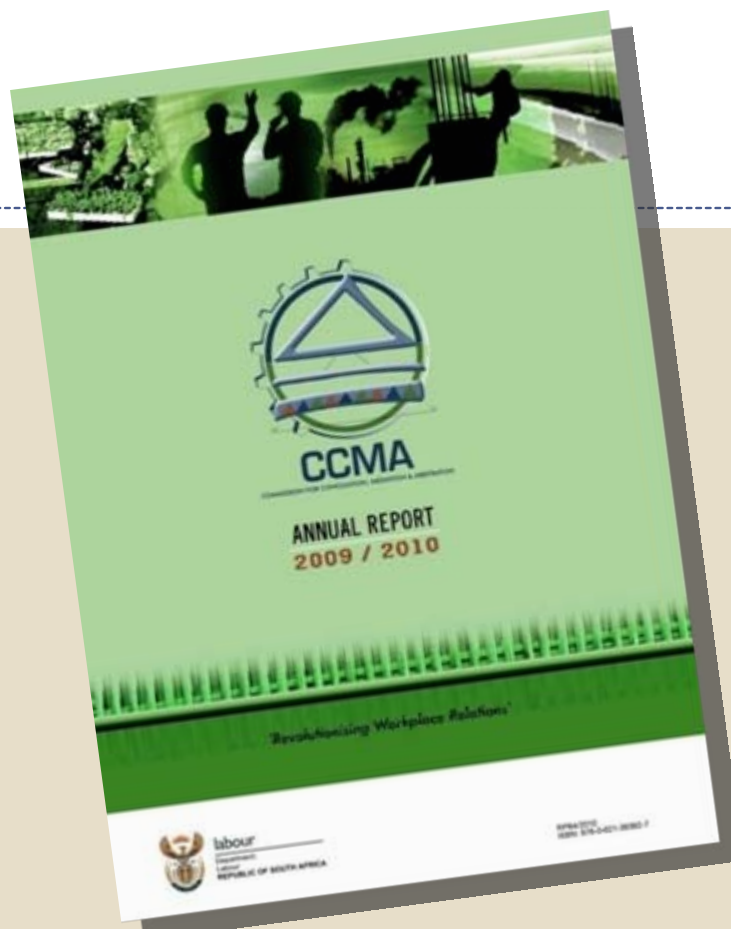


# Commission for Conciliation, Mediation and Arbitration



*PRESENTATION TO THE PORTFOLIO COMMITTEE ON LABOUR  
14 SEPTEMBER 2010*

# PRESENTATION OUTLINE



- ❖ CORPORATE GOVERNANCE
- ❖ TSOSO STRATEGY REVIEW
- ❖ REVIEW OF OPERATIONS
- ❖ ANNUAL FINANCIAL REPORT
- ❖ HIGHLIGHTS OF THE YEAR UNDER REVIEW



# CORPORATE GOVERNANCE

# CORPORATE GOVERNANCE



- ❖ The Commission for Conciliation, Mediation and Arbitration (CCMA) is an independent statutory body established in terms of section 112 of the Labour Relations Act of 1995 (LRA), as amended
- ❖ The CCMA is governed by a Board referred to as the Governing Body (GB) in terms of section 116 of the LRA
- ❖ The GB is made up of an independent Chairperson and representatives from Government, Organised Labour and Organised Business. The members of the GB are appointed through a process managed by NEDLAC by the Minister of Labour. This includes the Director by virtue of office.
- ❖ The GB is the Accounting Authority in terms of the PFMA. The GB Charter clearly and concisely sets out the roles, duties and responsibilities of the GB as well as salient corporate governance principles.

# CORPORATE GOVERNANCE (contd)



- ❖ The GB appoints a Director, in terms of section 118 (1) of the LRA. The Director fulfils the functions of a Chief Executive Officer.
- ❖ The LRA specifically tasks the GB with appointing Commissioners and determining their conditions of service (S117), the GB may not delegate appointment of Director, appoint / remove Commissioners, deposit or invest surplus money, accreditation and subsidy functions.
- ❖ The LRA at section 122, enjoins the GB to establish committees to assist the CCMA and contract any person or agency to do work or perform any function of CCMA (section 124); accredit Bargaining Councils and Private Agencies

# CCMA GOVERNING BODY



## ORGANISED LABOUR REPRESENTATIVES



Mr Bheki Ntshalintshali

## ORGANISED BUSINESS REPRESENTATIVES



Mr Elias Monage

## GOVERNMENT REPRESENTATIVES



Mr Thembinkosi Mkalipi

## CHAIRPERSON



Ms Tanya Cohen



Ms Mary Malete



Mr Dave Carson



Ms Ntsoaki Mamamshela

## DIRECTOR



Ms Nerine Kahn



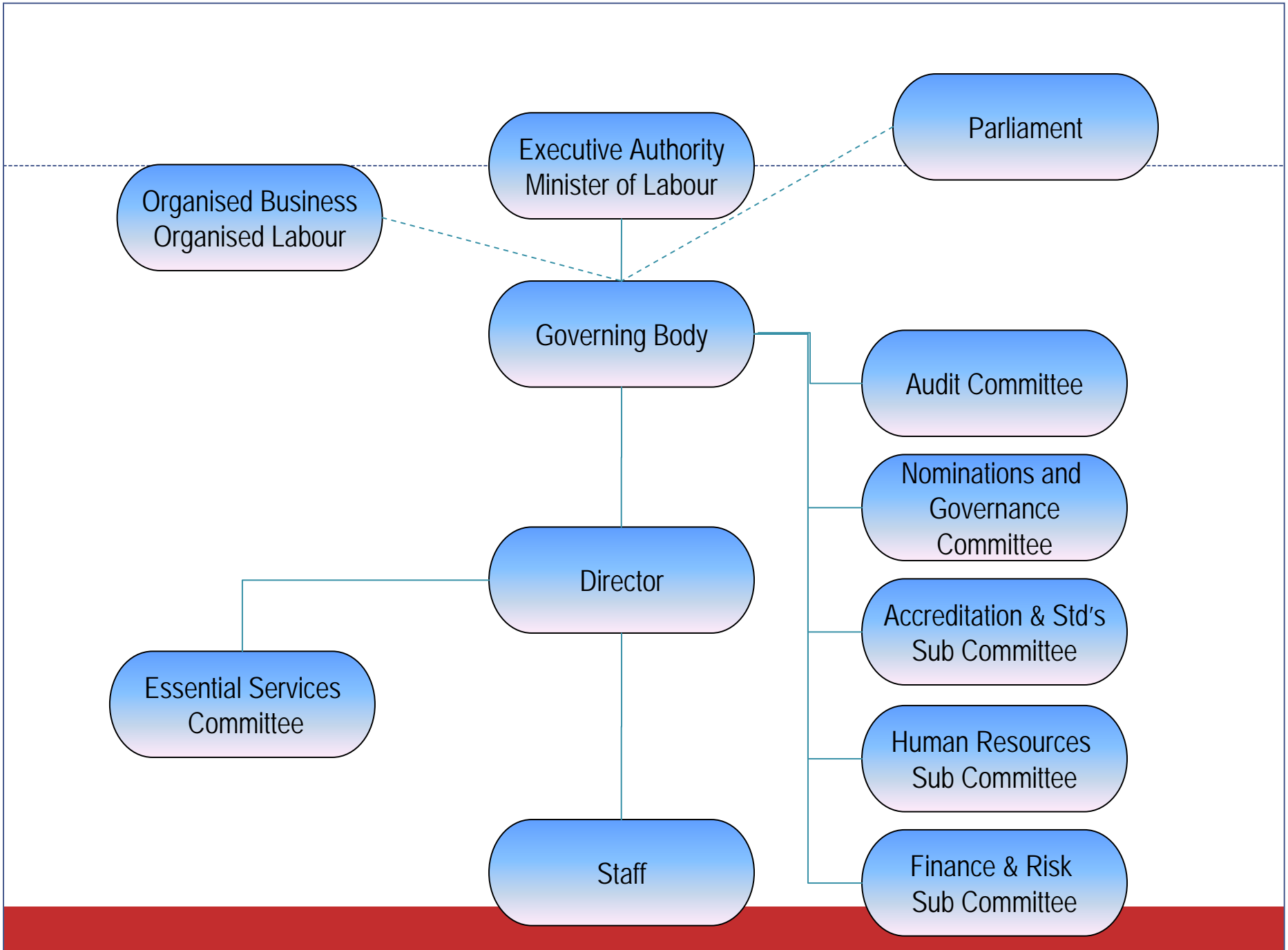
Mr Narius Moloto



Vacant



Mr Ian Macun



Parliament

Executive Authority  
Minister of Labour

Organised Business  
Organised Labour

Governing Body

Audit Committee

Nominations and  
Governance  
Committee

Director

Accreditation & Std's  
Sub Committee

Essential Services  
Committee

Human Resources  
Sub Committee

Staff

Finance & Risk  
Sub Committee

# CORPORATE GOVERNANCE (contd)



- ❖ The GB retains full and effective control over the governance of the CCMA. This responsibility is facilitated by a well developed governance structure comprising various Governing Body committees and a Delegation of Authority Framework. The delegation framework assists in the control of the decision-making process and does not dilute the duties and responsibilities of the Governing Body.
- ❖ The GB has established committees that assist with the fiduciary responsibilities of the CCMA.
- ❖ The CCMA is a schedule 3A institution in terms of the Public Finance Management Act (PFMA)
- ❖ The Director implements and oversees the GB strategy and manages and directs the activities of the Commission.



# CORPORATE GOVERNANCE (contd)



- ❖ The Audit Committee is an independent Committee appointed by the GB. The Audit Committee is required to regularly monitor and review the effectiveness of the internal audit function; the reports of internal and external auditors; and the quarterly and annual reports specifically the annual financial statements. The Committee assists the GB on issues of audit.

The Committee is chaired by Ms Mary Vilakazi.

# CORPORATE GOVERNANCE (contd)



- ❖ The Human Resources Sub-Committee oversees compliance with human resources policies and procedures, which includes recruitment of commissioners and management of remuneration. As well as employee development, well-being and conduct.  
The Sub-Committee is chaired by Mr. Elias Monage.
  
- ❖ The role of the Finance and Risk Sub-Committee is to review and ensure that the annual budget of the CCMA is appropriately accounted for in terms of National Treasury Regulations. It also has oversight of proper implementation of finance policies and enterprise Risk Management Policy.  
The Sub-Committee is chaired by Ms Mary Maleté.

# CORPORATE GOVERNANCE (contd)



- ❖ The Accreditation and Subsidy Sub-Committee is responsible for the accreditation of bargaining councils and their panelists as well as ratifying the payment of subsidies to councils in terms of the LRA. The Sub-Committee is chaired by Mr. Ian Macun.
- ❖ The role of the Governance and Nominations Committee is to advise the Governing body on all matters relating to governance, strategy and compliance. The Committee is chaired by the GB Chairperson Ms Tanya Cohen.



# THE TSOSO STRATEGY Final Review

# THE TSOSO STRATEGY



The Tsoso Strategy that guided the CCMA from 2007 to 2009, was premised on the following three goals:

- 1. Promote social justice through professional delivery of services, while ensuring compliance with legislation at all times*
- 2. Ensure user friendly, quality services that are delivered with speed*
- 3. Maintain operational effectiveness while ensuring services are cost effective.*

The Scorecard that follows measured the CCMA's progress against these goals

# BALANCED SCORECARD



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

#	MEASURE	TARGET 2010	ACHIEVED 2007/2008	ACHIEVED 2008/2009	ACHIEVED 2009/2010	FINAL SCORE
1.1	In 2010, the external perception of the services delivered by the CCMA will have improved by 20% from the 2007/2008 baseline of 68%.	81.6%	Developed a process of measuring the baseline, baseline determined to be 68%	88 %	Appointed service provider, project commenced, appointed a reference group. The target is being taken as met as the CCMA won a gold award in an independent survey that was conducted by TNS.	●

# BALANCED SCORECARD



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

#	MEASURE	TARGET 2010	ACHIEVED 2007/2008	ACHIEVED 2008/2009	ACHIEVED 2009/2010	FINAL SCORE
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.	A central & clearly defined role played by the CCMA in the development of certified Labour Relations Practice qualifications & QCTO-associated structures.	The CCMA drove the process to establish a SSETA Labour Relations Practice (LRP) Steering Committee, with priorities identified & plans developed.	The SSETA LRP Steering Committee & its role further established, with the CCMA playing a key role.	The CCMA played a key leadership role over the past 3 years in the development of LRP qualifications & associated structures, including the new QCTO structures.	●
		The NQF level 5 & 6 dispute resolution qualifications for commissioners & panelists certified & progress made in curriculum development.	The NQF Level 5 dispute resolution (DR) qualification successfully registered. Development teams set up & started work to settle NQF level 6 DR unit standards & develop a curriculum for level 5 qualification.	Progress made with the development of the curriculum for the level 5 DR qualification. Level 6 DR qualification registered. Engaged with the new QCTO process.	NQF level 5 & 6 dispute resolution qualifications for commissioners & panelists successfully developed & registered. The curriculum for the level 5 qualification developed.	●



# BALANCED SCORECARD



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

#	MEASURE	TARGET 2010	ACHIEVED 2007/2008	ACHIEVED 2008/2009	ACHIEVED 2009/2010	FINAL SCORE
2.1	By 2010, 70% of all disputes will be settled at conciliation phase	70%	61%	62%	59%	●
2.2.1	By 2010, there will be a 21% reduction in CCMA cases referred to the Labour Court from the 2007/08 baseline of 9.4%.	7.4%	Baseline established at 7.4%	7.7%	5.8%	●
2.2.2	By 2010, there will be a 5% reduction in the non-compliance of arbitration awards from the 2007/2008 baseline of 21%.	20%	Baseline established at 21%	22%	28%	●



# BALANCED SCORECARD



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

#	MEASURE	TARGET 2010	ACHIEVED 2007/2008	ACHIEVED 2008/2009	ACHIEVED 2009/2010	FINAL SCORE
2.7.1	In 2010, 70% of all disputes of national interest where offers of assistance are made will be settled	70%	53%	54%	55%	●
2.7.2	In 2010, 75% of all offers of assistance in disputes of national interest will be accepted by parties	75%	50%	68%	84%	●

# BALANCED SCORECARD



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

#	MEASURE	TARGET 2010	ACHIEVED 2007/2008	ACHIEVED 2008/2009	ACHIEVED 2009/2010	FINAL SCORE
3.1	By 2010, staff turnover will be halved from the 2006/07 baseline of 8%	4%	5%	5%	2.9%	●
3.2	By 2010, key skills loss will not exceed 7%	7%	Management: 11% Commissioners: 6%	13%	Management: 3.4% Commissioners: 6.25%	●

# BALANCED SCORECARD



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

#	MEASURE	TARGET 2010	ACHIEVED 2007/2008	ACHIEVED 2008/2009	ACHIEVED 2009/2010	FINAL SCORE
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%	3%	11%	10%	●
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%	97%	88%	96%	●
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%	-14%	14%	2%	●

# BALANCED SCORECARD



TARGETS ACHIEVED	A horizontal row of ten solid green circles.	10	56%
TARGETS PARTIALLY ACHIEVED	A horizontal row of two solid orange circles.	2	11%
TARGETS NOT ACHIEVED	A horizontal row of six solid red circles.	6	33%



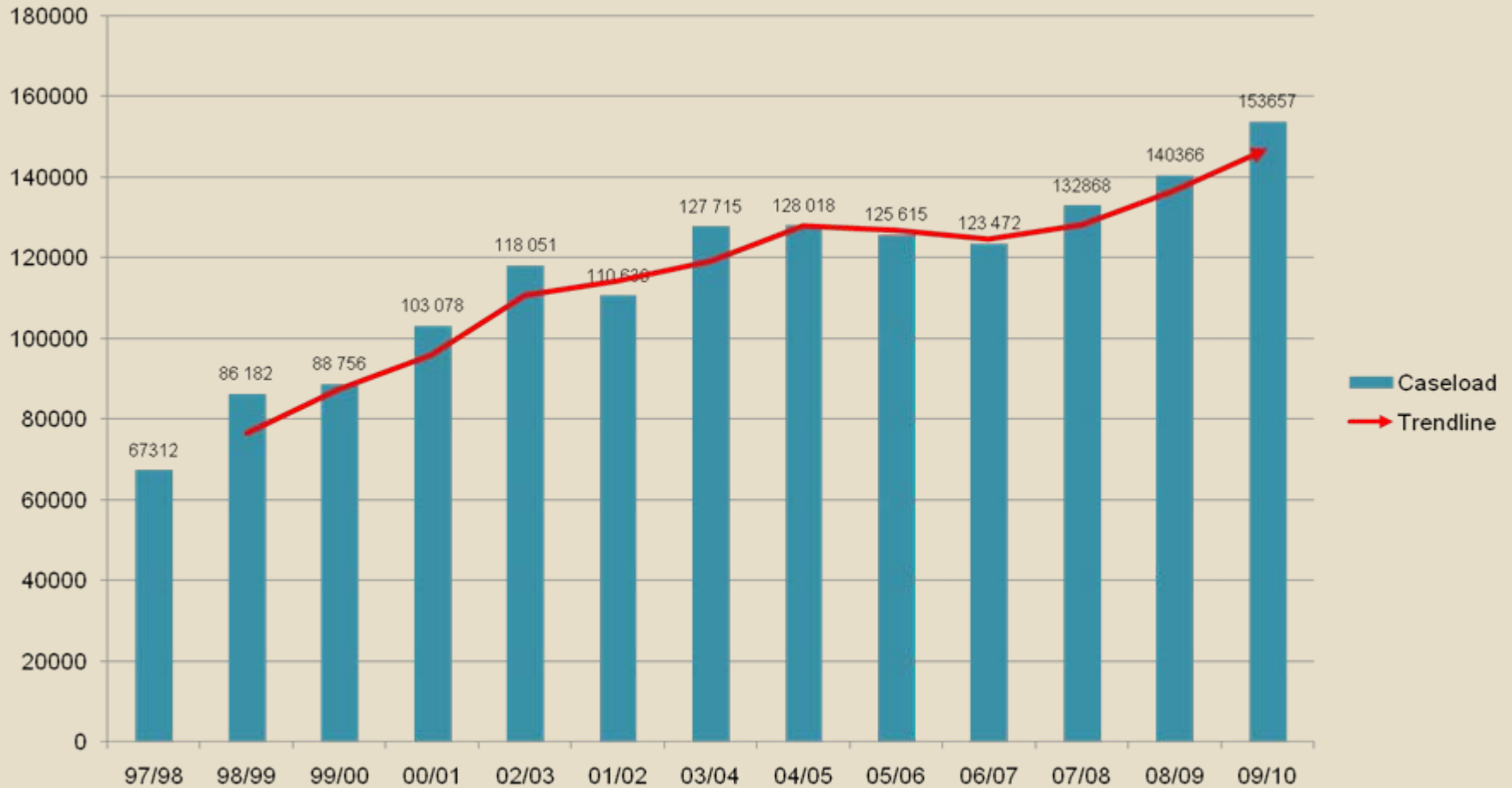
# REVIEW OF OPERATIONS

# OPERATING EFFICIENCIES

OPERATIONAL FOCUS	TARGET / OBJECTIVE	2005/ 06	2006/ 07	2007/ 08	2008/ 09	2009 / 10
Pre-Conciliations Heard	Hear 10% or more of all jurisdictional referrals using the pre-conciliation process	15%	16%	13%	13%	14%
Pre-Conciliations Settled	Settle 7% or more of all jurisdictional referrals using the pre-conciliation process	5%	7%	7%	6%	6%
Con/Arbs Heard	Hear 50% or more of all jurisdictional referrals using the con/arb process	40%	38%	45%	43%	40%
Con/Arbs Finalised	Finalise 80% or more of con/arbs heard – conducted ** Changed measure in 2008 to be 'in jurisdiction'	77%	82%	83%	36%	32%
Conciliations Heard and Closed	Close 90% or more of all conciliations heard (includes all 'con' type processes)	88%	92%	93%	93%	91%
Conciliations heard outside of 30 days	Statutory requirement to attempt to conduct all conciliation within 30 days	7%	0%	0%	0%	0%
Settlement rate	Settle 70% or more cases across all processes	60%	63%	67%	67%	65%
Arbitrations finalised	Finalise 90% or more of arbitrations heard	86%	89%	91%	92%	91%
Late Awards	Statutory requirement to issue arbitration awards within 14 days	9%	6%	3%	1%	1%
Postponements / Adjournments	Allow for maximum of 5% postponement / adjournments of all processes heard	8%	8%	7%	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	27
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	39



# Caseload 1998-2010



# EXTENT OF SERVICE LOCATIONS



PROVINCE	OFFICE
EASTERN CAPE	Port Elizabeth East London
FREE STATE	Bloemfontein
GAUTENG	Johannesburg Tshwane National Office Ekurhuleni (opened 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)





# ANNUAL FINANCIAL REPORT

# AUDIT REPORT



The Auditor-General expressed an unqualified opinion on the financial statements and performance information.

However there were matters of emphasis raised in the report:

- ✓ Significant uncertainties with regard to a law suit and the final IT3a on Part Time Commissioners submitted for the tax years ending 2007 and 2008.
- ✓ Early adoption of GRAP 23 and the restatement of corresponding figures.
- ✓ Fruitless and wasteful / irregular expenditure with regard to the investigation performed by the Auditor-General during the year under review.
- ✓ Going concern of the CCMA – technical insolvency.

# AUDIT REPORT (contd)



Other matters, which did have a significant bearing on the opinion expressed by the Auditor-General:

- ❖ Findings on performance information and reporting on a quarterly basis on performance information of the CCMA.
- ❖ Findings with regard to compliance with laws and regulations on internal audit, risk management and formalised fraud response plan.
- ❖ Findings on internal control with regard to leadership, financial management and governance.

Other reports, which were considered by the Auditor-General:

- ❖ Investigation conducted by the Auditor-General after allegations were made. The investigation found no possible fraud or corruption.

# REVIEW OF BUSINESS ACTIVITIES



- ❖ The CCMA reported a deficit of R15.240 million.
- ❖ Grant income from the fiscus increased by 36.20% which included a budget adjustment of R65 million.
- ❖ Case disbursements increased by 14.40% as a result of a 9.00% increase in cases referred to the CCMA.
- ❖ Employee costs increased 26.08% as result of implementation of a collective agreement and additional temporary staff to deal with the increase in case load.
- ❖ Administrative costs increased 13.12%, attributable to increases in audit fees, lease costs to the buildings and other administrative costs.

# FOUR YEAR FINANCIAL REVIEW



FINANCIAL PERFORMANCE	2007 Actual R'000	2008 Actual R'000	2009 Actual R'000	2010 Actual R'000
Grant Income	234,582	259,939	283,407	368,969
Operating expenditure	239,482	268,198	327,659	379,625
Surplus for the year	409	1,738	(36,950)	(5,055)
Interest Received	4,592	9,097	7,252	3,685
Investments and Cash	58,318	64,689	6,186	11,530
Subsidies to the Bargaining Councils	3,773	2,710	4,660	4,483
Average cost per case referred	1,938	2,020	2,334	2,471
Average cost per case settled	5,557	5,469	5,738	5,840
Staff costs and benefits as % of grant income	41%	44%	34%	33%
Case disbursements costs as % of grant income	32%	30%	48%	42%

# VALUE ADDED STATEMENT



	<b>2009 R'000</b>	<b>2010 R'000</b>
Salaries and Benefits	97, 752	123, 250
Subsidy pay out	4, 660	4, 483
Case disbursements	134, 833	154, 252
Reinvestment to develop operations	90, 414	98, 434



# HIGHLIGHTS OF THE YEAR UNDER REVIEW

# IMPROVED ACCESSIBILITY



The Web-enabled Case Management System (CMS) went live at the following entities in the last financial year:

- ❖ All CCMA offices nationally
- ❖ All Public Sector Bargaining Councils
- ❖ Some ten Private Sector Bargaining Councils . CMS currently being rolled out to other bargaining councils
- ❖ Some 140 Department of Labour offices use the CCMA's Case Viewer to provide case information nationally to members of the public. These offices will gain access to the Web-enabled CMS to capture case referrals within the next year.

The Web-enablement allows for the CMS information to be accessed with a web browser.



# PUBLIC SERVICE SECTOR AWARD



- ❖ *CCMA was awarded the Gold award for Public Sector Excellence in the category of 'Best Reputation: Legal Sector'*
- ❖ *Runners up for the award were the SABS and SAHRC*
- ❖ *Based on an independent survey of ordinary South Africans, the award is a significant indicator of recognition of the work and the role the CCMA plays in South Africa.*
- ❖ *The award was presented by Honourable Richard Baloyi, Minister of Public Services*

# RESPONSE TO ECONOMIC CRISIS

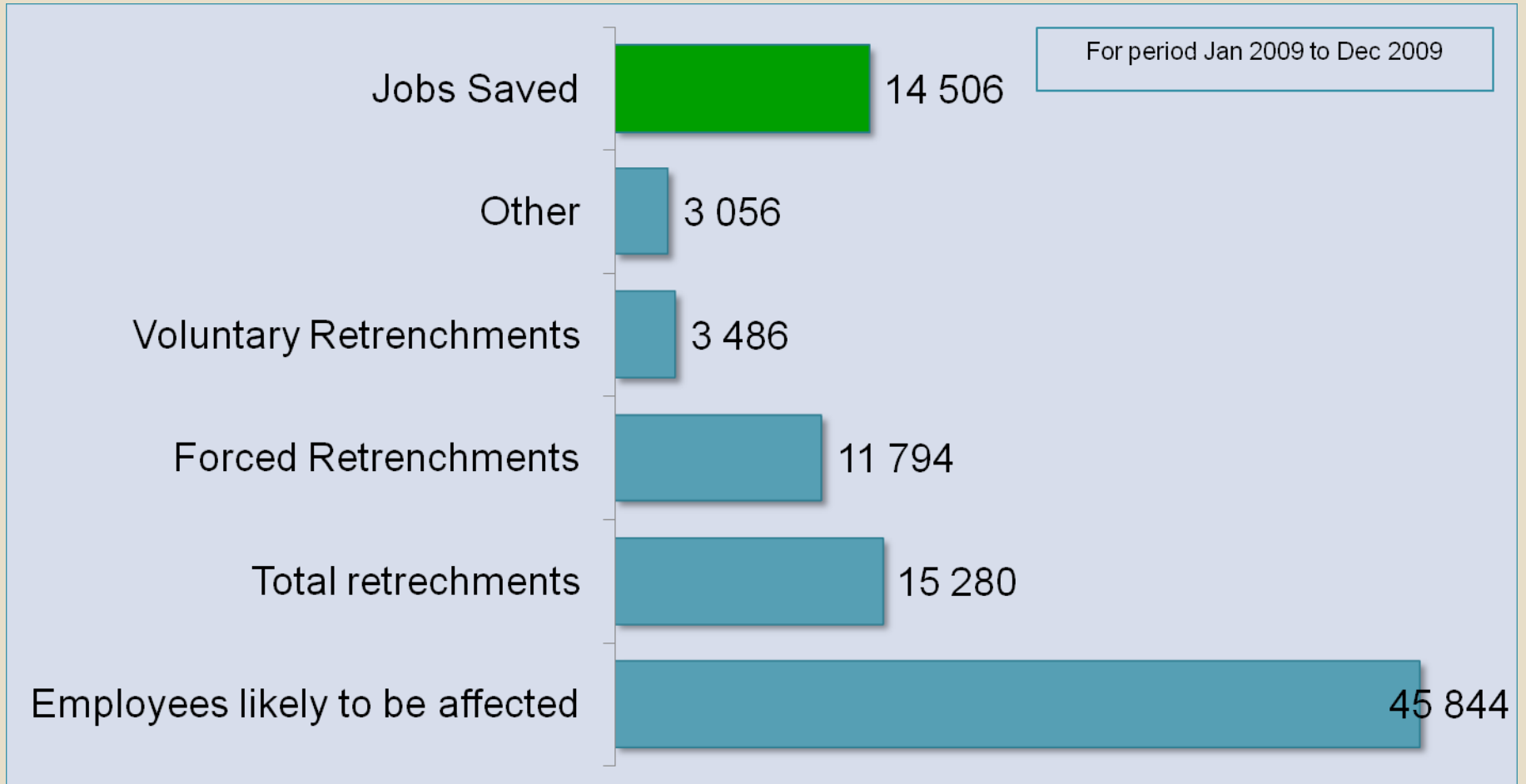


*“We will support the work of the Commission for Conciliation, Mediation and Arbitration to assist employers and workers to find alternatives to retrenchments through the relevant legal process.”*

*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

# RESPONSE TO ECONOMIC CRISIS

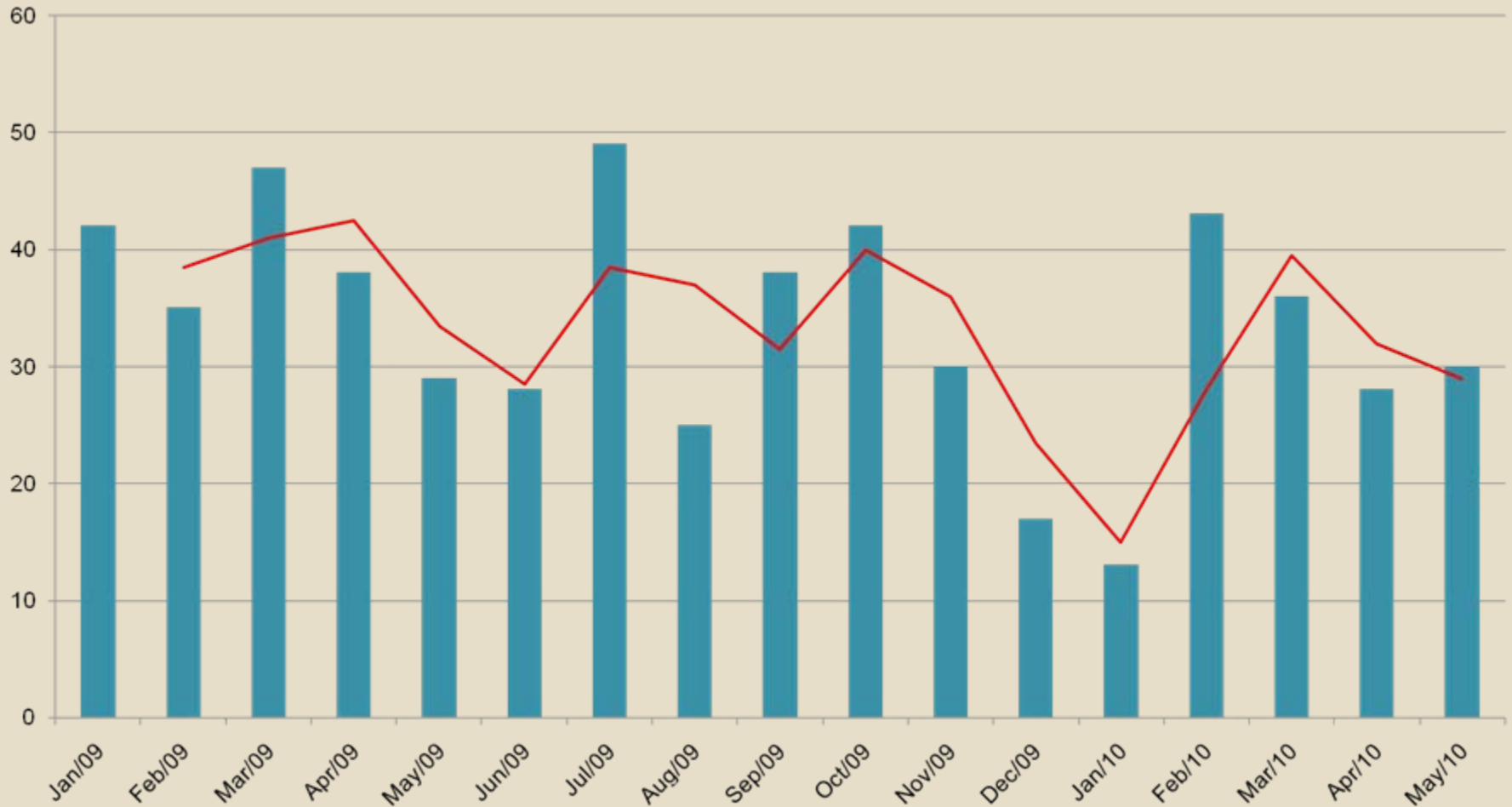


# TRAINING LAYOFF SCHEME

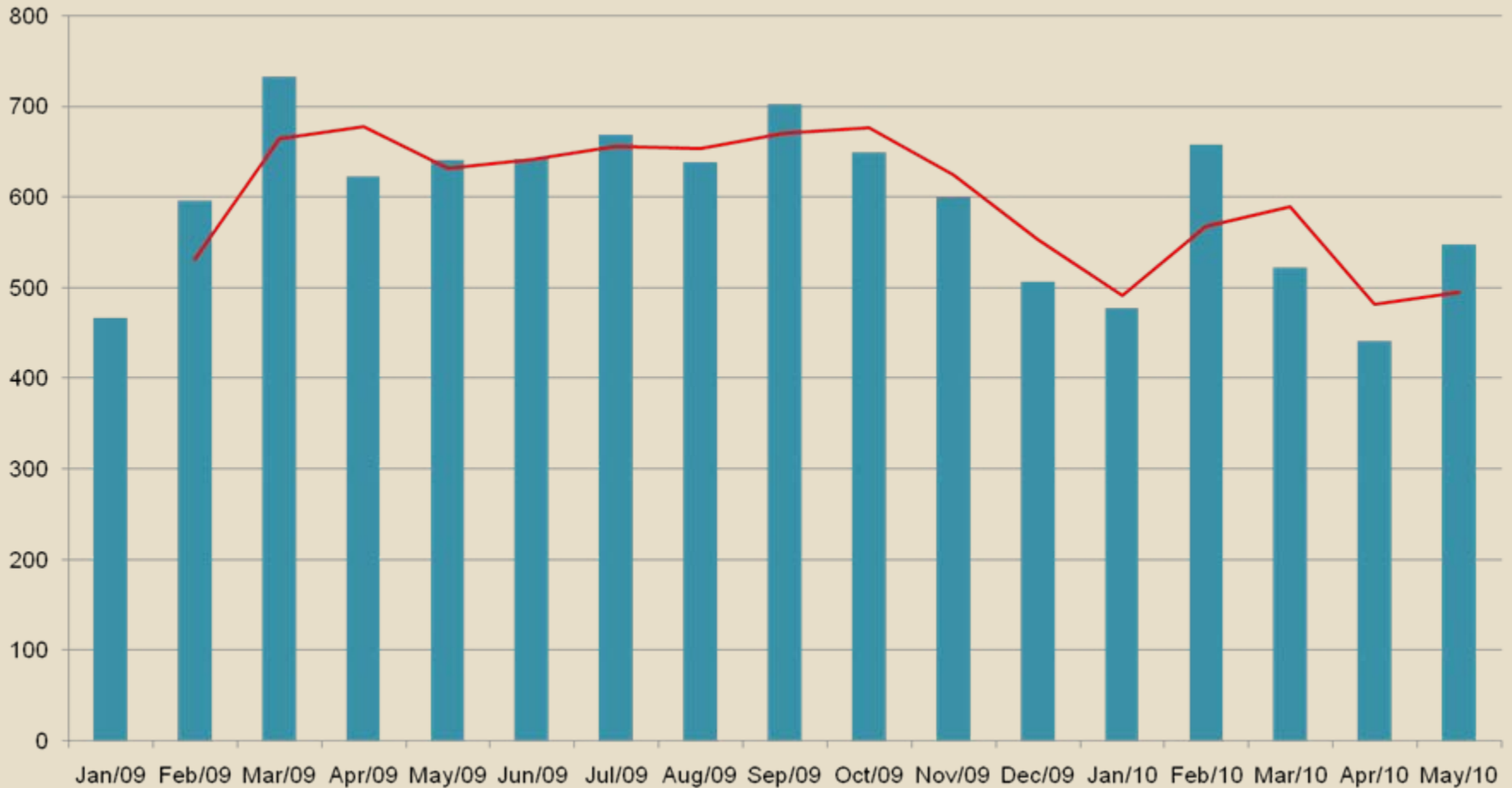


- ❖ *The Scheme is an alternative to retrenchment that arises out of South Africa's Response to the Global Economic Crisis as agreed between the Social Partners at NEDLAC.*
- ❖ *The Scheme allows for businesses facing distress due to the economic crisis to temporarily layoff employees facing retrenchment for up to 3 months. During this time employees receive training from their respective SETA. Employees do not receive their salary for the period of the layoff, but a training allowance funded by the NSF and UIF. The employer continues to pay a for a basic social benefit package.*
- ❖ *Take up of the scheme was initially slow, but this has turned around.*
- ❖ *CCMA was the primary implementing partner for the scheme*

# LARGE SCALE RETRENCHMENTS REFERRAL TREND ( > 50 employees)



# SMALL SCALE RETRENCHMENTS REFERRAL TREND ( < 50 employees)



# TRAINING LAYOFF SCHEME



- 55 applications generated through CCMA processes and from parties in the labour market involving 8, 686 employees
- 35 applications recommended for participation
- 19 applications not recommended
- 6 applications withdrawn
  
- ✓ 10 cases training in progress involving 5, 271 employees
  
- ✓ 2 cases training completed involving 184 employees

# THE 2010 WORLD CUP PROCESS



- ❖ *In anticipation of widespread industrial action during the World Cup, CCMA set up 2010 Units at each regional office.*
- ❖ *The purpose of these structures was to ensure labour peace in the run up to and during the event. The process identified, monitored and dealt with occurrences of labour conflict. Involved both a proactive (stakeholder engagement) and reactive (rapid deployment of Commissioners to deal with escalating conflict or industrial action) approach.*
- ❖ *We would like to think that CCMA made a difference as the South African event was not characterised by the widespread industrial action that was experienced by previous host countries.*



# MAJOR 2010 WORLD CUP DISPUTES



# MAJOR 2010 WORLD CUP DISPUTES



- ❖ *The Stadium disputes (2007 to 2008) at Mbombela, Green Point, Moses Mabhida and Peter Mokaba stadiums collectively represented around 17 work stoppages of varying duration, of which only 2 were protected. All these work stoppages placed the delivery of the 2010 stadiums under severe pressure.*
- ❖ *The Civil Engineering dispute (2009) effectively halted construction of all 2010 stadiums and related projects for almost two weeks.*

# MAJOR 2010 WORLD CUP DISPUTES



- ❖ *The Transnet dispute (2010) played itself out before the commencement of the event, but severely threatened logistical support in respect of goods that were being imported for the event.*
- ❖ *The Eskom dispute (2010) presented a direct threat to the event as it unfolded during the event and placed the hosting of the matches including the semi-finals and final match in jeopardy.*

# STRATEGY 2010 TO 2015



SIYAPHTAMBILI

*We are moving forward*



*Thank you!*