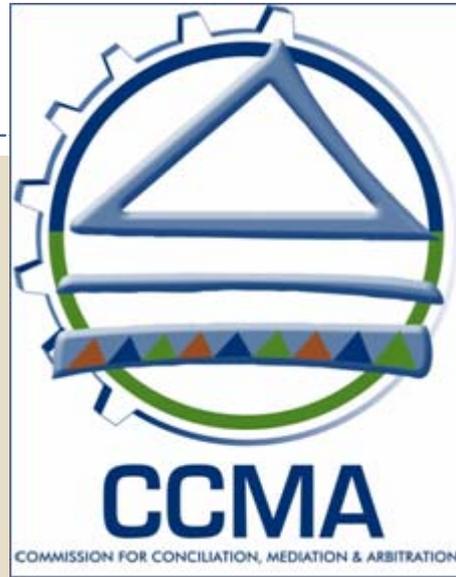


Commission for Conciliation, Mediation and Arbitration



**PRESENTATION TO THE PORTFOLIO COMMITTEE ON
LABOUR**

27 OCTOBER 2009

PRESENTATION OUTLINE



- ❖ CORPORATE GOVERNANCE
- ❖ THE TSOSO STRATEGY
- ❖ REVIEW OF OPERATIONS
- ❖ REVIEW OF ANNUAL FINANCIAL STATEMENTS
- ❖ RESPONSE TO THE ECONOMIC CRISIS



CORPORATE GOVERNANCE

CORPORATE GOVERNANCE



- ❖ The Commission for Conciliation, Mediation and Arbitration (CCMA) is a statutory body established in terms of section 112 of the Labour Relations Act of 1995 as amended
- ❖ The CCMA is governed by a Board referred to as the Governing Body
- ❖ The Governing Body is made up of representatives from Government, Organised Labour and Business
- ❖ The members of the Governing Body are appointed through a process managed by NEDLAC
- ❖ In terms of section 118 (1) of the LRA the Governing Body appoints a Director, who fulfils the functions of a Chief Executive Officer

CORPORATE GOVERNANCE (contd)



- ❖ The Governing Body has established Sub committees that help with the fiduciary responsibilities of the CCMA. Importantly the CCMA has an Audit Committee chaired by an Independent person
- ❖ The CCMA is a schedule 3A institution in terms of the Public Finance Management Act (PFMA)
- ❖ The CCMA has an Internal Audit Section as well as a newly established Risk Management Unit
- ❖ The CCMA has a Bid Adjudication Committee that considers all procurement in excess of the R200,00 threshold. The minutes of this committee are accessible to all employees
- ❖ The CCMA is audited annually by the Office of the Auditor General
- ❖ The findings of the Auditor General are discussed and adopted by the Audit Committee, the Finance and Risk sub-committee as well as the Governing Body



THE TSOSO STRATEGY

THE TSOSO STRATEGY



- ❖ Strategic roadmap for 2007 to 2010
- ❖ Strategic Goals define the intended delivery of the CCMA over a 3-year timeframe
- ❖ Strategic Focus Areas have been determined to provide a context for the work that needs to be done in achieving these goals and will provide the basis for appropriate allocation of resources over the next 3 years
- ❖ Short-term measures of success for each area of delivery have been determined in line with the 3-year targets, and these are the basis for internal performance management (at a team and individual level) within the CCMA

STRATEGIC GOALS



- ❖ To promote social justice through the professional delivery of services, while ensuring compliance with legislation at all times
- ❖ To ensure user-friendly, quality services that are delivered with speed
- ❖ To maintain operational effectiveness while ensuring services are cost effective

STRATEGIC FOCUS AREAS



- ❖ Reposition the CCMA in the Labour Market, where social justice and restoring dignity are a focus of our processes
- ❖ High performance, high impact delivery of compliant services, where there is a balance between quality and quantity
- ❖ Reposition the CCMA to meet the future strategic needs of the organisation
- ❖ Enhance and entrench internal processes and systems to ensure effective deployment of resources

BALANCED SCORECARD



GOAL 1: Promote social justice through the professional delivery of services, while ensuring compliance with legislation at all times.

#	MEASURE	TARGET 2010	TARGET 2008 / 2009	ACHIEVED 2008 / 2009	STATUS
1.1	In 2010, the external perception of the services delivered by the CCMA will have improved - from <i>[baseline]</i> PLUS x%.	Baseline plus x%	88% (Baseline 68% plus 20%)	In process of appointing service provider to measure customer perception.	

The baseline and percentage improvement were set in the previous financial year, having been established by a once off survey. The actual external perception was not computed for the year under review, as we are still in the process of acquiring a system that will compute this measure on an ongoing basis.

BALANCED SCORECARD (contd)



GOAL 1: Promote social justice through the professional delivery of services, while ensuring compliance with legislation at all times.

#	MEASURE	TARGET 2010	TARGET 2008 / 2009	ACHIEVED 2008 / 2009	STATUS
1.2	By 2010, the CCMA will be recognised as a market leader in the field of Continuous Professional Development in the field of Labour Law. This will include defining standards for training, certifying providers of training and conducting training.	To be defined	<ol style="list-style-type: none"> Define CCMA role re Labour Relations Practice (skills qualification process) [NQF Certified] Materials & [accredited] training course developed for Commissioners / Panelists 	<ol style="list-style-type: none"> Progress made in determining the CCMA's role, with short-term role established. Progress made in the process to produce certified materials & training courses 	 

Further progress was made in determining the CCMA role in the SSETA Labour Relations Practice Field regarding the delivering of certified Dispute Resolution qualifications for commissioners and BC panelists. This was achieved through the central role played by the CCMA in the establishment and driving of the LRP Steering Committee. As one of the key role-players on the LRP Committee the CCMA has driven the process and has engaged with other stakeholders to establish structures to deliver the level 5 and 6 DR qualifications. This has also involved clarifying and mapping out the role that the CCMA and other stakeholder partners will be playing in the new dispensation with the establishment of the QCTO. A number of roles have been explored, with a key one being quality control via a LRP Professional Body.

Progress was made in the process to produce certified materials and training courses for Commissioners and Bargaining Council Panelists. However, this process is far from complete due to a range of factors, including the complexity and changing nature of the process.

For the NQF Level 5 DR qualification, a team consisting of a curriculum expert and subject matter experts was established and started the work to develop a curriculum for the level 5 DR qualification. Once the curriculum is developed training providers will be identified and the materials development process will commence.

The NQF Level 6 DR qualification is at a relatively early stage. The previously developed qualification was reviewed in conjunction with SAQA in preparation for submission for registration. This included scoping of the Learning Outcomes and settling of the Titles Matrix.

BALANCED SCORECARD (contd)



Goal 2: Ensure user-friendly, quality services that are delivered with speed

#	MEASURE	TARGET 2010	TARGET 2008 / 2009	ACHIEVED 2008 / 2009	STATUS
2.1	By 2010, 70% of all disputes will be settled at conciliation phase	70%	65%	62%	

Although the target was not achieved, there was a small but encouraging increase in the settlement rate of disputes over the financial year attributable to the continuing focus on putting Mediation first. The majority of the cases were settled through direct Commissioner intervention. Emphasis was placed on settlement quality.

BALANCED SCORECARD (contd)



Goal 2: Ensure user-friendly, quality services that are delivered with speed

#	MEASURE	TARGET 2010	TARGET 2008 / 2009	ACHIEVED 2008 / 2009	STATUS
2.2.1	By 2010, there will be a material reduction in CCMA cases referred to the Labour Court (the target will be set once the 2007/08 baseline has been measured).	Baseline less 21%	<ol style="list-style-type: none"> # cases reviewed at the Labour Court (confidence) less than 21% # successful reviews at the Labour Court (need to determine baseline in 2008/09) 	<ol style="list-style-type: none"> 7.7% 0.6% 	 

A total of 1,813 out of 23,431 awards were taken on review in the current financial year; of which 150 were deemed to be successfully reviewed..Early indications of the EPP investigation have shown that a very small percentage of the awards taken on review are actually prosecuted in the Labour Court.

BALANCED SCORECARD (contd)



Goal 2: Ensure user-friendly, quality services that are delivered with speed

#	MEASURE	TARGET 2010	TARGET 2008 / 2009	ACHIEVED 2008 / 2009	STATUS
2.2.2	By 2010, there will be a material reduction in the non-compliance of arbitration awards.	Baseline less X%	1. # applications for S143's (awards & settlement agreements) (need to determine baseline in 2008/09)	1. 24%	

A total of 5, 179 out of 23, 431 awards were not initially complied with in the year under review, necessitating enforcement proceedings. This represented 24% and will be used as the baseline.

BALANCED SCORECARD (contd)



Goal 2: Ensure user-friendly, quality services that are delivered with speed

#	MEASURE	TARGET 2010	TARGET 2008 / 2009	ACHIEVED 2008 / 2009	STATUS
2.3	By 2010, all administrative rework will be 0% (relating to data integrity errors)	0%	5%	6%	

The primary data integrity errors were due to the incorrect selection of data on the CMS pick lists; however, the 6% represented an improvement over the previous financial year.

BALANCED SCORECARD (contd)



Goal 2: Ensure user-friendly, quality services that are delivered with speed

#	MEASURE	TARGET 2010	TARGET 2008 / 2009	ACHIEVED 2008 / 2009	STATUS
2.4	By 2010, all process rework will be reduced by x% from the baseline set in 2007 (the target will be set once the 2007/08 baseline has been measured)	Baseline determined at 11% less 3%	8%	10%	A solid yellow circle indicating a warning or variance status.

The variance in this measure is attributable, in part, to the unanticipated rise in the caseload.

BALANCED SCORECARD (contd)



Goal 2: Ensure user-friendly, quality services that are delivered with speed

#	MEASURE	TARGET 2010	TARGET 2008 / 2009	ACHIEVED 2008 / 2009	STATUS
2.5.1	By 2008, all conciliations will be conducted within the statutory time frame (30 days)	30 days	30 days	28 days	
2.5.2	By 2010, the average time to process an arbitration (from date of request to date closed) will be 60 days	60 days	60 days	41 days	

The CCMA succeeded in complying with its statutory requirement to schedule conciliation type cases within the 30 day period. The turnaround time of conciliation remained consistent at 28 days and arbitration improved by one day to 41 days.

BALANCED SCORECARD (contd)



Goal 2: Ensure user-friendly, quality services that are delivered with speed

#	MEASURE	TARGET 2010	TARGET 2008 / 2009	ACHIEVED 2008 / 2009	STATUS
2.6	By 2010, there will be no late awards (0%)	0%	0%	1% (reduced from 3% to 1%)	

A total of 24,431 awards were rendered during the period under review (an average of 96 per working day), 5% more than the previous year. Of the total awards rendered, some 1% were deemed to be late representing a 72% improvement over the previous financial year.

BALANCED SCORECARD (contd)



Goal 2: Ensure user-friendly, quality services that are delivered with speed

#	MEASURE	TARGET 2010	TARGET 2008 / 2009	ACHIEVED 2008 / 2009	STATUS
2.7.1	In 2010, 70% of all disputes of national interest where offers of assistance are made will be settled	70%	60%	54%	

A total of 48 section 150 processes were heard during the year under review. This represented an increase of over 50% compared to the previous financial year due mainly to increased focus at regional level. Performance on this item has been erratic as these disputes are generally difficult to resolve. However, there were significant interventions in the Construction and Retail sectors that were successfully resolved .

BALANCED SCORECARD (contd)



Goal 2: Ensure user-friendly, quality services that are delivered with speed

#	MEASURE	TARGET 2010	TARGET 2008 / 2009	ACHIEVED 2008 / 2009	STATUS
2.7.2	In 2010, 75% of all offers of assistance in disputes of national interest will be accepted by parties	75%	60%	68%	

There was a marked increase in parties consenting to assistance offered in terms of section 150 from the 50% that was achieved in the previous financial year. This is most encouraging as it is a resounding vote of confidence in the organization and the process.

BALANCED SCORECARD (contd)



GOAL 3: Maintain operational effectiveness while ensuring services are cost effective

#	MEASURE	TARGET 2010	TARGET 2008 / 2009	ACHIEVED 2008 / 2009	STATUS
3.1	By 2010, staff turnover will be halved from the 2006/07 baseline	4.15%	8%	5%	

During the year under review the real total staff turnover was 3%. This was made up of 3% management terminations and 4% Commissioner terminations. The 3% included Commissioner terminations.

During the year under review, the total staff turnover increased by 2% from the previous financial year to 5%.

BALANCED SCORECARD (contd)



GOAL 3: Maintain operational effectiveness while ensuring services are cost effective

#	MEASURE	TARGET 2010	TARGET 2008 / 2009	ACHIEVED 2008 / 2009	STATUS
3.2	By 2010, key skills loss will not exceed 7%	7%	7%	13%	

The loss of key skills increased exponentially from 3% to 13% for Management and from 4% to 13% for Commissioners. The loss of support staff was minimal. The situation has come about as a result of the public sector and comparable institutions drastically overhauling the remuneration of the Senior Management Service. This was further exacerbated by the fact that the CCMA introduced the com-ratio for support staff but not for the management.

BALANCED SCORECARD (contd)



GOAL 3: Maintain operational effectiveness while ensuring services are cost effective

#	MEASURE	TARGET 2010	TARGET 2008 / 2009	ACHIEVED 2008 / 2009	STATUS
3.3	By 2010, we will be able to meet case management demands with 'normal' resource levels. This means that the case management administration will be completed with a variance of no more than 5% of planned workload	5% variance	5%	11%	

The variance is attributable to an increase in the caseload resulting from the economic downturn and exacerbated by inflationary pressure. A 3% increase was projected over the previous financial year, but the actual increase was 6%.

BALANCED SCORECARD (contd)



GOAL 3: Maintain operational effectiveness while ensuring services are cost effective

#	MEASURE	TARGET 2010	TARGET 2008 / 2009	ACHIEVED 2008 / 2009	STATUS
3.4	By 2010, a budget model will be in place that will enable funding from government based on unit cost per projected number of services. Funding to be 100% of projected services to be rendered	100% funding.	100%	88%	

Funding from the Department of Labour remained unchanged at the from the previous financial year; however, costs in respect of staff and case disbursement increased by an average of over 12% resulting in the variance. This was partially compensated for by achieving reductions in other cost areas.

BALANCED SCORECARD (contd)



GOAL 3: Maintain operational effectiveness while ensuring services are cost effective

#	MEASURE	TARGET 2010	TARGET 2008 / 2009	ACHIEVED 2008 / 2009	STATUS
3.5	By 2010, the 'unit cost' for delivery of compulsory services will have stabilised to ensure that there is not more than a 5% variance from budget allocation	5% variance	5%	14%	

The variance is attributable to an increase in the caseload resulting from the economic downturn and exacerbated by inflationary pressure. A 3% increase was projected over the previous financial year, but the actual increase was 6%.

In addition; in pursuance of the social justice mandate accessibility to our users was enhanced. This impacted unfavourably on the unit cost for delivery of compulsory services.



REVIEW OF OPERATIONS

OPERATING EFFICIENCIES



Operational Focus	Target / Objective	2005/ 06	2006/ 07	2007/ 08	2008/ 09
Pre-Conciliations Heard	Hear 10% or more of all jurisdictional referrals using the pre-conciliation process	15%	16%	13%	13%
Pre-Conciliations Settled	Settle 7% or more of all jurisdictional referrals using the pre-conciliation process	5%	7%	7%	6%
Con/Arbs Heard	Hear 50% or more of all jurisdictional referrals using the con/arb process	40%	38%	45%	43%
Con/Arbs Finalised	Finalise 80% or more of con/arbs heard – conducted ** Changed measure in 2008 to be 'in jurisdiction'	77%	82%	83%	36%
Conciliations Heard and Closed	Close 90% or more of all conciliations heard (includes all 'con' type processes)	88%	92%	93%	93%
Conciliations heard outside of 30 days	Statutory requirement to attempt to conduct all conciliation within 30 days	7%	0%	0%	0%
Settlement rate	Settle 70% or more cases across all processes	60%	63%	67%	67%
Arbitrations finalised	Finalise 90% or more of arbitrations heard	86%	89%	91%	92%
Late Awards	Statutory requirement to issue arbitration awards within 14 days	9%	6%	3%	1%
Postponements / Adjournments	Allow for maximum of 5% postponement / adjournments of all processes heard	8%	8%	7%	7%
Average turn around – Conciliation	Conciliation process to take place from 'activation' to 'closed' within a maximum of 30 days	45	30	28	28
Average turn around – Arbitration	Arbitration process to take place from arbitration referral date to 'closed' within a maximum of 74 days	79	48	42	41

EXTENT OF SERVICE LOCATIONS



PROVINCE	OFFICE
EASTERN CAPE	Port Elizabeth East London
FREE STATE	Bloemfontein
GAUTENG	Johannesburg Tshwane National Office Ekurhuleni (opening 2010)
KWA ZULU NATAL	Durban Pietermaritzburg Richards Bay Port Shepstone (opened 2009) Newcastle (opened 2009)
LIMPOPO	Polokwane
MPUMALANGA	Witbank
NORTHERN CAPE	Kimberley
NORTH WEST	Klerksdorp Rustenburg (opened 2009)
Western Cape	Cape Town George (open 2009)



REVIEW OF ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS



- ❖ The highlights of the financial statements as tabled in the annual report for the 31st March 2009:
 - ❖ Grant income year on year has not increased.
 - ❖ Case disbursements has increased by 32.66% which translated to an increase of R25 million.
 - ❖ Employee costs increased 13% year on year, this is attributable to increase in head count and implementation of the collective agreements.
 - ❖ Other operating expenses increased by 37.61% which translated to an increase of R17 million, this is attributable to increase in travelling, lease costs on buildings and general expenses.

FOUR YEAR REVIEW



FINANCIAL PERFORMANCE	2006	2007	2008	2009
	Actual	Actual	Actual	Actual
	R'000	R'000	R'000	R'000
Grant Income	208,780	234,582	260,448	283,495
Operating expenditure	210,444	239,482	268,198	327,659
Surplus for the year	866	409	1,738	(36,950)
Interest Received	1,810	4,592	9,097	7,252
Investments and Cash	38,089	58,318	64,689	6,186
Subsidies to the Bargaining Councils	2,712	3,773	2,710	4,660
Average cost per case referred	1,682	1,938	2,020	2,334
Average cost per case settled	5,685	5,557	5,469	5,738
Staff costs and benefits as % of grant income	41%	41%	44%	46%
Case disbursements costs as % of grant income	33%	32%	30%	36%
Total costs as % of grant income	101%	102%	103%	116%
Current ratio	0.92	0.98	1.41	0.18

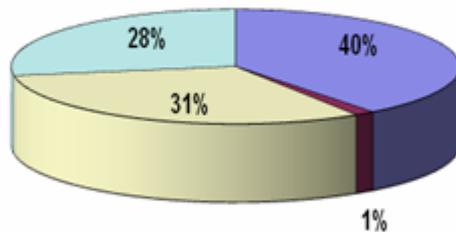
VALUE ADD STATEMENT



Salaries and benefits
 Subsidy pay out
 Case disbursements
 Reinvestment to develop operations

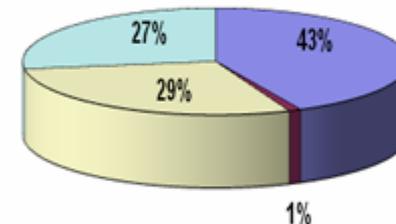
	2009	2008
Salaries and benefits	129,600	114,880
Subsidy pay out	4,660	2,710
Case disbursements	102,985	77,627
Reinvestment to develop operations	90,414	73,305

VALUE DISTRIBUTION 2009



■ Salaries and benefits ■ Subsidy pay out
■ Case disbursements ■ Reinvestment to develop operations

VALUE DISTRIBUTION 2008



■ Salaries and benefits ■ Subsidy pay out
■ Case disbursements ■ Reinvestment to develop operations

AUDITOR GENERAL REPORT



- ❖ The Auditor General audited the books of the CCMA where it had expressed an unqualified opinion.
- ❖ The Auditor General, had expressed this matters of emphasis in its report:
 - ❖ Going concern – in that the CCMA had reported a net deficit of R36.9 million.
 - ❖ Law suit of R3.5 million where the CCMA is a co-defendant, as disclosed in note 23.
 - ❖ SARS liability as disclosed in note 23.
 - ❖ Fruitless and wasteful expenditure relating to the SARS settlement of R11 million, as disclosed in note 26.
 - ❖ Irregular expenditure of R2.3 million as disclosed in note 33.

AUDITOR GENERAL REPORT (contd)



- ❖ Going concern of the CCMA:
 - ❖ Attention is drawn to the fact that at the reporting date the CCMA was technically insolvent, in that its liabilities exceed its assets.
 - ❖ The financial statements have been prepared on the basis of accounting policies applicable to going concern. This basis presumes that funds will be available to finance future operations.
 - ❖ The biggest contributing factor to this state of affairs is the increase in the number of cases referred 17%.
- ❖ Management has since made an application to address the solvency of the CCMA to the Department of Labour for extra funds .

AUDITOR GENERAL REPORT (contd)



- ❖ The fruitless and wasteful expenditure (note 26 of AFS):
 - ❖ The CCMA was assessed by the South African Revenue Service for the tax years of 2004 to 2006 in respect of part time commissioner taxes that were not withheld for those years. A settlement was reached with the SARS to the value of R11 million.
 - ❖ Other fruitless and wasteful expenditure relates to interest paid for late accounts to Telkom and PEC metering, and the legal costs from RSC levies not paid to Ethekewini Municipality all this total R5k.
 - ❖ The other fruitless and wasteful expenditure is for travelling claim splitting and duplicating, in that an employee fraudulently claimed to the value of R4k.

AUDITOR GENERAL REPORT (contd)



- ❖ The irregular expenditure (note 33 of AFS), management has at the date of the Annual Financial Statements not obtained approval to condone the following expenditure:
 - ❖ PABX rental from SASFIN, R953k: relates to rental of PABX machine which expired on 31 May 2005.
 - ❖ Accounting and payroll system implementation, R816k: relates to the overrun of the approved project costs.
 - ❖ Human Resources VIP system implementation, R261k: relates to the acquisition of the system.
 - ❖ Renovations of the 10th Floor at the CCMA head office, R795k: relates to the renovations done at the head office.
- ❖ Management has since obtained approval from the GB for the reported expenditure above.
- ❖ As a result of an anonymous report to the Office of the Auditor General, a forensic audit was conducted.

FORENSIC AUDIT

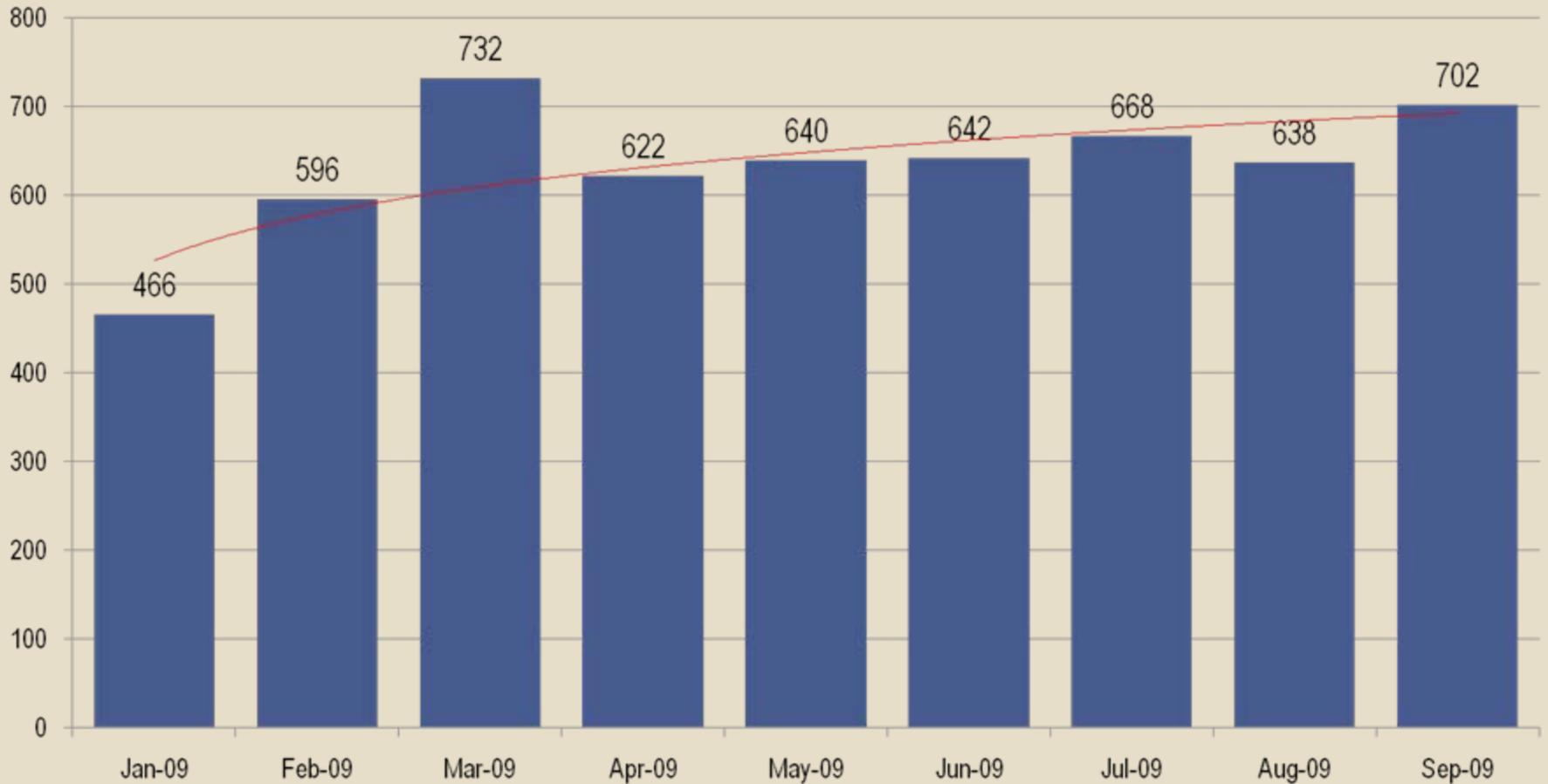


- ❖ During the course of the audit, the Auditor General received an anonymous complaint of improper conduct on the part of management
- ❖ The Auditor General conducted a forensic investigation on the allegations
- ❖ The investigation did not establish any improper conduct on the part of management, however, one contractor appears to have misrepresented itself on the shareholding in gaining BEE points in the evaluation.

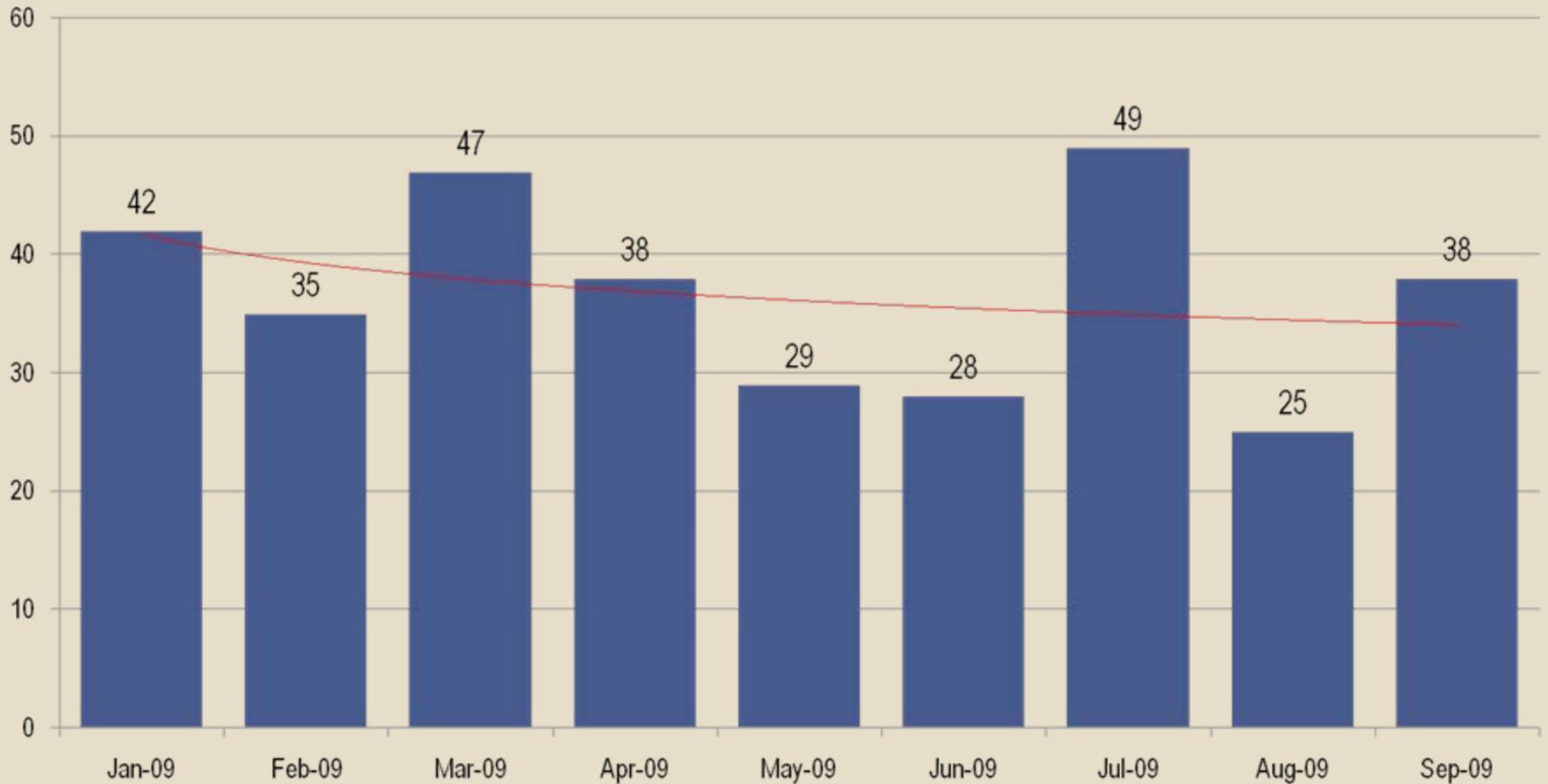


RESPONSE TO THE ECONOMIC CRISIS

s189 REFERRAL TREND



s189(A) REFERRAL TREND



RESPONSE TO THE ECONOMIC CRISIS



- ❖ Adoption of a General Approach to dealing with job insecurity that involves the active promotion of the vision and purpose of the NEDLAC Framework document
- ❖ Partnering with Institutions that can provide assistance to Employees and Employers
- ❖ Empowering Commissioners who deal with Facilitations
- ❖ Developed and implemented guidelines for Retrenchment and Severance Pay Matters
- ❖ In process of implementing the Training Layoff Scheme

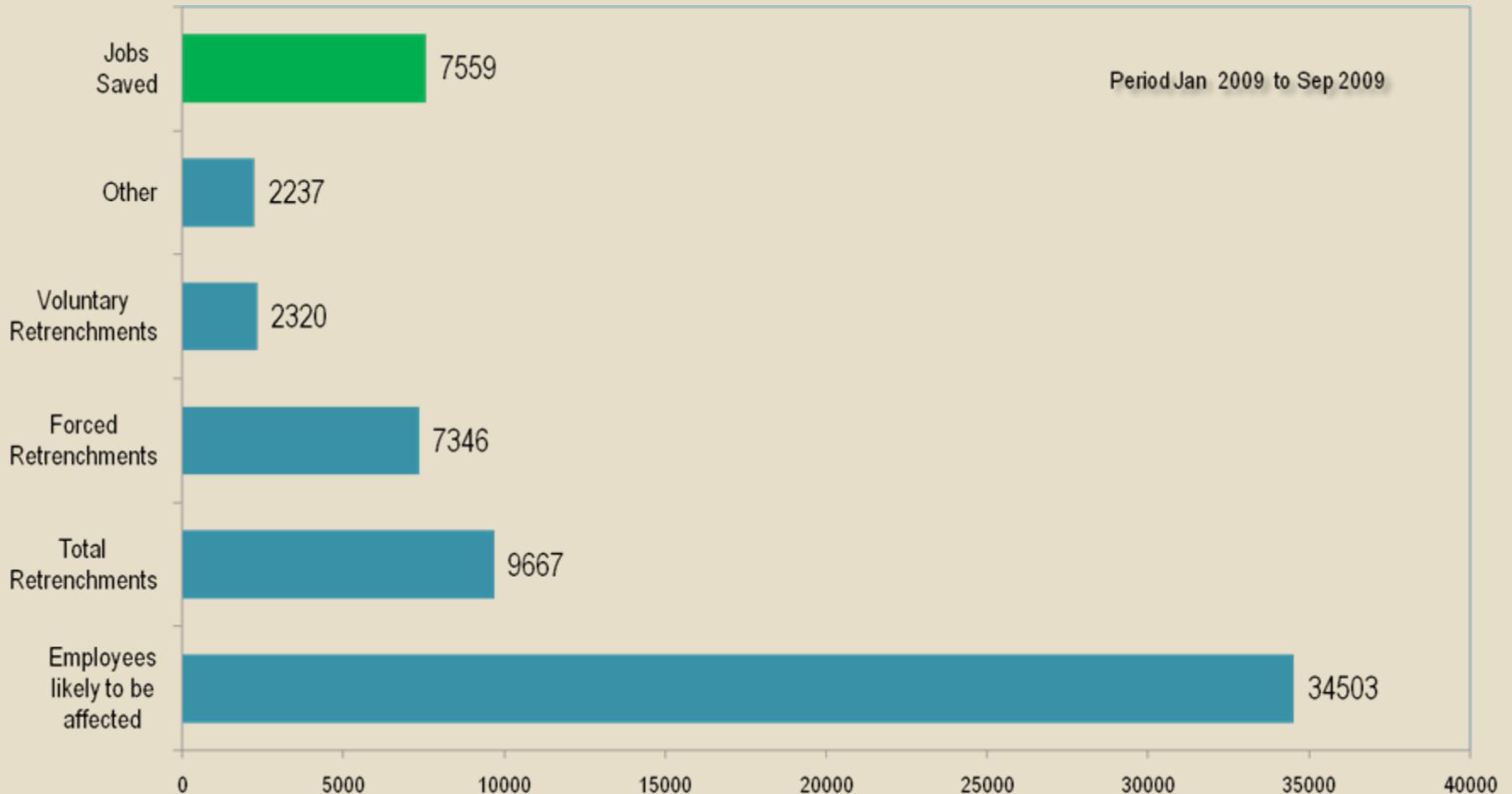


“We will support the work of the Commission for Conciliation, Mediation and Arbitration (CCMA) to assist employers and workers to find alternatives to retrenchments through the relevant legal process.

To date, CCMA Commissioners have saved over four thousand jobs through facilitation processes, and provided ongoing advice and support to retrenched workers”

President Jacob G. Zuma
State of the Nation Address, 3rd June 2009

THE IMPACT



PUBLIC RECOGNITION



The CCMA was recognised as the organisation with the Best Reputation in the Legal Sector, as judged by the citizens of South Africa, at the Public Sector Excellence Awards.