr J Wilson	Member of the Committee (Organised business)
Ms R Clark	Member of the Committee (Organised labour)

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 55(1)(a)(ii), 55(1)(a) and 77 of the PFMA and Treasury Regulation 27.1.7 and 27.1.10(b) and (c) in overseeing the activities of the organisation and thereby ensuring that the controls, as designed by the Governing Body, have been implemented and were effective for the year under review.

The fully independent Audit Committee, comprising of representatives from the three stakeholders and two independent members, also assist the work of the Governing Body. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

The system of internal controls applied by the entity over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The Audit Committee has reviewed the quality of management and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act, and is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Authority of the entity for the year under review.

Evaluation of Financial Statements

The Audit Committee has:

- Reviewed and discussed the audited financial statements to be included in the annual report, with the Auditor-General and the Accounting Authority
- Reviewed the Auditor-General of South Africa's management report and management's response thereto
- Reviewed changes in accounting policies and practices;
- Reviewed the entities compliance with legal and regulatory provisions
- Reviewed significant adjustments resulting from the audit

- Reviewed the performance information on a quarterly basis.

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



.....
Adv Shami Kholong

Chairperson of the Audit Committee

31 July 2013

Accounting Authority's Report

1. Establishment

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

The CCMA's compulsory statutory functions are to:

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

The CCMA's discretionary statutory functions are to:

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

The organisation, with its core business being to deal with workplace disputes as effectively and efficiently as possible, was called upon to respond with creative and innovative solutions to the persistent increase in service demand, while trying to remain within allocated resources. This demonstrates that the CCMA is required to continually align itself to prevailing market imperatives, while still delivering on its core mandate.

2. Performance information

The Treasury Regulations requires that an Accounting Officer of a public entity must prepare a strategic plan for the forthcoming medium-term expenditure framework (MTEF) period and submit it for approval to the relevant Executive Authority. The CCMA has prepared a Strategic Plan, which runs from April 2010 to March 2015.

The current strategy of the CCMA, referred to as the Siyaphambili Strategy, has been implemented to provide strategic direction for the CCMA for the period from April 2010 to March 2015. This strategy has just completed its third year at the reporting date of 31 March 2013. The key highlights, achievements and challenges of the implementation of the strategy during the 2012/13 financial period are outlined in the Chairperson's and Director's reports, which form part of the annual report. Achievement of the strategy was assessed against the CCMA scorecard, which is comprised of the three strategic goals and strategic objectives. The three goals and their objectives are as follows:

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

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

Goal 2: We will deliver professional, user-friendly, quality services with speed.

SO2 - Build skills to achieve professionalism

SO3 - Deliver excellent service rooted in social justice, ensuring a balance between quality and quantity.

Goal 3: We will maintain organisational effectiveness and strive for continuous improvement.

SO4 - Enhance and entrench internal processes and systems for optimal deployment of resources.

SO5 - Align the structure that will enable optimal implementation of the strategy.

SO6 - Entrench an organisational culture that supports the delivery of our mandate.

3. Review of activities

Dispute resolution operations review

The 2012/13 financial year saw the stabilisation of operations in most regional offices. A target was set for every region to achieve a better than 63 percent result on the performance scorecard, and the year ended with only two regions below a 3 rating, and only East London below 63 percent.

Pre-conciliations

The actual number of pre-conciliations heard increased by eight percent and the number settled increased by six percent. Most regions consistently met this target throughout the period under review. The George and Limpopo offices achieved the highest settlement for pre-conciliations of their jurisdictional cases at 14 percent and 13 percent respectively.

Con/arbs

Con/arbs heard increased by three percent and the number of cases finalised in one event (the primary objective of the con/arb process) increased by five percent. Some 32 percent of the con/arb cases were settled by parties. Total objections to the con/arb process decreased by three percent, while objections by the employee and employer decreased by 26 percent and two percent respectively.

For the second consecutive year, the Pietermaritzburg office finalised the highest number of cases (48 percent) in a single event. The Port Shepstone and George offices improved the finalisation of cases in one event by 12 percent and eight percent respectively. While the uptake of the con/arb process has been relatively slow since its inception in 2002, it has nevertheless increased progressively over the last few years. This is primarily due to revising the measured target, as well as confirming the 'objection' process with the parties prior to the hearing.

Conciliations

The total number of conciliations scheduled outside the 30-day period increased by a 68 percent (includes those where the 30-day period was extended). The finalisation of conciliation cases (those that were heard and closed) improved by three percent. Of note is the increased number of cases that were settled (five percent). Cases withdrawn and settled by the parties increased by 18 percent each. The Newcastle office achieved the highest improvement of settling cases (10 percent) at the conciliation phase.

Settlement rate

The actual number of cases settled increased by six percent. The final settlement rate stands at 73 percent, a one percent improvement over the previous year and an area that has been sustained over a two-year period. For the second consecutive year, the George office achieved the highest settlement rate at 83 percent, while the region that improved its settlement rate was Port Elizabeth (by nine percent).

Arbitrations

The number of arbitrations heard continued to decrease from the previous year by nine percent. This is indicative of parties showing more acceptance of the conciliation 'family of processes', which is supported by the associated increase in cases settled. The late awards (submitted by commissioners) decreased by a massive 193 percent and this area continues to be tightly managed nationally. Of the total 18 846 awards rendered, just 15 were submitted late. While the late awards sent to parties has been reduced by a massive 1 214 percent, it is an area that will require further management in 2013/14, as it is a statutory requirement that all awards rendered must be sent to the parties within the 14-day period. Just one percent of all awards rendered were sent late to the parties. The use of Heads of Argument also reduced by six percent.

The East London office accounted for the highest number of awards sent late to parties (three percent).

Grant income

Government grant income allocated to the CCMA for the financial year under review has increased by 7,5 percent from the 2011/12 base financial year to R482 million.

Case disbursements

Case disbursement expenditure grew by 23 percent, year-on-year, from R156 million to R192 million due to the appointment of new commissioners, annual commissioner fee increases and the increased utilisation of part-time commissioners to meet the increased inflow of cases. The case referral rate and jurisdiction cases both increased, translating to an average of 679 (649 prior year) new cases referred every working day.

Employee costs

The multi-year agreement with the CSA for the year was a 6,5 percent across-the-board increase (ATB) with a performance-based salary increase of 0,5 percent, for a performance rating of 3, 1,5 percent for a performance rating of 4 and three percent for a performance rating of 5. The intake of new staff nationally to improve regional and back office support functions, the ATB and performance-based salary increases contributed to a 14,4 percent year-on-year increase in employee costs.

Administrative expenses

Administration expenditure increased by 6,8 percent, year-on-year, which was in line with inflation. Awareness from the CCMA 'Greening Project' will continue to assist in promoting cost savings from lower usage of water and electricity and printing in the next financial year.

Dispute Resolution, Legal and Statutory Bodies Liaison

This department consists of three sections, namely Dispute Resolution, Legal and Statutory Bodies Liaison.

The Dispute Resolution section is responsible for dispute resolution, and in particular, post-arbitration hearings, as well as commissioner knowledge transfer on new employment laws, practice and procedures, and rendering support to the Essential Services Committee. The Legal Section represents the CCMA in setting all contracts, litigation by and against the CCMA and provides advice, opinions and guidance where required. The Statutory Liaison Bodies section manages the accreditation process of bargaining and statutory councils and the payment of subsidies, as well as monitoring the quality of dispute resolution.

The department successfully engaged the Labour Court, NEDLAC, bargaining councils and statutory councils and the Department of Labour to strengthening the role played by the CCMA in dispute resolution. The department annually revises the Practice and Procedure and Case Law Manuals for commissioners. Regular case law monitor workshops were held for Commissioners as part of the CCMA's knowledge development initiatives. There were 22 cases brought against the CCMA during the year under review. The team established to revise the CCMA Rules and its forms has completed its task and submitted the draft rules to the Governing Body for approval.

Capacity Building and Outreach

This cluster consists of four units, namely the Education and Training Department, Training Development Unit, Dispute Management and Prevention Department and aspects of the CCMA Job Saving initiative.

The Education and Training Department (ETD) is responsible for the development of CCMA staff at all levels. Its main objective is to provide focused education and training interventions geared to meet the CCMA's capacity needs in an increasingly complex and challenging environment. The Training and Development Unit (TDU) designs and develops training materials and courses for the CCMA's internal and external capacity building activities. It is also involved in the delivery of a Labour Dispute Resolution Qualification via public universities. The CCMA's Job Saving initiative involves the application of a multi-faceted approach to dealing with job insecurity situations, in particular in Section 189A facilitation processes. The Dispute Management and Prevention Department (DM&P) is responsible for the promotion of effective and proactive management of conflict and disputes from workplaces to CCMA hearing rooms.

ETD successfully delivered capacity building to a large number of staff members including Substantive Law for support staff, Interpreter training and Supply Chain Practices for support staff. Fifty learners successfully completed the Candidate commissioners Training. Capacity building programmes were conducted in Arbitration and Award Writing Revision Course for commissioners, Effective Communication training for managers and Conciliation of Unfair Discrimination Cases. ETD embarked on an awareness programme to communicate and re-introduce the six CCMA values in the organisation, as well as administering the Financial Aid for Studying programme, with 69 bursary and three study loan applications having been received in this year.

The principle achievements of the TDU in this reporting period included the success of the programme to partner with universities to develop a qualification, as well as the preparation of a range of new training courses and the enhancement of existing material. A further key achievement was the large number of courses that was piloted. Equally positive was the positive feedback received relating to the quality of training material.

Since the inception of the Training Layoff Scheme in September 2010 and until March 2013, a total of 215 cases involving 25 942 workers has been processed by the CCMA. The training process has been completed for 28 cases, involving 2 624 workers. Training is in process for 29 cases involving 2 624 workers. There are 56 cases involving 7 758 workers at the SETA/NSF/UIF stage of the training layoff process. The CCMA Advisory Committee did not recommend 58 cases involving 5 056 workers, while 37 cases, involving 2 365 workers, were withdrawn.

The DM&P conducted a total of 2 220 activities across all regions during this reporting period, including User and Sector Forums, radio talk-shows, road shows, izimbizo meetings, Best Practice workshops, Short Session presentations, breakfast and labour law seminars, Building Workplace Relations facilitated exercises, Managing Conflict in the Workplace capacity building and Dealing with Unfair Discrimination in the Workplace training. The DM&P department embarked on a project to translate its information sheets and brochures into ten other South African official languages, thereby enable workers from vulnerable sectors and constituencies to read and understand the information sheets and brochures in their mother languages.

Mediation and Collective Bargaining

The Mediation and Collective Bargaining department's primary role is to provide strategic support and guidance to all conciliation, mediation and facilitation processes, and to promote, support and assist in collective bargaining matters. The department's efforts in promoting conciliation and mediation have yielded positive results in a year that has been characterised as having a challenging and often volatile labour market.

Highlights for the period under review included an improvement on the conciliation settlement rate over the previous financial year. Significantly, despite the intensely conflictual collective bargaining season particularly in the mining sector, the Mutual Interest Settlement Rate target, whilst just not meeting the target, remained the same as in the previous year at 61 percent.

The continued focus on settlement quality resulted in a near-perfect result, with 99 percent of all concluded agreements perused complying with established quality criteria. In respect of collective bargaining, a total of 236 offers of assistance was made to parties in public interest disputes, with 95 percent of offers being accepted. This represents an increase of 13 percent on the previous year. The targets, for the Arbitration Settlement Rate, the Settlement Agreement Perusal for Quality, the Return to Work and the Conciliation Quality Index, were significantly exceeded in this reporting year.

Other significant achievements included the successful resolution of disputes in the Mining Sector - Lonmin, Private Security Sector, Agricultural Sector - Farm Workers and Agri South Africa, National Bargaining Council for the Sugar Manufacturing and Refining Industry, the National Bargaining Council for the Road Freight and Logistics Industry, the National Bargaining Council for the Wood and Paper Sector and Hospitality Sector - SACCAWU and Sun International.

Corporate Services

Corporate Services is responsible for providing strategic and operational management in the areas of organisational strategy and policy management, human resources, national facilities and administration, office management and corporate governance, to enable the CCMA to achieve its objectives.

Corporate Services introduced a number of innovations during the year, as well as improvements that have advanced the functioning of the institution.

The mid-term review of the Siyaphambili Strategy was successfully conducted. A key outcome of this review was the development of a strategic blueprint that charts the path for the CCMA over the medium to long term. It is envisaged that the blueprint will provide the vision for the future strategic planning, budgeting and reporting of the CCMA. The quarterly scorecard reporting has been effectively administered, further strengthening the organisation's planning capacity and monitoring capability. Additionally, the Corporate Services' scorecard was successfully implemented for the first time, focusing managers' attention on achieving efficiencies in the corporate services functions. Clusters and regions held strategic planning sessions, with operational plans being submitted prior to the development of budgeting, which has further strengthened the alignment of planning, budgeting and reporting. The Annual Performance Plan and the Strategic Plan were submitted to Parliament prior to the required end of January submission date, as well as the CCMA having complied with all of the reporting requirements of the annual report which was submitted by 30 August 2012, as required by the PFMA. The CCMA was not called to Parliament to make a presentation.

In the area of human resources, a ground-breaking, three-year collective agreement with the Commission Staff Association was signed. The policy adoption and review process was strengthened with sixteen policies having been adopted. The performance management system was further enhanced by strengthening the link between individual performance and organisational delivery. Additionally, as part of the review of the remuneration policy, all managers' increases were purely performance based. The Commissioner Recruit Project for 2012/13 was successfully implemented with 65 new recruits taken into the organisation. HR has provided effective recruitment, performance correction, disciplinary and grievance support services to the organisation throughout the year. In terms of group risk, benefits have been enhanced and improved with a dramatic improvement in the efficiency of the group risk benefits administration. The CCMA is committed to transformation and sees employment equity as central to the dispensation of social justice. In assessing our current achieved status in the third of a five-year plan, we are confident that we will meet our targets.

Corporate Services was responsible for the management of all logistics relating to the holding of the successful Commissioners' Indaba in Durban.

An 18-month process has been initiated, in preparation for the imminent expiry of a number of lease contracts, allowing for contracts, allowing for a more efficient procurement process that has complied with the set delivery timelines. New furniture was acquired for all regions using the approved furniture catalogue. The greening programme is bearing fruit, born out of a dedicated will from management to promote a change in the behaviour of our staff, with sustainability information sessions being held and sustainability targets being included in the Corporate Services' scorecard.

4. Subsequent events

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

5. Accounting policies

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

6. Non-current assets

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

Capital expenditure for the year amounted to R7 609 thousand (2012: R6 319 thousand). Full details of the non-current assets are contained in notes 13 and 14 to the financial statements.

7. Accounting Authority

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

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

8. Corporate governance

General

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

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

Chairperson and Director

The Chairperson is a non-executive and independent chairperson, as defined by the Code and the Labour Relations Act. The roles of Chairperson and Director are separate, with responsibilities divided between them so that no individual has unfettered powers of discretion.

Remuneration

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

Executive meetings

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

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

Audit committee

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

Adv S Kholong	Chairperson (Independent)
Mr V Pangwa	Member of the Committee (Independent)
Mr F Petersen	Member of the Committee (Government)
Mr J Wilson	Member of the Committee (Organised Business)
Ms R Clark	Member of the Committee (Organised Labour)

9. Auditors

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



Nerine Kahn
CCMA Director
31 July 2013



Elias Monage
Acting Governing Body Chairperson
31 July 2013

Statement of Financial Position as at 31 March 2013

	Note(s)	2013 '000	2012 '000
Assets			
Non-current Assets			
Property, plant and equipment	13	19 486	21 034
Intangible assets	14	5 098	5 609
		24 584	26 643
Current Assets			
Inventories	15	1 141	889
Trade and other receivables from exchange transactions	16	249	174
Prepayments	17	856	2 376
Cash and cash equivalents	18	71 702	73 097
		73 948	76 536
Total Assets		98 532	103 179
Liabilities			
Non-current Liabilities			
Operating lease liability	19	17 330	12 868
Deferred income	20	-	2 824
		17 330	15 692
Current Liabilities			
Operating lease liability	19	2 927	1 515
Trade and other payables from exchange transactions	21	53 503	58 152
Provisions	22	15 839	10 087
		72 269	69 754
Total Liabilities		89 599	85 446
Net Assets		8 933	17 733
Net Assets			
Accumulated surplus		8 933	17 733

Statement of Financial Performance

	Note(s)	2013 '000	2012 '000
Revenue			
Rendering of services	2	2 466	2 755
Government grants and subsidies	3	481 637	448 104
Other income	4	5 712	1 470
Total revenue		489 815	452 329
Expenditure			
Employee-related costs	5	(164 239)	(143 753)
Administration	6	(110 813)	(103 467)
Depreciation and amortisation	7	(8 279)	(1 828)
Subsidies	8	(5 496)	(5 367)
Operating expenses	9	(219 650)	(173 508)
Total expenditure		(508 477)	(427 923)
Surplus on sale of assets and liabilities	10	25	270
Income from investments	11	9 837	7 556
(Deficit)/Surplus for the year		(8 800)	32 232

Statement of Changes in Net Assets

	Accumulated (deficit)/surplus '000
Balance at 31 March 2011	(14 499)
Surplus for the year as previously reported	32 232
Balance at 31 March 2012	17 733
Deficit for the year	(8 800)
Balance at 31 March 2013	8 933

Cash Flow Statement

	Note(s)	2013 '000	2012 '000
Cash flows from operating activities			
Cash receipts from customers			
Government grant	3	481 637	448 104
Interest income	11	9 837	7 556
Services and other receipts		8 178	4 495
		499 652	460 155
Payments			
Employee costs		163 094	(143 172)
Suppliers		(326 262)	(268 779)
Subsidies		(5 496)	(5 367)
		(494 852)	(417 318)
Net cash flows from operating activities	23	4 800	42 837
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(7 119)	(5 357)
Disposal of property, plant and equipment	13	1 389	256
Proceeds from sale of property, plant and equipment	10	25	270
Purchase of other intangible assets	14	(490)	(100)
		(6 195)	(4 931)
Net (decrease)/increase in cash and cash equivalents		(1 395)	37 906
Cash and cash equivalents at the beginning of the year		73 097	35 191
Cash and cash equivalents at the end of the year	18	71 702	73 097

Statement of Comparison of Budget and Actual Amounts

	Approved budget	Adjustments	Final Budget	Actual	Difference between final budget and actual	Reference
	'000	'000	'000	'000	'000	
Revenue						
Rendering of services	2 332	-	2 332	2 466	134	Note 29
Other income	6 502	-	6 502	5 712	(790)	Note 29
Government grants and subsidies	466 697	-	466 697	481 637	14 940	Note 29
Total revenue	475 531	-	475 531	489 815	14 284	
Expenditure						
Employee-related costs	(164 624)	-	(164 624)	(164 239)	385	Note 29
Administration	(95 291)	-	(95 291)	(110 813)	(15 522)	Note 29
Depreciation and amortisation	(7 207)	-	(7 207)	(8 279)	(1 072)	Note 29
Subsidies	(4 493)	-	(4 493)	(5 496)	(1 003)	Note 29
Operating expenses	(225 043)	-	(225 043)	(219 650)	5 393	Note 29
Total expenditure	(496 658)	-	(496 658)	(508 477)	(11 819)	
Operating deficit	(21 127)	-	(496 658)	(18 662)	477 996	
Surplus on sale of assets and liabilities	-	-	-	25	25	
Income from investments	9 771	-	9 771	9 837	66	Note 29
(Deficit)/Surplus	(11 356)	-	(11 356)	(8 800)	2 556	

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) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

These accounting policies are consistent with the previous period.

1.1 Revenue from Exchange Transactions

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

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

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

Rendering of Services

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

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

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

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

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

1.2 Revenue from Non-exchange Transactions

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.

1.3 Expenditure

Expenditure is recognised on the accrual basis.

1.4 Employee Benefits

Short-Term Employee Benefits

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

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

Defined Contribution Plans

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

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

1.5 Tax

Current Tax Assets and Liabilities

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

1.6 Property, Plant and Equipment

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

Property, Plant and Equipment 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.

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

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

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

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

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

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

Revaluations are conducted annually and the revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to the accumulated surplus/deficit as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

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

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

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

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

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

Item	Average useful life
Furniture and fittings	3 to 16 years
Office equipment	2 to 16 years
IT equipment	3 to 16 years

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

Each part of an item of property, plant and equipment, with a cost that is significant in relation to the total cost of the item, is depreciated separately. The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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

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

1.7 Intangible Assets

An asset is identified as an intangible asset when it:

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

Intangible assets are initially recognised at cost and are amortised using the straight-line method over their useful life. The carrying amount of each intangible asset is reviewed annually and adjusted for impairment where it is considered necessary. For an intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition. Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Useful life
Computer software, internally generated	3 to 11 years
Computer software	3 to 11 years

Intangible assets are derecognised:

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

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

1.8 Leases

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

Operating Leases - Lessor

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

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

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

Operating Leases – Lessee

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

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

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

1.9 Inventories

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

1.10 Financial Instruments

Classification

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

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

Initial Recognition and Measurement

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

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

Subsequent Measurement

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

Trade and Other Receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition.

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

Trade and other receivables are classified as loans and receivables.

Trade and Other Payables

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

Cash and Cash Equivalents

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

Leave Pay Accrual

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

1.11 Provisions and Contingencies

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

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

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

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

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

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

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

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

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

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

- The amount that would be recognised as a provision
- The amount initially recognised, less cumulative amortisation.

Contingent Liability

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

Provisions and Accruals

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

Litigation

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

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

Bonuses

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

1.12 Significant Judgements and Sources of Estimation Uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures.

Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the financial statements. Significant judgements include:

Trade and Other Receivables

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

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

Provisions and Accruals

Provisions are estimates raised by management using the information available to management. Additional disclosure of these provisions is included in note 22.

Property, Plant and Equipment

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

Intangible Assets

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

Leave Pay

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

Litigation Costs

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

Cases in Process

This estimate is based on the average cost for the CCMA to complete cases 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.

1.13 Unauthorised Expenditure

Unauthorised expenditure means:

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

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

1.14 Fruitless and Wasteful Expenditure

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

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

1.15 Irregular Expenditure

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

- This Act
- The State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act
- Any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no 4 of 2008/09, 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.

1.16 Budget Information

The approved budget is prepared on an accrual basis and presented by functional classification. The approved budget covers the fiscal period from 1 April 2012 to 31 March 2013.

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

1.17 New standards and Interpretations

Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 1 April 2013 or later periods:

GRAP 18: Segment Reporting

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

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

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

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

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

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

The effective date of the standard is for years beginning on or after 1 April 2013.

The entity expects to adopt the standard for the first time in the 2014 annual financial statements.

GRAP 20: Related Party Disclosures

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

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

- Identifying related party relationships and transactions
- Identifying outstanding balances, including commitments, between an entity and its related parties
- Identifying the circumstances in which disclosure of the items listed above is required
- Determining the disclosures to be made about those items.

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

GRAP 105: Transfer of Functions Between Entities Under Common Control

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

This Standard does not apply to:

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

GRAP 106: Transfer of Functions Between Entities not Under Common Control

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

This standard does not apply to:

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

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

GRAP 107: Mergers

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

This standard does not apply to:

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

A transaction or event for where no acquirer can be identified falls within the scope of this standard. A merger is the establishment of a new combined entity in which none of the former entities obtains control over any other and no acquirer can be identified. Determining whether an acquirer can be identified includes a consideration of, amongst other things, which of the combining entities initiated the transaction or event, the relative size of the combining entities, as well as whether the assets or revenue of one of the entities involved in the transaction or event significantly exceed those of the other entities.

A merger can either involve the combination of two or more entities in which one of the combining entities continues to become the new reporting entity, or a new reporting entity is established from the combining entities. The concept of control and a function is not relevant in a transaction or event that meets the definition of a merger. A transaction or event in which an acquirer can be identified and that involves control should be accounted for in terms of the standards of GRAP on Transfer of Functions Between Entities Under Common Control or Transfer of Functions Between Entities Not Under Common Control.

Notes to the Financial Statements

	2013 '000	2012 '000
2. Rendering of services		
Revenue from non-exchange transactions	2 466	2 755
3. Government grant		
Grant income	481 637	448 104
4. Other income		
Seminars and other sundry income	5 712	1 470
5. Employee-related costs		
Basic salaries	135 473	109 016
Performance awards	1 107	791
Temporary staff	738	229
Leave pay provision charge	1 388	1 292
Post-employment benefits - defined contribution pension plan	16 869	22 940
Medical aid - company contributions	5 271	5 698
UIF	622	732
WCA	819	519
SDL	1 365	2 373
Other salary-related costs	587	163
	164 239	143 753
6. Administrative expenditure		
General and administrative expenses	48 981	47 513
Governing Body	957	872
Auditors' remuneration	2 523	5 057
Travel and subsistence	11 342	8 480
Rentals in respect of operating leases		
- Buildings	39 147	32 008
- Fixtures and equipment	7 243	9 176
- Vehicles	620	361
	110 813	103 467
7. Depreciation and amortisation		
Leasehold improvements	277	(152)
Furniture and fittings	1 132	494
Office equipment	1 163	158
IT equipment	4 706	389
Computer software	1 001	939
	8 279	1 828
8. Subsidies		
CCMA-accredited bargaining councils - subsidy payments	5 496	5 367

2013	2012
'000	'000

9. Operating expenses

Bad debts	173	33
Case disbursements - other expenses	69 642	50 547
Case disbursements - part-time fees	122 114	105 623
Consulting costs	7 744	4 272
EPP research expenses	379	62
Legal expenses	6 868	2 303
Loss on sales of non-current assets	1 387	121
Maintenance, repairs and running costs	6 854	6 448
Training	4 489	4 099
	219 650	173 508

10. Gains on sale of fixtures and equipment

Insurance recoveries	25	270
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11. Investment income

Total interest income was calculated using the effective interest rate on financial instruments, not at fair value, through surplus or deficit amounted to R9 837 (2012: R7 556).

Interest income

Bank deposits	9 837	7 556
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12. Auditors' remuneration

Current year	2 523	2 389
Prior year	-	2 668
	2 523	5 057

13. Property, plant and equipment

	2013			2012		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fittings	17 786	(8 149)	9 637	16 773	(7 778)	8 995
Office equipment	5 098	(3 210)	1 888	5 252	(3 004)	2 248
IT equipment	8 237	(3 990)	4 247	10 348	(2 616)	7 732
Leasehold improvements	10 819	(7 105)	3 714	8 939	(6 880)	2 059
Total	41 940	(22 454)	19 486	41 312	(20 278)	21 034

13. Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Other changes, movements	Depreciation	Total
Furniture and fittings	8 995	2 101	(327)	-	(1 132)	9 637
Office equipment	2 248	697	(24)	130	(1 163)	1 888
IT equipment	7 732	2 248	(1 038)	11	(4 706)	4 247
Leasehold improvements	2 059	2 073	-	(141)	(277)	3 714
	21 034	7 119	(1 389)	-	(7 278)	19 486

Reconciliation of property, plant and equipment - 2012

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

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

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

14. Intangible assets

	2013			2012		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	10 040	(4 942)	(5 098)	9 551	(3 942)	5 609

Reconciliation of intangible assets - 2013

	Opening balance	Additions	Amortisation	Total
Computer software	5 609	490	(1 001)	(5 098)

Reconciliation of intangible assets - 2012

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

	2013 '000	2012 '000
15. Inventories		
Consumable stores	1 141	889
Inventories recognised as an expense during the year	10 249	5 822
16. Trade and other receivables from exchange transactions		
Trade debtors	339	264
Less: provision for doubtful debts	(90)	(90)
	249	174
Trade receivables from exchange transactions past due but not impaired		
Trade receivables, which are less than three months past due, are not considered to be impaired. At 31 March 2013, R1 thousand (2012: R75 thousand) was past due but not impaired. Trade receivables which have not been impaired are considered to be collectable.		
The ageing of amounts past due but not impaired is as follows:		
The aging of amounts past due, but not impaired, is as follows:		
One month past due	23	4
Two months past due	4	64
Three months past due	1	75
17. Prepayments		
Advances	319	319
Payroll	122	11
Prepayments	415	2 046
	856	2 376
18. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	34	28
Bank balances	70 495	71 903
Pledged funds	1 173	1 166
	71 702	73 097

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

The total amount of undrawn facilities available for future operating activities and commitments 1 230 1 154

The total direct or contingent liabilities of the entity in respect of guarantees that may be entered into is R1 057 thousand with Nedbank and R173 thousand with Standard Bank; these guarantees are in lieu of deposits on buildings leased by the CCMA.

The entity has an ABF facility of R1 700 thousand and letters of guarantee facility of R458 thousand with Nedbank. Standard Bank has provided the entity with vehicle asset finance facility of R2 050 thousand, GBB facility of R199 thousand, fleet facility of R50 thousand and a card facility R1 thousand.

2013	2012
'000	'000

19. Operating lease asset (accrual)

Long-term lease obligation	(17 330)	(12 868)
Short-term lease obligation	(2 927)	(1 515)
	(20 257)	(14 383)

20. Deferred income

Deferred income	-	2 824
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The deferred income refers to the income received in advance for which expenditure will be incurred in the next financial year.

21. Trade and other payables from exchange transactions

Trade payables	12 886	9 807
Accruals: general expenses, bargaining councils and case disbursements	34 666	43 396
Learnership and project funds	80	80
Payroll creditors	3 294	137
Skills development levy	2 458	2 972
Workmen compensation	119	1 760
	53 503	58 152

22. Provisions**Reconciliation of provisions - 2013**

	Opening Balance	Additions	Utilised during the year	Total
Cases in process	10 087	12 339	(10 087)	12 339
Court litigation	-	3 500	-	3 500
	10 087	15 839	(10 087)	15 839

Reconciliation of provisions - 2012

Cases in process	11 262	10 087	(11 262)	10 087
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The cases in process refer to all open CCMA cases that have not been finalised at year-end. These cases will be finalised within the next 12 months. There is no expected reimbursement in respect of this provision.

The provision for court litigation refers to legal expenses to be incurred on cases that have not been finalised at year-end. There is no expected reimbursement in respect of this provision.

2013 '000	2012 '000
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23. Cash generated from operations

(Deficit)/Surplus	(8 800)	32 232
Adjustments for:		
Depreciation and amortisation	8 279	1 828
Surplus on sale of assets and liabilities	(25)	(270)
Income from equity-accounted investments	(9 837)	(7 556)
Movements in operating lease assets and accruals	4 462	3 234
Movements in provisions	5 752	(1 175)
Changes in working capital:		
Inventories	(252)	295
Trade and other receivables from exchange transactions	(75)	99
Prepayments	1 520	(182)
Trade and other payables from exchange transactions	(3 237)	3 952
Deferred income	(2 824)	2 824
Interest received	9 837	7 556
	4 800	42 837

24. Commitments**Capital expenditure**

Approved and contracted for

• Property, plant and equipment	5 381	-
• Intangible assets	5 045	-
Total capital commitments	10 426	-

The capital expenditure is to be financed by government grants received from National Treasury in the 2012/13 financial year 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.

Operational expenditure

Approved and contracted for

• Operational expenditure	4 678	-
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The operational expenditure is to be financed by government grants received from National Treasury in the 2012/13 financial year through the Department of Labour. The commitments represent approved orders and contracts that are placed before year-end, invoiced and service provided in the new financial year.

2013	2012
'000	'000

Operating leases – Buildings**Minimum lease**

- within one year	37 071	35 012
- in the second to fifth year, inclusive	120 997	107 017
- later than five years	102 839	48 020
	260 907	190 049

Operating leases – Vehicles**Minimum lease payments due**

- within one year	589	511
- in the second to fifth year, inclusive	1 707	2 038
	2 296	2 549

Operating lease - Fixtures and equipment**Minimum lease payments due**

- within one year	9 172	14 774
- in the second to fifth year, inclusive	-	5 996
	9 172	20 770

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

25. Members' emoluments

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

Executive**2013**

	Salary	Pension paid or receivable	Expense allowance	Performance bonus	Total
Director: N Kahn	1 624	196	82	-	1 902
Other executive managers	9 364	956	128	-	10 448
	10 988	1 152	210	-	12 350

2012

Director: N Kahn	1 397	186	68	-	1 651
Other executive managers	7 691	735	139	-	8 565
	9 088	921	207	-	10 216

**Non-executive
2013**

	Emoluments	Pension paid or receivable	Expense allowance	Gain on exercise of options	Total
Chairperson: T Cohen	-	-	141	-	141
Business representatives on Governing Body	-	-	134	-	134
Labour representatives on Governing Body	-	-	148	-	148
	-	-	423	-	423

2012

	Emoluments	Pension paid or receivable	Expense allowance	Gain on exercise of options	Total
Chairperson: T Cohen	-	-	104	-	104
Business representatives on Governing Body	-	-	81	-	81
Labour representatives on Governing Body	-	-	70	-	70
	-	-	255	-	255

26. Financial instruments**Fair values**

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

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

Credit risk

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

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

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

Liquidity risk

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

Other risks

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

27. Financial assets by category

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

2013

	Loans and receivables	Total
Trade and other receivables	339	339
Cash and cash equivalents	71 702	71 702
	72 041	72 041

2012

	Loans and receivables	Total
Trade and other receivables	264	264
Cash and cash equivalents	73 097	73 097
	73 361	73 361

28. Related parties**Trading transactions****Purchases from related parties**

South African Post Office Ltd	48	12
Telkom SA Ltd	6 681	8 094
Government Printing	8	44

Owing by CCMA

Telkom SA Ltd	-	749
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The above listed entities are all related parties through a common listing under the PFMA as listed public entities.

Mr David Lakay (member of FRSC)	97	94
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Training services to the related parties were provided at the CCMA's usual approved training list prices. The purchases were made at market prices.

The Governing Body has approved the appointment of Mr David Lakay, who serves as a member on the Finance and Risk Subcommittee (FRSC), to participate and be a subject matter specialist on the Advisory Committee of the Training Layoff Scheme.

Key management information

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

29. Statement of comparison of budget and actual amounts**Revenue**

The CCMA exceeded budget expectations for income from rendering of services and from government grant. Government grant actuals exceeded budget by R14,9 million, due to the inclusion of R2,3 million prior year deferred revenue in actuals, receipt of R2,6 million additional grant from the Department of Labour and R10 million deferred grant set aside for capital expenditure. Other income collections for the year were lower than expected.

Expenditure

Employee-related costs were in line with the budget, reflecting a saving of R385 000. Depreciation and amortisation actuals exceeded budget due to the year-end impairment and write-off of assets, which led to an increase in cost for depreciation and amortisation. Subsidies actuals exceeded budget by R1 million due to higher than anticipated inflow of claims from bargaining councils in the month of March 2013. Administration and operating expenditure exceeded budget by R10 million due to: (i) the growth in case load, creating the need for the CCMA to enter into new leases for bigger offices with more office space to accommodate staff and the public, thereby increasing rental costs and resulting in a higher than budgeted year-end lease-smoothing journal of R6 million and (ii) higher than anticipated printing volumes for preparation of case files, maintenance of all copier machines and increased volume of telecommunication costs for outbound calls for pre-conciliations cases led to actuals exceeding budget by R4 million.

Income from investments

Income from investments exceeded budget by R66 000 due to investment in funds yielding higher favourable returns on short-term investments with lower volatility.

30. Irregular expenditure

2013	2012
'000	'000

Reconciliation of irregular expenditure

Opening balance	604	1 598
Add: Irregular expenditure - current year	4 654	1 212
Less: Amounts not condoned	(537)	-
Less: Amounts condoned	(4 721)	(2 206)
Irregular expenditure awaiting condonation	-	604

Analysis of expenditure awaiting condonation per age classification

Prior year	-	604
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2013 '000	2012 '000
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Analysis of irregular expenditure incurred, identified and condoned in the current year

Incident	Management comments		
Misinterpretation of PPPF Act 2011	Eleven contracts amounting to R8,063m were awarded during the year as a result of SCM policy on thresholds not aligned to National Treasury Practice Note 8 of 2007/08.	1 752	
	Two contracts, amounting to R6,353m were awarded during the year as a result of functionality points calculation not aligned to the PPPFA.	-	
Irregular expenditure incurred, identified and condoned in the previous year		2 902	446
New lease for the Rustenburg office and cancelling the old lease before expiry		751	446
Mpumalanga lease contract		2 151	-
		4 654	446

31. Deviation from supply chain management regulations

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

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

The CCMA has improved its internal control system by introducing a deviation register to record all the goods and services procured during the financial year under review that deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer and accounting authority who considered them and subsequently approved the deviation from the normal supply chain management regulations.

Analysis of deviations approved and condoned during the year under review

Current year	5 526	2 857
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32. Financial liabilities by category

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

2013

Trade payables	12 886	12 886
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2012

Trade payables	9 807	9 807
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