National Economic
Development &
Labour Council

ANNUAL REPORT
2016/2017

MINIMUM WAGE

A ROAD TO A BETTER TOMORROW

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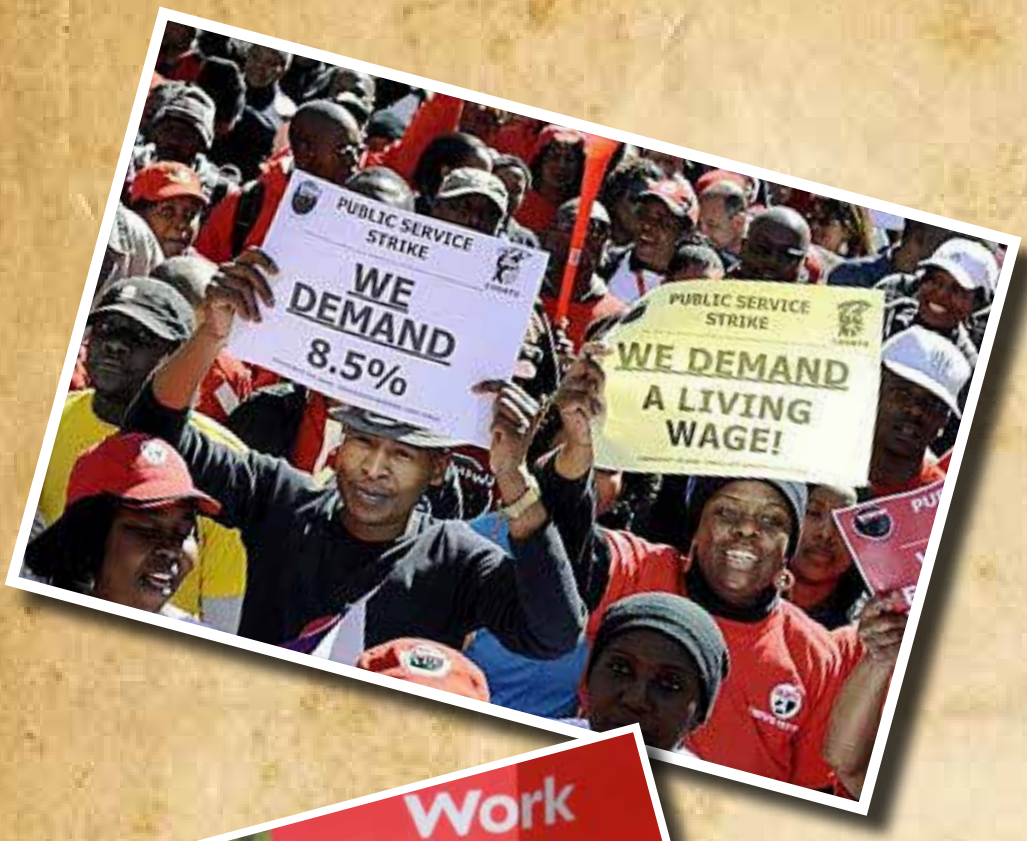
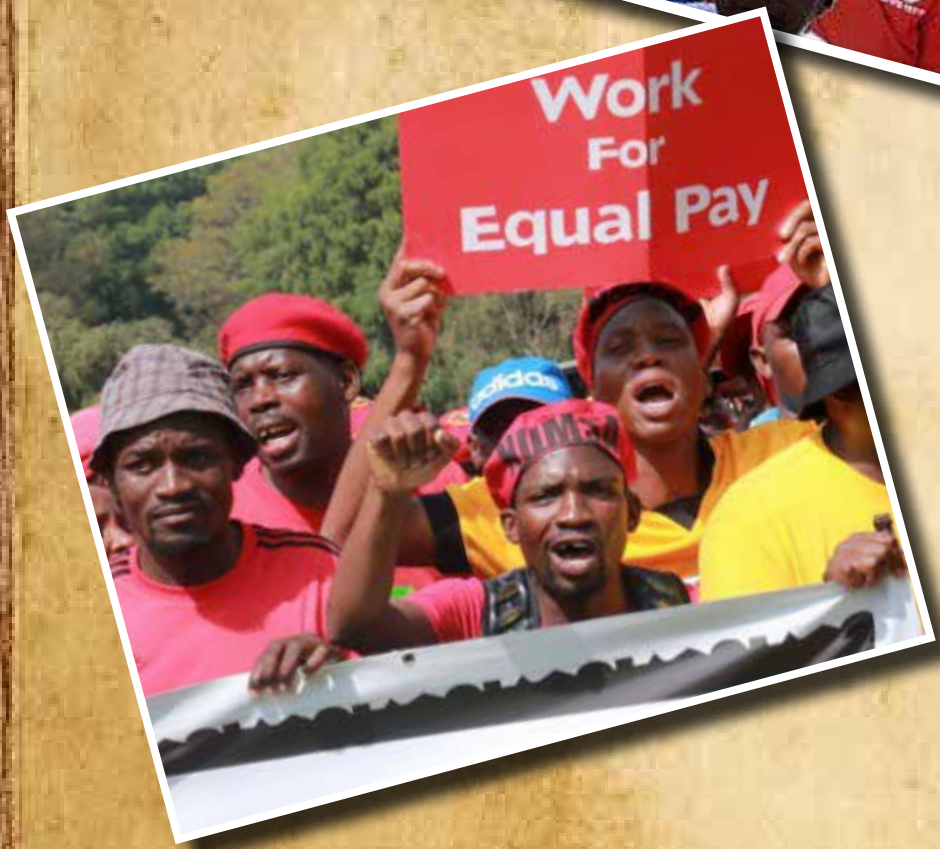

PUBLIC SERVICE STRIKE
WE DEMAND 8.5%
PUBLIC SERVICE STRIKE
WE DEMAND A LIVING WAGE!


Work For Equal Pay

Section A

General Information

Founding Declaration

Growth, equity and participation

- The democratic election of 1994 opened a new era for South Africa. It was the decisive step in the transition to democracy. Now our country must meet the challenges of social development and economic growth.
- South Africa is a land rich in resources, with a strong and diversified economy. It has a people eager to make democracy work. It has a well-developed physical and financial infrastructure, such as transport, telecommunications and the banking system.
- South Africa is also characterised by severe inequality in income, skills, economic power, ownership and a skewed pattern of social development. This, together with large-scale unemployment and inadequate economic performance, has created major problems in our society.
- Government, organised labour, organised business and community-based organisations need to develop and strengthen cooperative mechanisms to address the challenges facing our new democracy. Our three defining challenges are:
  - Sustainable economic growth – to facilitate wealth creation as a means of financing social programmes; as a spur to attracting investment; and as the key way of absorbing many more people into well-paying jobs.
  - Greater social equity – both at the workplace and in the communities – to ensure that the large-scale inequalities are adequately addressed, and that society provides, at least, for all the basic needs of its people.
  - Increased participation – by all major stakeholders in economic decision-making at national, company and shopfloor level to foster cooperation in the production of wealth and its equitable distribution.

- Meeting these challenges is critical to the success of the Reconstruction and Development Programme.
- The National Economic Development and Labour Council (Nedlac) is the vehicle by which Government, labour, business and community organisations will seek to cooperate, through problem-solving and negotiation, on economic, labour and development issues and related challenges facing the country.
- Nedlac will conduct its work in four broad areas, covering:
  - Public finance and monetary policy;
  - Labour market policy;
  - Trade and industrial policy; and
  - Development policy.

Nedlac is established in law through the National Economic Development and Labour Council Act, No. 35 of 1994, and will operate in terms of its own constitution.

Nedlac's Mandate

The Nedlac Act requires the institution to:

- Strive to promote the goals of economic growth, participation in economic decision-making and social equity;
- Seek to reach consensus and conclude agreements on matters pertaining to social and economic policy;
- Consider all proposed labour legislation relating to labour market policy before it is introduced in Parliament;
- Encourage and promote the formulation of coordinated policy on social and economic matters;
- Consider all significant change to social and economic policy before it is implemented or introduced in Parliament; and
- Consider socio-economic disputes in terms of Section 77 of the Labour Relations Act (LRA).

Nedlac's Modus Operandi

Nedlac conducts its business through using one, or all, of the following tools:

- Negotiations that seek to deliver formal consensus-based agreements on economic and social policy issues;
- Mandates: Nedlac constituencies participate in Nedlac on the basis of mandated positions;
- Consultations that seek consensus on proposed policy prior to it being tabled for negotiation or implementation;
- Conduct information-sharing sessions and seminars to report and evaluate progress on the implementation of social and economic policies;
- Conduct research that guides the formulation and implementation of social and economic policy; and
- Resolving socio-economic disputes in terms of section 77 of the Labour Relations Act (LRA).

Strategic Overview

This section provides a synopsis of the strategic framework of the organisation.

Vision

To promote growth, equity and participation through social dialogue.

Mission

To give effect to the Nedlac Act by ensuring effective public participation in labour-market and socio-economic policy and legislation, and to facilitate consensus and cooperation between Government, labour, business and the community in dealing with South Africa's socio-economic challenges.

Values

We respect and promote:

- Accountability;
- Transparency;
- Integrity and ethical conduct;
- A spirit of partnership; and
- Problem-solving and consensus-seeking.

Legislative and other Mandates

Nedlac is a statutory body which is governed and mandated by The National Economic Development and Labour Council Act, No. 35 of 1994.

Nedlac's work programme is largely determined by the legislative and policy programme of Government, as well as issues tabled by constituencies. These issues can be tabled at a Chamber, Management Committee (Manco) or the Executive Council (Exco).

Issues that are tabled at Manco or Exco are referred to the appropriate Chamber for negotiation or consultation: Trade and Industry; Public Finance and Monetary Policy; Labour Market; and Development. Issues of a cross-cutting nature are dealt with by Manco and/or Exco, usually through special task teams.

ORGANISATIONAL OVERVIEW BY THE EXECUTIVE DIRECTOR

Madoda Vilakazi

The policy discourse in South Africa and by extension at Nedlac has been significantly under the spotlight in the year under review. Of particular interest are the concerns raised regarding poor economic growth and its specific impact on labour market stability. More worrying has been the bigger threat of the surge in industrial action to this stability. On the other hand, Nedlac only approved two protest actions in the last year, which happened at a Provincial level, i.e. Johannesburg and Cape Town. Some of the intended protest actions were resolved amicably within the Nedlac processes. These developments in the socio-economic environment sphere kept all Nedlac constituencies occupied with the aim to find workable and lasting solutions for the country.

Overall Performance: The performance achievement of 90% against the approved Annual Performance Plan is plausible and is the continuation of the trend of recent years and the achievement of an unqualified audit for the 2016/17 financial year is a cherry on top and a testimony of hard work and dedication in Nedlac. This achievement has eluded the organisation for the past two periods. There were a few changes concerning staff movement but these did not result in any significant negative impact on the overall performance. This is attributable to standardised, efficient processes that have proven to be reasonably effective. Currently all approved key positions are filled and the work of Nedlac continues uninterrupted. The chambers and MANCO technical committees remain the central delivery platforms of Nedlac and the work of these structures continually improve.

The National Minimum Wage: Informed by the work emanating from the Ekurhuleni Declaration of November 2014, the National Minimum Wage discussions were concluded and the agreement signed by the social partners in February 2017, the agreed minimum wage was R20 per hour. No worker in South Africa should be paid below this floor. The first of May 2018 was the agreed implementation date. This would enable the social partners time to fine tune remaining detail on the matter, and enable government and ultimately parliament to engage in the formulation of new legislation and amendment of existing legislation in order to facilitate the seamless implementation of the National Minimum Wage.

Comprehensive Social Security: This is another key policy proposal that made its way to Nedlac in the latter part of the financial year. Government tabled its position paper on Comprehensive Social Security (CSS) and the task team was immediately set up to process this work. The primary purpose of CSS is to ensure that all vulnerable South Africans are covered by the social security net, and ensure that there is congruence and consolidation of different government efforts of social security provision, thereby eliminating duplication and wastage. The timeline given for this work is two years.

National Health Insurance: The speedy but prudent implementation of NHI is critical given the time lag between policy formulation and implementation, which is about 25 years. The presentation of the proposals by the Minister of Health in the last quarter of the financial year was very instructive and Nedlac awaits the formal commencement of deliberations on NHI. The introduction of NHI will contribute immensely to the well-being of citizens, and the equitable provision of health care in the Republic for all who live in it. This is indeed a revolution.

The uneven distribution of wealth in various sectors of the economy remains a challenge that continues to widen the socio-economic gap whilst slow economic growth remains a great challenge. The growth rate of the economy in line with the

National Development Plan projections of 5% to 6% is an imperative if the country has to implement effectively the NMW, CSS and the NHI. The inability of the labour market to absorb new entrants also exacerbates this debilitating state in the economy. Nedlac will continue to maintain the current momentum gained in this past financial year by, working closely with Social Partners in facilitating constructive and inclusive social dialogue on issues that will contribute positively towards building a successful democratic society.

I wish to acknowledge the selfless contribution of social partners through the chamber convenors, overall convenors and the Committee of Principals to the smooth running of the work of Nedlac and thus supporting the governance structures in carrying out their mandate. The Nedlac staff is also highly appreciated for their industry and dedication to the mandate of our institution.

MESSAGE FROM THE OVERALL CONVENOR - BUSINESS

Kaizer Moyane

The 2016/2017 financial year carried so much promise for South Africa. It was a year in which key players in the economy, ably led by the then finance minister, Pravin Gordhan, pulled all stops to stabilise and improve the economy, especially so that international ratings agencies would positively reassess their views of us as a country. The effort saw unprecedented levels of cooperation between leaders of government, business and labour movements, with the full support of the Nedlac constituencies.

It was also a year that saw significant progress in Nedlac on various policy and legislative matters, resulting in some historic agreements in some cases. The highlight was the conclusion of an agreement on the broad principles of a National Minimum Wage (NMW), which will see a national floor established for most vulnerable workers at R20 per hour when it is implemented from May 2018. This is a significant milestone in our labour market, one that was carefully considered and balanced against the urgent need for the country to accelerate employment creation efforts through inclusive growth.

Stabilising the labour market was another priority for the Nedlac constituencies, which emanated from the Ekurhuleni Declaration. Along with the NMW agreement, senior leaders of all Nedlac constituencies spent countless hours over months to address some of the weaknesses of the labour market arrangements, and emerged with a package of interventions that will enhance stability in the labour market and improve investor sentiment in our economy. I have no doubt that the constituencies will continue to dedicate their efforts this year to finalise the legislative arrangements necessary to implement the NMW and labour market stability agreements.

A number of other important legislative amendments and policy proposals were also considered and/or finalised during the period under review. These include the Airports Company Amendment Bill, the National Road Safety Strategy, the Communal Property Association Amendment Bill, the Aquaculture Development Bill, the Air Traffic Navigation Services Amendment Bill, to name just a few. Fruitful engagements and briefing sessions also took place with key Government departments and ministries on progress and challenges in implementing some of the policies and legislation agreed in Nedlac, e.g. the Employment Tax Incentive Act, which was meant to stimulate employment of young people. The volume of work delivered is testimony not only to the importance of Nedlac as and institution of social dialogue, but also to the dedication of all constituencies to make South Africa work.

Understanding the serious challenges we face as a country, the Business constituency also undertook several initiatives to tackle the problem of growing unemployment, particularly among the youth. An example is the learnership and internship initiative that saw a number of businesses giving work exposure to significant numbers of unemployed young people. With young people dominating the ever expanding pool of the unemployed, in a sluggish economy, I have no doubt that Nedlac constituencies will have to double their efforts this year and beyond if we are to make any meaningful inroads into the unemployment crisis.

Looking ahead, the continually changing nature of work and the fast emerging concept of the "future of work" should become a topic of extreme relevance for Nedlac, where parties will need to explore appropriate policy choices. Discussions on Comprehensive Social Security and Protection are also likely to resume in earnest. These discussions will take place against the backdrop of tough economic conditions following the country's recent downgrades by international credit ratings agencies. However, I am confident that Nedlac will approach these complex and important matters with the same level of dedication that the country has come to expect from the institution.

Finally, thanks go to all those who make Nedlac the institution of vibrant social dialogue that it is, including members of the secretariat, leaders of government and social partners, as well as participants in task teams that saw many agreements in this year. In particular, a heartfelt thank you to all the Business representatives who participated in the various Nedlac structures to bring the voice of Business in discussions.

MESSAGE FROM THE OVERALL CONVENOR - COMMUNITY

Dumisani Mthalane

One of the important grassroots social dialogues undertaken in South Africa recently was under the auspices a High Level Panel on the Assessment of Key Legislation and the Acceleration of Fundamental Change, established in 2016. In many ways, these grassroots social dialogues complemented the work taking place at NEDLAC as they were aimed at taking stock of the impact of legislation insofar as it advances or impedes progress in addressing the triple challenges of poverty, unemployment and inequality. The Panel has been assessing the possible unintended consequences, gaps and unanticipated problems in post-apartheid legislation, as well as how effectively laws have been implemented. It will propose appropriate remedial measures to Parliament including the amendment, or repeal of existing legislation or additional legislation where necessary. Its recommendations will find way on the agenda of NEDLAC in years to come.

These grassroots social dialogues underpin the significance of inclusion of community voices in policy and legislation debates about shaping the national agenda on a number of issues that are aimed at building sustainable economic development, a strong social cohesion, and positioning South Africa as a significant player in the global economy driven by innovation and competition. However, as the Community Constituency, we maintain our position that community voices in social dialogue cannot have limping validity, valid one day, invalid the next, depending upon changing circumstances. Community voices deserve full recognition and representation in all NEDLAC Chambers, especially at a time when South Africa is grappling with serious challenges of protracted economic stagnation and the consequences of poor grading by the international rating agencies.

While there is no single approach that can provide an answer to ensuring meaningful participation in social dialogues taking place on various platforms, we strongly believe that government must lead the way by provision of adequate resources to the NEDLAC Community Constituency in order to better position it as a valuable partner.

Also, we note that land reform continues to be one of the central policy and legislative matters under consideration at NEDLAC. Government's early vision of land reform emphasised its multiple objectives: addressing dispossession and injustice; creating a more equitable distribution of land; reducing poverty and assisting economic growth; providing security of tenure; establishing sound land administration; and contributing to national reconciliation. Settlement and tenure security in informal settlements and urban areas were also to be supported. The primary beneficiaries of land reform were defined as the 'rural poor', but included a number of diverse interest groupings within that broad category: the victims of land dispossession, farm workers, labour tenants, communal area residents, people living in informal

settlements, small-scale farmers, women and youth. A number of other important debates on aspects of economic development and land reform will continue to dominate the policy and legislative agenda at NEDLAC. These include:

- agricultural policies, including deregulation and liberalisation, and their impacts on land reform
- the need for a national programme of small farm support
- water allocation reform and irrigation
- whether or not legislation to protect the land rights of labour tenants is likely to be effective
- the advantages and disadvantages of strategic partnerships between communities and private sector companies within restitution and redistribution projects
- land reform's contribution to reducing gendered inequalities
- the potential of rental markets in communal areas
- urban land reform, including ant-eviction legislation, and its contribution to reducing spatial inequality in towns and cities
- the most effective institutional arrangements for governing land tenure in the former 'Coloured' rural reserves
- the potential of municipal commonage land

These debates are entering another dimension while also being framed by a host of land laws passed and began to be implemented over the years, aimed mainly at securing land tenure rights. The road ahead is full of challenges despite farmworkers and dwellers being afforded protection from arbitrary evictions, through the Extension of Security of Tenure Act of 1997. The occupation and use rights of labour tenants have been afforded protection, but tenants or former tenants could also apply for ownership of the land they occupied, as provided for by the Land Reform (Labour Tenants) Act of 1996. Communal Property Associations (CPAs) allowed groups to hold restored and redistributed land, and many were formed with the help of consultants. However, most did not receive much support thereafter, little oversight was exercised by government, and many have become somewhat dysfunctional. Communal tenure reform was highly politicised as a result of the lobbying power of chiefs, and progress in developing a policy framework was slow and incomplete, with no new legislation adopted by mid-1999.

Most communities are adversely affected by the reality that agricultural policies remain uncoupled from land policies, and were initially focused on deregulation and liberalisation of the sector. State subsidies for credit, inputs and exports were abolished and the single channel marketing system, involving fixed prices, was dismantled. These measures were portrayed as progressive because they removed state support for privileged white farmers, but large-scale programmes of support for small-scale black farmers and land reform beneficiaries, despite being identified as a key need, are notable by their absence.

The current mandate of government requires redoubling of efforts to achieve progress in addressing the triple challenges of poverty, unemployment and inequality. The Community Constituency remains committed to continue playing a meaningful role at NEDLAC, enhanced by community voices at grassroots level as well as processes that provide for meaningful engagement of local communities social dialogue.

MESSAGE FROM THE OVERALL CONVENOR - GOVERNMENT

Virgil Seafield

A cursory examination of the NEDLAC annual reports over the last few years provides a telling reference to the role of the organisation in both informing the discourse between social partners on important policy issues and also contributing to finding solutions to policy challenges. In the 2010 Annual Report a key issue was the participation of labour in the National Manpower Commission (NMC), in 2008 the National Industrial Policy framework was considered. In late 2008 and early 2009, the global financial crisis developed into a global economic crisis.

The social partners at NEDLAC were requested by the then President Motlanthe to develop a national response to the crisis. The social partners emerged with a National framework to respond to the crisis called "the Framework for South Africa's Response to the Global Economic Crisis." The record of NEDLAC is replete with creative responses, through social dialogue, to emergent realities and policy changes.

More recently however the organisation has been faced with a broader challenge in developing cooperative approaches to addressing socio-economic challenges – in the context of a discourse that is highly polarised and ideological. The prospects for effective national level tripartite engagement has been weakened by the increase in community based conflict, inter union rivalry and intra union divisions as well as challenges within the business constituency.

Yet NEDLAC has emerged again as the champion of social dialogue in the policy formulation arena. Over the last year the organisation facilitated ground breaking agreements on the labour relations front. Central to the agreement on a National Minimum Wage is not the level of the agreed wage but an honest and sincere attempt by all social partners to engage on the issue of growing inequality and addressing, in a constructive manner, the levels of poverty in our country. The agreements reached on labour stability for government are not only about the detail but how this would contribute towards creating an investor friendly economic environment.

We saw an increased commitment to overhaul the social security dispensation when government submitted its proposals on social security reform. But more significant is the emergence of a collective narrative in addressing the problems facing our country that led to the recent downgrades of South Africa's credit rating.

Has NEDLAC maintained its relevance as a platform of social dialogue in policy formulation? I would argue that it has.

A challenge for the near future may be how to respond to "the new normal" where the focus of government has clearly been articulated by President Zuma as being "implementation" oriented.

MESSAGE FROM THE OVERALL CONVENOR - LABOUR

Bheki Ntshalintshali

When the global economic crisis hit us in 2009, many of us thought that such crisis would take a short time to recovery mainly because we believed that South Africa's fundamentals were firmly in place. Eight years later our country's economic status was downgraded to a junk State. As if this was not enough on the 6th June 2017, South Africa entered into recession. The unemployment level hit 37 percent level which equals to 9.3 million unemployed people, this is a crisis. It is both socially unsustainable and politically unstable. The global perception about our country as a destination for investment has been dented heavily in particular by "corruption" and it would take courageous leadership to address this rather than dismiss it.

There are many questions that need answers. How did we arrive at this level of crisis? How far are we from the dream of the National Development Plan (NDP) that promises us that by 2020 the unemployment level would have been halved? Why inequality is deepening? Why Nedlac as an institution of social dialogue is unable to intervene and provide some solutions?

These are not easy questions; they need deep reflection on Nedlac to respond to this crisis. In 2009 we developed South Africa Response to the Global economic crisis and many countries took our responses and implemented them, today those countries are in a better economic situation than us. The International Labour Organisation used our responses and developed a Jobs Pact. So what went wrong with us, why such grand ideas have not worked for us? Simply, we did not implement them we hold on the view that fundamentals were in place. In 2009, we pointed out all what needed to be done including credible policies in the New Growth Path, IPAP, and 9 Point Plan etc. But the opposite happened as many government departments outsourced work for example the health workers, expanded public works programmes, increasing non-standard forms of employment which posed challenges for freedom of association and collective bargaining. Institutions like the CCMA, Bargaining Councils, Nedlac, inspectorate under the department of Labour came under immense pressures as they tried to give support to labour relations. In our country the majority work continues to be carried out in the informal and rural economies in which the ability of workers to organise faces major challenges.

Government and social partners failed to provide leadership. Both employers and workers organisations were weakened by their own internal divisions. Collective bargaining systems were weakened. Nedlac as strong legal and institutional framework for labour relations could not provide efficient labour administration of a conducive and enabling environment to respond to this crisis.

We are deliberate in raising the negatives first as an attempt to send the message that Nedlac constituents can do more in providing new ideas and addressing the complex questions. It must be remembered that it was Nedlac who stood up in developing the South Africa Response to the Global economic crisis. But it was also Nedlac who allowed the NDP to be adopted in the form it is, which labour is not happy about.

In the last two years Nedlac has stood up again under the leadership of the Deputy President Ramaphosa to tackle the wage inequality and positive indicators are giving us confidence that we are on right course. Our dream of a legislated national minimum wage as envisage in the Freedom Charter is about to be realised, the discussion on the introduction of comprehensive social security is about to begin, laws on strengthening of collective bargaining are about to be finalised.

However, Nedlac has to move with the required speed if it has to claim its relevance in society. It has to address the issue of wage inequality in particular the executive pay. This is another time bomb waiting to explode and its impact will be huge as many workers believe that this wage gap is driven by greed. We cannot afford not to address this matter of widening inequality. This must be accompanied by addressing the issue of unemployment in particular of women and youth, investment strike by employers and corruption both at the private sector and in government, etc.

It is also very important to remember our previous resolution that for Nedlac to work optimally it would need all constituents to cooperate by sending senior leadership with the requisite skills and knowledge of relevant subject and respect the Nedlac protocol and meeting the deadlines in finalising its work. Also to be asked is whether Nedlac capacity both in terms of resources and capacity is adequate to play fully its role, its credibility and enjoy trust by the constituents it serves.

PUBLIC ENTITY'S GENERAL INFORMATION

National Economic
Development &
Labour Council

Registered name of the public entity
National Economic Development and Labour Council (Nedlac)

Registered office address
14A Jellicoe Avenue, Rosebank, 2196

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Contact telephone number: 012 426 8000

Banker's information
Bank Name: Standard Bank
Account No: 001 607 235
Branch No: 004305
Contact Person: Mfanufikile Daza
Contact cell phone: 072 277 4163
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Company Secretary
Mr Madoda Vilakazi

Section B

Performance Information

Overview of Public Entity's Performance

1.1. Service Delivery Environment

Nedlac remains an apex organisation for Social Dialogue in South Africa. This is the position which the organisation needs to work hard every day to maintain. This position will be sustained if the organisation adheres to its core mandate and continually improve its service delivery model. The fundamental role of Nedlac is to facilitate consensus between the social partners on social and economic policy and legislation, through social dialogue and engagement. This will require focused attention on the capacity, conduct and commitment of the social actors involved. It also calls for strong leadership and a paradigm shift away from the culture of adversarialism and a greater focus on building relationships and a network of trust and collaboration.

The Chambers and the MANCO Technical Committees are the central service delivery platforms of Nedlac. These structures have delivered exceptionally well on their responsibilities. This is signified by the 90% performance achievement of the annual target as enshrined in the Annual Performance Plan. The work of Nedlac is executed within a political and economic environment, which is quite uncertain. At the tail end of the reporting period the country was downgraded by Standard & Poors and Fitch Ratings agencies to sub-investment grade, commonly known as junk status. This necessitated the organisation to coordinate a special Exco meeting, which was chaired by the Deputy President, Mr Cyril Ramaphosa, to come up with strategies to avoid further downgrades and ensure a speedy return to investment grade. This work will continue going into the next financial year and beyond.

The other major work of the organisation has been the National Minimum Wage (NMW) and Labour Relations reforms, which have been discussed by the social partners under the Wage Inequality Technical Task Team (WITTT) and the Labour Relations Technical Task Team (LRTTT) as well as the Committee of Principals. The agreement was signed by the social partners in February 2017. The implementation of the NMW will be in May 2018.

1.2. Organisational Environment

Engagements at Nedlac are guided by the following protocols:

- Nedlac Protocol for Tabling Issues at Nedlac
- Section 77 Protocol
- Protocol on Working Relationship between Nedlac and Parliament

The Nedlac Protocol provides the basis for consideration of matters that are tabled at Nedlac. In this regard the Nedlac Protocol provides the timeframes within which engagements should be finalised.

The organisation experienced a very high turnover of staff in the financial year under review. This in part is occasioned by the budgetary constraints which cause the organisation to be unable to compete in the labour market. This has been identified in the Strategic Plan and is being addressed. Unfortunately, this phenomenon inhibits the consistent growth and depth of knowledge and skills to execute Nedlac's mandate. It also erodes the institutional memory that is clearly needed.

Nedlac will prioritise the following in the financial year 2017-2018:

1.2.1. Enhance communication and outreach, which would entail forming strategic partnerships with other communicators, and healthy relationships with the media. It is imperative to get activities of Nedlac distributed widely.

1.2.2. The National Minimum Wage (NMW) will remain one of the key deliverables for Nedlac, and also ensuring that the work that flows from the NMW lives beyond the implementation date of May 2018.

1.2.3. Comprehensive Social Security (CSS) will form a pivotal part of Nedlac's work, ensuring that South Africans who are currently outside the security net are also covered. The position paper of government had already been tabled and the Task Team is busy at work.

1.2.4. The capacity of the secretariat to attract and retain highly skilled staff to carry out the mandate of Nedlac will finally be addressed. This will entail introducing the salaries and benefits concomitant with work Nedlac does, and the level of importance of the organisation to the nation. This is already anticipated in the 2015 - 2020 Strategic Plan.

1. During June 2014:

- State of the Nation Address (SONA), President Jacob Zuma called on Nedlac Social Partners - under Deputy President Cyril Ramaphosa's leadership - to address Wage inequalities , the National Minimum Wage; and violent and protracted strikes.

2. At the Nedlac Summit convened on 05 September 2014,

- Announcement that a Labour Relations Indaba will be convened on 04 November 2014 to commence the process of engagement on a National Minimum Wage.
- The Nedlac Ekurhuleni Declaration was adopted at this later meeting. The Declaration comprised principles that guided an engagement process, under the auspices of Nedlac and the stewardship of the Deputy President.

3. November 2014 : Labour Relations Indaba

- Gave birth to the Ekurhuleni Declaration where constituencies acknowledged challenges of unemployment, poverty and inequality facing South Africa and the economy.

The Technical Task Team on labour relations (LRTTT) was mandated to engage on the following issues:

- Promoting employment, labour market stability, including the right to strike, protracted strikes; violence, collective bargaining and the role of the State; employment, vulnerability and social protection.

Technical Task Team on Wage Inequality (WITTT)

- The Technical Task Team on Wage Inequality was mandated to focus on addressing wage inequality and engaging on a national minimum wage.

4. April 2015 - August 2016:

- Beginning of engagement on the work of the LRTTT and the WITTT reporting to the Committee of Principals (COP);
- Technical COP working group was established.

5. August 2016:

The DP in consultation with Nedlac social partners, appointed a Panel of Advisers to assist Nedlac in setting the level of the National Minimum Wage, taking into account work done so far by Nedlac technical task-teams.

25 November 2016:

Advisory Panel presents its report to Nedlac EXCO/

National Minimum Wage Milestones

6. December 2016 – February 2017:

Intensive engagement by social partners , COP and Technical Task Teams to reach consensus.

7. February 2017:

Agreement signed by social partners on the National Minimum Wage and Labour Reforms.

8. May 2017:

Advisory Panel completes second phase of work on the Minimum Hours of Work.

9. May / June 2017:

- Beginning of engagements on National Minimum Wage Bill and the Basic Conditions of Employment.
- Engagement on Advisory Panel's report on Minimum Hours of Work.

Performance Information

PROGRAMMES AND SUB-PROGRAMMES

Programme 1: Administration

The purpose of this programme is to enhance organisational efficiency and effectiveness.

Sub-Programme 1.1: Entity Management

The purpose of this sub-programme is to enhance strategic oversight and governance of the entity.

Quarterly targets for 2016 – 2017										
Strategic objective		**Effective governance and strategic leadership.**								
No.	**Output**	**Performance indicator**	**Reporting period**	**Annual target**	**Quarterly target**				**Annual Status**	
					1st	**2nd**	**3rd**	**4th**		
1.1.1.	NEDLAC Summit held as per the NEDLAC Act.	Annual NEDLAC Summit convened.	Annual	Annual Summit held in September 2016.	No target for this quarter.	Annual Summit convened.	No target for this quarter.	No target for this quarter.	The Summit was convened on 09 September 2016.	

Quarterly targets for 2016 – 2017										
Strategic objective		**Effective governance and strategic leadership.**								
No.	**Output**	**Performance indicator**	**Reporting period**	**Annual target**	**Quarterly target**				**Annual Status**	
					1st	**2nd**	**3rd**	**4th**		
1.1.2.	EXCO meetings held as per the NEDLAC Constitution.	Number of EXCO meetings held.	Annual	4 EXCO meetings held.	1 EXCO meeting held.	1 EXCO meeting held.	1 EXCO meeting held.	1 EXCO meeting held.	Four EXCO meetings were convened on the following dates: 24 June 2016, 26 August 2016, 25 November 2016 and 24 February 2017.	
1.1.3.	Stakeholder satisfaction survey conducted on quality of meeting preparations and logistical arrangements.	Number of stakeholder satisfaction surveys conducted for MANCO.	Annual	2 x stakeholder satisfaction surveys conducted.	No target for this quarter.	Stakeholder satisfaction surveys conducted.	No target for this quarter.	Stakeholder satisfaction surveys conducted.	The two surveys have been conducted.	

Performance Information

PROGRAMMES AND SUB-PROGRAMMES

Sub-Programme 1.2: Corporate Services

The purpose of this sub-programme is to ensure the provision of the reliable back-office support services.

Quarterly targets for 2016 – 2017										
Strategic objective		**Provision of efficient and reliable back office support services.**								
No.	**Output**	**Performance indicator**	**Reporting period**	**Annual target**	**Quarterly target**				**Annual Status**	
					1st	**2nd**	**3rd**	**4th**		
1.2.1.	Efficient voice and data services.	Quarterly meetings with voice and data service provider.	Annual	4 x meetings with voice and data service provider.	1 meeting with voice and data service provider.	1 meeting with voice and data service provider.	1 meeting with voice and data service provider.	1 meeting with voice and data service provider.	Meetings with the voice and data service provider conducted on the following dates: 12/04/2016; 24/07/2016; 20/10/2016; 22/11/2016; and 20/01/2017.	

Quarterly targets for 2016 – 2017										
Strategic objective		**Provision of efficient and reliable back office support services.**								
No.	**Output**	**Performance indicator**	**Reporting period**	**Annual target**	**Quarterly target**				**Annual Status**	
					1st	**2nd**	**3rd**	**4th**		
1.2.2.	Secure back-up of data	12 off-site data back-ups.	Annual	12 off-site data back-ups.	3 off-site data back-ups.	3 off-site data back-ups.	3 off-site data back-ups.	3 off-site data back-ups.	The off-site back-up performance agreement with SITA was not finalised in the 1st 2nd and 3rd quarter, due to the high costs involved (R650, 000.00). The agreement was only entered into with a different Service Provider (Cibecs Data Fox) during quarter 4 at a cost of R120, 000.00 for the entire year.	

Performance Information

PROGRAMMES AND SUB-PROGRAMMES

Sub-Programme 1.3: Finance Administration

The purpose of this sub-programme is to ensure strong and compliant financial management of the NEDLAC budget allocations.

Quarterly targets for 2016 – 2017										
Strategic objective		**Improved risk management and financial oversight.**								
No.	**Output**	**Performance indicator**	**Reporting period**	**Annual target**	**Quarterly target**				**Annual Status**	
					1st	**2nd**	**3rd**	**4th**		
1.3.1.	Unqualified audit opinion obtained.	Unqualified audit opinion by the Auditor-General.	Annual	Unqualified audit opinion obtained.	No target for this quarter.	Unqualified audit opinion obtained	No target for this quarter.	No target for this quarter.	NEDLAC has obtained a qualified audit opinion for the period under review. This was due to the Auditor-General's opinion that the useful life of the NEDLAC House had not been assessed in the last financial year.	

Quarterly targets for 2016 – 2017										
Strategic objective		Improved risk management and financial oversight.								
No.	Output	Performance indicator	Reporting period	Annual target	Quarterly target				Annual Status	
					1st	2nd	3rd	4th		
1.3.2.	Review of Risk Register.	Risk Register reviewed quarterly.	Annual	4 x Risk Register reviews.	1 x Risk Register review.	1 x Risk Register review.	1 x Risk Register review.	1 x Risk Register review.	The Risk register was reviewed quarterly.	
1.3.3.	Financial Reports.	Quarterly financial reports submitted to governance structures.	Annual	4 x financial reports submitted.	Financial report submitted.	Financial report submitted.	Financial report submitted.	Financial report submitted.	Quarterly financial reports have been submitted to governance structures.	

Performance Information

PROGRAMMES AND SUB-PROGRAMMES

Sub-Programme 1.4: Office Accommodation

The purpose of this sub-programme is to ensure the management and maintenance of NEDLAC House.

Quarterly targets for 2016 – 2017										
Strategic objective		**Improved facilities management.**								
No.	**Output**	**Performance indicator**	**Reporting period**	**Annual target**	**Quarterly target**				**Annual Status**	
					1st	**2nd**	**3rd**	**4th**		
1.4.1.	Maintenance of NEDLAC House	Quarterly maintenance inspections.	Annual	4 maintenance inspection reports.	1 maintenance inspection report.	1 maintenance inspection report.	1 maintenance inspection report.	1 maintenance inspection report.	Quarterly maintenance inspections reports have been developed.	
		Issues identified in quarterly maintenance inspections resolved.	Annual	Time taken to resolve identified issues.	80% of issues resolved within 30 days of identification.	80% of issues resolved within 30 days of identification.	80% of issues resolved within 30 days of identification.	80% of issues resolved within 30 days of identification.	80% of issues resolved within 30 days of identification.	

Sub-Programme 1.5: General Office Administration

The purpose of this sub-programme is to ensure the adequate effective and efficient general office administration.

Quarterly targets for 2016 – 2017										
Strategic objective		**Office administration systems enhanced and monitored.**								
No.	**Output**	**Performance indicator**	**Reporting period**	**Annual target**	**Quarterly target**				**Annual Status**	
					1st	**2nd**	**3rd**	**4th**		
1.5.1.	Staff satisfaction surveys on office administration services.	Staff satisfaction rate on office administration services.	Annual	Staff satisfaction surveys undertaken.	No target for this quarter	Staff satisfaction survey	No target for this quarter	Staff satisfaction survey	Two surveys have been undertaken.	
1.5.2.	Document management system maintained.	Monthly Secretariat documentation uploads into i-Cabinet.	Annual	12 x Secretariat documentation uploads.	3 x Secretariat documentation uploads.	3 x Secretariat documentation uploads.	3 x Secretariat documentation uploads.	3 x Secretariat documentation uploads.	In quarters 2 and 3, documents were only uploaded on the G-drive and not on i-Cabinet due to the system being dysfunctional at the time. i-Cabinet uploading took place in quarters 1 and 4.	

Performance Information

PROGRAMMES AND SUB-PROGRAMMES

Sub-Programme 1.6: Human Resource Management

The purpose of this sub-programme is to build a strong and performing Secretariat.

Quarterly targets for 2016 – 2017										
Strategic objective		**Strengthening organisational culture and performance.**								
No.	**Output**	**Performance indicator**	**Reporting period**	**Annual target**	**Quarterly target**				**Annual Status**	
					1st	**2nd**	**3rd**	**4th**		
1.6.1.	Staff performance assessments conducted.	Quarterly appraisals conducted.	Annual	4 appraisals conducted.	Performance appraisals conducted.	Performance appraisals conducted.	Performance appraisals conducted.	Performance appraisals conducted.	The deadline for submission of Performance appraisals in quarter 2 was not reached. A bulk of performance appraisals in quarter 3 was concluded. However, a dispute arose in the finance department regarding one employee's performance assessment. The matter was resolved by management, HR and the affected employee. By the end of the reporting period, all the performance appraisals were conducted.	

Quarterly targets for 2016 – 2017										
Strategic objective		**Strengthening organisational culture and performance.**								
No.	**Output**	**Performance indicator**	**Reporting period**	**Annual target**	**Quarterly target**				**Annual Status**	
					1st	**2nd**	**3rd**	**4th**		
1.6.2.	Performance improvement plans	Annual Performance improvement plans developed.	Annual	Performance improvement plans developed annually.	No target for this quarter.	Performance improvement plans developed.	No target for this quarter.	No target for this quarter.	Performance improvement plans have been developed.	
1.6.3	Staff Retention Plan	Date by which the Staff Retention Plan has been developed.	Annual	Staff Retention Plan developed by March 2017.	No target for this quarter.	No target for this quarter.	No target for this quarter.	Staff Retention Plan developed.	Staff Retention Plan couldn't be signed off at the Special EXCO meeting of 16 March 2017 as planned as more time was needed by one constituency to review the plan.	

Performance Information

PROGRAMMES AND SUB-PROGRAMMES

Programme 2: Core Operations

The purpose of this programme is to consider and engage on policy and legislation.

Sub-Programme 2.1: Development Chamber

The purpose of this sub-programme is to consider and engage on policy and legislation pertaining to urban and rural development, youth, gender and people with disabilities and the associated institutions of delivery.

Quarterly targets for 2016 – 2017										
Strategic objective		**Effective engagement on draft policy and legislation within the framework of the NEDLAC Act, Constitution and Protocols.**								
No.	**Output**	**Performance indicator**	**Reporting period**	**Annual target**	**Quarterly target**				**Annual Status**	
					1st	**2nd**	**3rd**	**4th**		
2.1.1.	Research reports concluded.	Number of research reports concluded	Annual	1 x research reports concluded.	No target for this quarter.	No target for this quarter.	No target for this quarter.	Research report concluded.	The research report on Operation Phakisa focusing on oceans economy and agriculture was held on 17 January 2017. Subsequently, the Convenors meeting held on 29 March 2017 considered the report and approval was concluded on 31 March 2017.	

Quarterly targets for 2016 – 2017										
Strategic objective		**Effective engagement on draft policy and legislation within the framework of the NEDLAC Act, Constitution and Protocols.**								
No.	**Output**	**Performance indicator**	**Reporting period**	**Annual target**	**Quarterly target**				**Annual Status**	
					1st	**2nd**	**3rd**	**4th**		
2.1.2.	Strategic Session of the Chamber	Number of Chamber strategic sessions held	Annual	1 x Chamber strategic session	No target for this quarter.	1 x Strategic session	No target for this quarter.	No target for this quarter.	The Strategic session scheduled for 27 September 2016 was postponed to 31 October 2016. This was due to insufficient time to engage the Chamber on the strategic planning.	
2.1.3.	Conclude NEDLAC Reports on draft legislation.	Time taken to conclude a NEDLAC Report.	Annual	Finalise NEDLAC Reports on draft legislation within 6 months of being tabled at NEDLAC.	No target for this quarter	No target for this quarter	No target for this quarter	Concluded 6 months from tabling	The Airports Company Amendment Bill was tabled by Government at the task team meeting on 29 June 2016. The final report was signed-off by MANCO on 27 October 2016. The NEDLAC report was finalised within four months of being tabled at the task team meeting.	

Performance Information

PROGRAMMES AND SUB-PROGRAMMES

Quarterly targets for 2016 – 2017										
Strategic objective		Effective engagement on draft policy and legislation within the framework of the NEDLAC Act, Constitution and Protocols.								
No.	Output	Performance indicator	Reporting period	Annual target	Quarterly target				Annual Status	
					1st	2nd	3rd	4th		
					No target for this quarter	No target for this quarter	No target for this quarter	Concluded 6 months from tabling	The National Road Safety Strategy (NRSS) was tabled by Government at the task team meeting on 18 August 2016. The final report was signed-off by EXCO 25 November 2016. The NEDLAC Report was finalised within 3 months of being tabled at the task team meeting.	

Quarterly targets for 2016 – 2017										
Strategic objective	Effective engagement on draft policy and legislation within the framework of the NEDLAC Act, Constitution and Protocols.									
No.	Output	Performance indicator	Reporting period	Annual target	Quarterly target				Annual Status	
					1st	2nd	3rd	4th		
					No target for this quarter	No target for this quarter	Concluded6 months from the date of tabling	No target for this quarter	The Communal Property Association Amendment Bill was tabled by Government at the task team meeting on 12 July 2016. The final report was signed-off by the Overall Convenors electronically. The NEDLAC Report was finalised within 3 months of being tabled at the task team meeting.	

Performance Information

PROGRAMMES AND SUB-PROGRAMMES

Quarterly targets for 2016 – 2017										
Strategic objective		Effective engagement on draft policy and legislation within the framework of the NEDLAC Act, Constitution and Protocols.								
No.	Output	Performance indicator	Reporting period	Annual target	Quarterly target				Annual Status	
					1st	2nd	3rd	4th		
					No target for this quarter	No target for this quarter	No target for this quarter	Conclude 6 months from date of tabling	The Aquaculture Development Bill was tabled by Government at the first task team meeting held on 18 January 2017. The engagement process was further informed by the outcome of the Operation Phakisa workshop that took place on 17 January 2017. Bilateral meetings were held between Government and Business on 06 February 2017 to address concerns raised on transformation issues and licensing. Engagements by the task team are currently underway to meet the July 2017 deadline.	
								Ongoing within the agreed timeframe.		

Quarterly targets for 2016 – 2017										
Strategic objective	Effective engagement on draft policy and legislation within the framework of the NEDLAC Act, Constitution and Protocols.									
No.	Output	Performance indicator	Reporting period	Annual target	Quarterly target				Annual Status	
					1st	2nd	3rd	4th		
					No target for this quarter	No target for this quarter	No target for this quarter	Concluded 6 months from the date of tabling	The Critical Infrastructure Protection Bill was tabled by Government at the Task Team meeting of 04 November 2016. Engagements by the task team are currently underway to meet the May 2017 deadline according to the six month reporting period.	Will report in the next financial year.
								Ongoing within the agreed time-frame		

Performance Information

PROGRAMMES AND SUB-PROGRAMMES

Quarterly targets for 2016 – 2017										
Strategic objective		Effective engagement on draft policy and legislation within the framework of the NEDLAC Act, Constitution and Protocols.								
No.	Output	Performance indicator	Reporting period	Annual target	Quarterly target				Annual Status	
					1st	2nd	3rd	4th		
					No target for this quarter	No target for this quarter	Conclude 6 months from date of tabling	No target for this quarter	The report on Public Holidays vs Religious Cultural Holidays was tabled for engagement to the Development Chamber on 09 September 2015. The Task Team engagements were put on hold to give time for the Commission to submit the socio-economic impact assessment report on the proposed amendments. The task team subsequently agreed that a NEDLAC report should be developed, given the inability of the Commission to submit the SEIAS report since the engagements were put on hold. The NEDLAC report was finalised on 14 December 2016. While the target was reached in Q3 of the financial year, it did not meet the 6month protocol target.	

Quarterly targets for 2016 – 2017										
Strategic objective	**Effective engagement on draft policy and legislation within the framework of the NEDLAC Act, Constitution and Protocols.**									
No.	**Output**	**Performance indicator**	**Reporting period**	**Annual target**	**Quarterly target**				**Annual Status**	
					1st	**2nd**	**3rd**	**4th**		
2.1.4.	Chamber satisfaction survey on quality of meeting preparations and logistical arrangements completed.	Number of satisfaction surveys completed.	Annual	2 x Chamber satisfaction surveys completed.	No target for this quarter.	Chamber satisfaction survey completed.	No target for this quarter.	Chamber satisfaction survey completed.	Two Chamber stakeholder satisfaction surveys have been completed.	

Performance Information

PROGRAMMES AND SUB-PROGRAMMES

Sub-Programme 2.2: Public Finance and Monetary Policy Chamber

The purpose of this sub-programme is to consider and engage on policy and legislation pertaining to financial, fiscal, monetary and exchange rate policies, the coordination of fiscal and monetary policy, the related elements of macroeconomic policy and the associated institutions of delivery.

Quarterly targets for 2016 – 2017										
Strategic objective	**Effective engagement on draft policy and legislation within the framework of the NEDLAC Act, Constitution and Protocols.**									
No.	**Output**	**Performance indicator**	**Reporting period**	**Annual target**	**Quarterly target**				**Annual Status**	
					1st	**2nd**	**3rd**	**4th**		
2.2.1.	Briefing Reports to Chamber on the National Budget and the Medium Term Budget Policy Statement.	Number of special sessions on the National Budget and the Medium Term Budget Policy Statement.	Annual	2 x special session.	No target for this quarter.	1 x Special session on the National Budget.	No target for this quarter.	1 x Special session on the National Budget.	A session on the MTBPS was initially planned for 11 August 2016 but eventually convened on 30 September 2016 in order to accommodate the constituencies' availability. The session on the National Budget was convened on 24 February 2017.	

Quarterly targets for 2016 – 2017										
Strategic objective		**Effective engagement on draft policy and legislation within the framework of the NEDLAC Act, Constitution and Protocols.**								
No.	**Output**	**Performance indicator**	**Reporting period**	**Annual target**	**Quarterly target**				**Annual Status**	
					1st	**2nd**	**3rd**	**4th**		
		Number of briefing reports to Chamber arising from the special session.	Annual	2 x reports submitted to Chamber arising from the special sessions.	No target for this quarter.	1 x Report submitted to Chamber.	No target for this quarter.	1 x Report submitted to Chamber.	The report could not be finalised in Quarter 2 as the Medium Term Budget Policy Statement session was convened on the last day of the quarter 2. The MTBPS report was signed-off by the chamber on 02 December 2016 The National Budget Report was signed-off by the Chamber on 29 March 2017	

Performance Information

PROGRAMMES AND SUB-PROGRAMMES

Quarterly targets for 2016 – 2017										
Strategic objective		**Effective engagement on draft policy and legislation within the framework of the NEDLAC Act, Constitution and Protocols.**								
No.	**Output**	**Performance indicator**	**Reporting period**	**Annual target**	**Quarterly target**				**Annual Status**	
					1st	**2nd**	**3rd**	**4th**		
2.2.2.	Briefing Reports to Chamber arising from special sessions convened by the Chamber	Number of special sessions convened by the Chamber	Annual	3 x special sessions convened	1 x Special session convened	1 x Special session convened	1 x Special session convened	No target for this quarter.	The Chamber convened a session with the Tax Ombud on 07 April 2016 and on the Employment Tax Incentive (ETI) on 23 June 2016. The National Treasury deemed it urgent and necessary for the session on ETI to be held in Quarter 1, rather than Quarter 2. Hence quarter 2 target was achieved in Quarter 1. The session on Financial Inclusion was convened on 02 December 2016.	

Quarterly targets for 2016 – 2017										
Strategic objective	**Effective engagement on draft policy and legislation within the framework of the NEDLAC Act, Constitution and Protocols.**									
No.	**Output**	**Performance indicator**	**Reporting period**	**Annual target**	**Quarterly target**				**Annual Status**	
					1st	**2nd**	**3rd**	**4th**		
2.2.2.		Number of briefing reports submitted to Chamber arising from the special sessions.	Annual	3 x reports submitted to Chamber arising from the special sessions.	No target for this quarter.	1 x Report submitted to Chamber.	1 x Report submitted to Chamber.	1 x Report submitted to Chamber.	The report arising from the session with the Tax Ombud was signed-off by the Chamber on 31 August 2016. The Report on ETI was signed-off by the Chamber on 02 December 2016. The report on Financial Inclusion session was signed-off by the chamber on 17 February 2017.	
2.2.3.	Capacity building of chamber constituency representatives.	Number of training sessions held.	Annual	2 x training sessions held.	1 x Training session held	No target for this quarter.	No target for this quarter.	1 x Training session held	Both training sessions were held in Quarter 4 of the financial year. The training session could not be convened in quarter 1 as the Chamber could not agree on a topic in the first quarter. The first chamber training session on understanding interest rates was convened on 17 February 2017. Quarter 4 capacity building session on King IV was convened on 29 March 2017.	

Performance Information

PROGRAMMES AND SUB-PROGRAMMES

Quarterly targets for 2016 – 2017										
Strategic objective		Effective engagement on draft policy and legislation within the framework of the NEDLAC Act, Constitution and Protocols.								
No.	Output	Performance indicator	Reporting period	Annual target	Quarterly target				Annual Status	
					1st	2nd	3rd	4th		
2.2.4	Strategic Session of the Chamber.	Number of Strategic Sessions convened	Annual	1 x Strategic Session convened	No target for this quarter.	1 x Strategic Session convened	No target for this quarter.	No target for this quarter.	The strategic session was convened on 21 September 2016. The strategic session report was signed-off by the Chamber on 02 December 2016.	
2.2.5.	Research Reports concluded	Number of Research Reports concluded	Annual	1 x Research Report concluded	No target for this quarter	No target for this quarter.	No target for this quarter.	1 x Research Report concluded	A research report had been undertaken on the impact of the Employment Tax Incentive Act. The report was signed-off by the Chamber on 17 February 2017.	

Quarterly targets for 2016 – 2017										
Strategic objective	**Effective engagement on draft policy and legislation within the framework of the NEDLAC Act, Constitution and Protocols.**									
No.	**Output**	**Performance indicator**	**Reporting period**	**Annual target**	**Quarterly target**				**Annual Status**	
					1st	**2nd**	**3rd**	**4th**		
2.2.6	Concluded NEDLAC Reports on draft legislation	Time taken to conclude a NEDLAC Report	Annual	Conclude NEDLAC Reports on draft legislation within 6 months of being tabled at NEDLAC	No target for this quarter.	No target for this quarter.	Concluded 6 months from date of tabling.	No target for this quarter.	The Financial Sector Regulations Bill was tabled on 13 May 2015. Government, at the task team meeting, requested to engage internally on the draft Bill before submitting a revised version. Government subsequently tabled the Bill in Parliament, prior to reverting to NEDLAC. Government reported back to the task team in Quarter 1 of 2016/17. The NEDLAC Report was signed-off by MANCO on 27 October 2016.	

Performance Report

PROGRAMMES AND SUB-PROGRAMMES

Quarterly targets for 2016 – 2017										
Strategic objective	**Effective engagement on draft policy and legislation within the framework of the NEDLAC Act, Constitution and Protocols.**									
No.	**Output**	**Performance indicator**	**Reporting period**	**Annual target**	**Quarterly target**				**Annual Status**	
					1st	**2nd**	**3rd**	**4th**		
2.2.7.	Chamber satisfaction survey on quality of meeting preparations and logistical arrangements completed	Number of satisfaction surveys completed	Annual	2 x Chamber satisfaction surveys completed	No target for this quarter.	1 x Chamber satisfaction survey completed. Completed surveys will allow management to identify areas of improvement for chamber	No target for this quarter.	1 x Chamber satisfaction survey completed. Completed surveys will allow management to identify areas of improvement for chamber	Two Chamber stakeholder satisfaction surveys have been completed.	

Sub-Programme 2.3: Trade and Industry Chamber

The purpose of this sub-programme is to consider and engage on policy and legislation pertaining to the economic and social dimensions of trade, industrial, mining, agricultural, and services policies and the associated institutions of delivery.

Quarterly targets for 2016 – 2017										
Strategic objective		**Effective engagement on draft policy and legislation within the framework of the NEDLAC Act, Constitution and Protocols.**								
No.	**Output**	**Performance indicator**	**Reporting period**	**Annual target**	**Quarterly target**				**Annual Status**	
					1st	**2nd**	**3rd**	**4th**		
2.3.1.	Report to Chamber arising from the engagement session with the Minister of Trade and Industry.	Number of briefing engagement sessions with the Minister of Trade and Industry.	Annual	1 x strategic session held Chamber	No target for this quarter.	No target for this quarter.	Strategic session held	No target for this quarter	The session with the Minister of Trade and Industry took place on 19 September 2016.	●
							●			
		Number of briefing reports submitted to Chamber	Annual	1 x report submitted to Chamber	No target for this quarter	No target for this quarter	No target for this quarter	1 x Report submitted to Chamber	The Chamber approved the report of the Strategic Session at its meeting on 27 February 2017.	
								●		

Performance Information

PROGRAMMES AND SUB-PROGRAMMES

Quarterly targets for 2016 – 2017										
Strategic objective		Effective engagement on draft policy and legislation within the framework of the NEDLAC Act, Constitution and Protocols.								
No.	Output	Performance indicator	Reporting period	Annual target	Quarterly target				Annual Status	
					1st	2nd	3rd	4th		
2.3.2.	Research reports concluded.	Number of research reports concluded.	Annual	1 x research reports concluded.	No target for this quarter.	No target for this quarter.	No target for this quarter.	1 x Research report concluded.	The Chamber produced two research reports. A report on the African Growth and Opportunity Act was signed off at the TIC meeting held on 31 January 2017. The Chamber identified a need for additional research and produced, within the allocated budget, a second report on Trade in Services was signed off at the TIC meeting held on 27 February 2017.	
2.3.3.	Progress reports to TIC on TESELICO activities.	Quarterly progress reports submitted to Chamber.	Annual	4 x progress reports to Chamber.	Progress report submitted to Chamber.	Progress report submitted to Chamber.	Progress report submitted to Chamber.	Progress report submitted to Chamber.	TESELICO Quarterly Progress Reports was submitted and signed-off by the Chamber.	

Quarterly targets for 2016 – 2017										
Strategic objective		**Effective engagement on draft policy and legislation within the framework of the NEDLAC Act, Constitution and Protocols.**								
No.	**Output**	**Performance indicator**	**Reporting period**	**Annual target**	**Quarterly target**				**Annual Status**	
					1st	**2nd**	**3rd**	**4th**		
2.3.4.	Conclude NEDLAC Reports on draft legislation.	Time taken to conclude a NEDLAC Report.	Annual	Conclude NEDLAC Reports within 6 months of being tabled at NEDLAC.	Conclude NEDLAC Reports on draft legislation within 6 months of being tabled at NEDLAC	Conclude NEDLAC Reports on draft legislation within 6 months of being tabled at NEDLAC	Conclude NEDLAC Reports on draft legislation within 6 months of being tabled at NEDLAC	Conclude NEDLAC Reports on draft legislation within 6 months of being tabled at NEDLAC	The Air Traffic Navigation Services Amendment Bill was tabled by Government on 06 October 2016. The NEDLAC Report was signed off by MANCO on 26 January 2017 meeting. The NEDLAC Report was finalised within 4 months of being tabled at the task team meeting.	
2.3.5.	Strategic Session of the Chamber Convenors	Number of Chamber Convenor's strategic sessions convened	Annual	1 x Chamber Convenor's strategic session	No target for this quarter.	Chamber Convenor's Strategic session	No target for this quarter.	No target for this quarter.	The TIC Convenors Strategic Session took place on 17 August 2016.	
2.3.6.	Chamber satisfaction survey on quality of meeting preparations and logistical arrangements completed.	Number of satisfaction surveys completed.	Annual	2 x Chamber satisfaction surveys completed.	No target for this quarter.	1 x Chamber satisfaction survey completed	No target for this quarter.	1 x Chamber satisfaction survey completed	Two Chamber stakeholder satisfaction surveys have been completed.	

Performance Information

PROGRAMMES AND SUB-PROGRAMMES

Sub-Programme 2.4: Labour Market Chamber

The purpose of this sub-programme is to consider and engage on policy and legislation pertaining to world of work and the associated institutions of delivery.

Quarterly targets for 2016 – 2017										
Strategic objective		**Effective engagement on draft policy and legislation within the framework of the NEDLAC Act, Constitution and Protocols.**								
No.	**Output**	**Performance indicator**	**Reporting period**	**Annual target**	**Quarterly target**				**Annual Status**	
					1st	**2nd**	**3rd**	**4th**		
2.4.1.	Progress reports to MANCO on the Decent Work Country Programme.	Number of progress reports submitted to MANCO.	Annual	4 x progress reports submitted to MANCO.	1 x Progress report submitted to MANCO.	1 x Progress report submitted to MANCO.	1 x Progress report submitted to MANCO.	1 x Progress report submitted to MANCO.	Progress reports were submitted to MANCO on: 12 May 2016; 28 July 2016; 27 October 2016; and 27 January 2017	

Quarterly targets for 2016 – 2017										
Strategic objective		**Effective engagement on draft policy and legislation within the framework of the NEDLAC Act, Constitution and Protocols.**								
No.	**Output**	**Performance indicator**	**Reporting period**	**Annual target**	**Quarterly target**				**Annual Status**	
					1st	**2nd**	**3rd**	**4th**		
2.4.2.	Resolution of bargaining council demarcation disputes and applications referred by the CCMA.	Time taken to resolve demarcation disputes.	Quarterly	Bargaining Council demarcation disputes are resolved within 21 days of being referred by the CCMA.	21 working days from receipt	21 working days from receipt	21 working days from receipt	21 working days from receipt	The Chamber has considered 9 disputes in Quarter 1; 11 disputes in Quarter 2; 4 disputes in Quarter 3 and 11 disputes in Quarter 4, all of which had been resolved within 21 working days. (Total of disputes considered for the year = 35).	
		Time taken to conclude consideration of demarcation applications.	Quarterly	Consideration of demarcation applications are concluded within 90 days of receipt.	90 days from receipt	90 days from receipt	90 days from receipt	90 days from receipt	One application received and considered within 90 days of receipt.	

Performance Information

PROGRAMMES AND SUB-PROGRAMMES

Quarterly targets for 2016 – 2017										
Strategic objective		**Effective engagement on draft policy and legislation within the framework of the NEDLAC Act, Constitution and Protocols.**								
No.	**Output**	**Performance indicator**	**Reporting period**	**Annual target**	**Quarterly target**				**Annual Status**	
					1st	**2nd**	**3rd**	**4th**		
2.4.3.	Briefing reports to Chamber on engagements with the institutions that fall within the labour market ambit.	Number of briefing reports submitted to Chamber.	Annual	2 x briefing reports submitted to Chamber.	No target for this quarter.	1 x Briefing report to Chamber.	No target for this quarter.	1 x Briefing report to Chamber.	The briefing report on the session with the Commission for Employment Equity (CEE) was signed-off by the Chamber on 11 August 2016. The session with Productivity SA was held on 9 February 2017. The next sitting of the Chamber took place on 13 April 2017, outside of the reporting period and therefore the briefing report could not be signed off timeously.	

Quarterly targets for 2016 – 2017										
Strategic objective		**Effective engagement on draft policy and legislation within the framework of the NEDLAC Act, Constitution and Protocols.**								
No.	**Output**	**Performance indicator**	**Reporting period**	**Annual target**	**Quarterly target**				**Annual Status**	
					1st	**2nd**	**3rd**	**4th**		
2.4.4.	Research reports on labour market trends concluded.	Number of research reports on labour markets issues developed.	Annual	1 x research reports on labour market trends concluded.	No target for this quarter.	No target for this quarter.	No target for this quarter.	Research report on labour market trends concluded.	It was agreed at the Chamber meeting of 14 April 2016 that research from the Labour Relations Technical Task Team would be used for the work of the Chamber. The Code of Good Practice on Collective Bargaining, Industrial Action and Picketing was signed off by the Committee of Principals on 02 February 2017. The Chamber Convenors signed off the report in March 2017.	

Performance Information

PROGRAMMES AND SUB-PROGRAMMES

Quarterly targets for 2016 – 2017										
Strategic objective		Effective engagement on draft policy and legislation within the framework of the NEDLAC Act, Constitution and Protocols.								
No.	Output	Performance indicator	Reporting period	Annual target	Quarterly target				Annual Status	
					1st	2nd	3rd	4th		
2.4.5.	Finalised NEDLAC Reports on draft legislation.	Time taken to conclude a NEDLAC Report.	Annual	NEDLAC Reports concluded within 6 months of being tabled at NEDLAC	6 months from date of tabling.	6 months from date of tabling.	6 months from date of tabling.	6 months from date of tabling.	The revised National Skills Development Plan and the SETA Landscape was tabled by Government at the Task Team on 27 January 2017. The matter will be concluded within the 6-month process in the next financial year.	The matter will report in the next financial year.

Quarterly targets for 2016 – 2017										
Strategic objective		Effective engagement on draft policy and legislation within the framework of the NEDLAC Act, Constitution and Protocols.								
No.	Output	Performance indicator	Reporting period	Annual target	Quarterly target				Annual Status	
					1st	2nd	3rd	4th		
					6 months from date of tabling.	No target for this quarter	No target for this quarter	No target for this quarter	Government tabled the Occupational Health and Safety Amendment Bill (without public comment) on 02 July 2014. The task team sought legal opinion on certain sections of the Bill. Additional work was identified. A revised draft amendment Bill was received from Government and was accepted for engagement by the task team in August 2015. The NEDLAC report on the OHS Amendment Bill was signed-off by EXCO on 24 June 2016.	

Performance Information

PROGRAMMES AND SUB-PROGRAMMES

Quarterly targets for 2016 – 2017										
Strategic objective		**Effective engagement on draft policy and legislation within the framework of the NEDLAC Act, Constitution and Protocols.**								
No.	**Output**	**Performance indicator**	**Reporting period**	**Annual target**	**Quarterly target**				**Annual Status**	
2.4.6.	Chamber satisfaction survey on quality of meeting preparations and logistical arrangements conducted.	Number of Satisfaction Surveys conducted	Annual	2 x Chamber satisfaction Surveys conducted.	No target for this quarter	Chamber satisfaction Survey conducted	No target for this quarter	Chamber satisfaction Survey conducted.	Two Chamber satisfaction surveys were conducted.	

Sub-Programme 2.5: MANCO Task Teams

The purpose of this sub-programme is to consider and engage on policy and legislation that cuts across all of the Chambers.

Quarterly targets for 2016 – 2017										
Strategic objective		**Conclude matters under consideration within the framework of the NEDLAC Protocol.**								
No.	**Output**	**Performance indicator**	**Reporting period**	**Annual target**	**Quarterly target**				**Annual Status**	
					1st	**2nd**	**3rd**	**4th**		
2.5.1.	Finalised NEDLAC Reports on draft legislation.	Time taken to conclude a NEDLAC Report.	Annual	Finalise NEDLAC Reports on draft legislation within 6 months of being tabled at NEDLAC.	6 months from date of tabling.	6 months from date of tabling.	6 months from date of tabling.	6 months from date of tabling.	Government tabled the Green Paper on International Migration at the task team meeting on 28 October 2016. The NEDLAC Report was signed off by MANCO on 26 January 2017.	

Quarterly targets for 2016 – 2017										
Strategic objective		Conclude matters under consideration within the framework of the NEDLAC Protocol.								
No.	Output	Performance indicator	Reporting period	Annual target	Quarterly target				Annual Status	
					1st	2nd	3rd	4th		
					No target for this quarter.	6 months from date of tabling.	6 months from date of tabling.	6 months from date of tabling.	Government tabled the Market Conduct Policy on 27 January 2016. The NEDLAC Report was signed-off by MANCO on 27 October 2016. The task team did not meet its six-month deadline as Government required additional time to amend the policy. In this regard, the task team suspended its engagement during the process to accommodate Government's amendments.	

Quarterly targets for 2016 – 2017										
Strategic objective		Conclude matters under consideration within the framework of the NEDLAC Protocol.								
No.	Output	Performance indicator	Reporting period	Annual target	Quarterly target				Annual Status	
					1st	2nd	3rd	4th		
				Finalise NEDLAC Reports on the Border Management Agency Bill, within 6 months of being tabled at NEDLAC	Concluded 6 months from date of tabling.	Concluded 6 months from date of tabling		Concluded 6 months from date of tabling	Government tabled the Border Management Agency Bill at the NEDLAC Task Team on 30 November 2015. The NEDLAC Report was signed-off by MANCO on 12 May 2016.	

Performance Information

PROGRAMMES AND SUB-PROGRAMMES

Sub-Programme 2.6: Section 77

The purpose of this sub-programme is to consider and engage on applications made in terms of Section 77 of the Labour Relations Act.

Quarterly targets for 2016 – 2017										
Strategic objective		**Conclude matters under consideration within the framework of the Section 77 Protocol.**								
No.	**Output**	**Performance indicator**	**Reporting period**	**Annual target**	**Quarterly target**				**Annual Status**	
					1st	**2nd**	**3rd**	**4th**		
2.6.1.	Resolution of Section 77 Notices as and when these may arise in terms of the Section 77 Protocol.	Compliance with the Section 77 Protocol.	Annual	Reports to be concluded within five days of resolution of all Section 77 notices.	Reports to be concluded within five days of resolution of all Section 77 notices.	Reports to be concluded within five days of resolution of all Section 77 notices.	Reports to be concluded within five days of resolution of all Section 77 notices.	Reports to be concluded within five days of resolution of all Section 77 notices.	Congress of South African Trade Union (COSATU) lodged a Section 77 1(b) notice on 28 July 2015 on the state of public transport in the Western Cape. The matter was deemed compliant in terms of the administrative requirements of the LRA. The matter was deemed considered by the Section 77 Standing Committee on 09 June 2016.	

Quarterly targets for 2016 – 2017										
Strategic objective		**Conclude matters under consideration within the framework of the Section 77 Protocol.**								
No.	**Output**	**Performance indicator**	**Reporting period**	**Annual target**	**Quarterly target**				**Annual Status**	
					1st	**2nd**	**3rd**	**4th**		
2.6.1.									AMCU lodged a Section 77 1(b) notice on 11 May 2016 in respect of continuous escalation of accidents in the mining sector. The matter was deemed compliant in terms of the administrative requirements of the LRA. The matter has been deemed as not having been considered on 07 June 2016.	
					The matter is on-going.	The matter is on-going.	The matter is on-going		The Congress of South African Trade Unions (COSATU) lodged a Section 77 1(b) notice on 11 May 2016 against the construction of Debeers Bypass in Free State. The matter was deemed compliant in terms of the administrative requirements of the LRA. The Standing Committee deemed the matter as not having been considered.	

Performance Information

PROGRAMMES AND SUB-PROGRAMMES

Quarterly targets for 2016 – 2017										
Strategic objective		Conclude matters under consideration within the framework of the Section 77 Protocol.								
No.	Output	Performance indicator	Reporting period	Annual target	Quarterly target				Annual Status	
					1st	2nd	3rd	4th		
2.6.1.									AMCU lodged a section 77 1(b) notice on 12 May 2016 against the high rate of unemployment and retrenchment of workers in South Africa. The matter was deemed as not compliant with the administrative requirements of the LRA.	
									The National Union of Mineworkers (NUM) lodged a Section 77 (1) b notice on 18 August 2016 on the termination of its recognition agreement by Sibanye Gold. The matter was deemed not compliant with the administrative requirements of the LRA.	

Quarterly targets for 2016 – 2017										
Strategic objective		Conclude matters under consideration within the framework of the Section 77 Protocol.								
No.	Output	Performance indicator	Reporting period	Annual target	Quarterly target				Annual Status	
					1st	2nd	3rd	4th		
2.6.1.							In progress	In progress	COSATU lodged a Section 77 1(b) notice on Free Higher Education in South Africa, dated 20 October 2016. The matter was deemed compliant in terms of the administrative requirements of the LRA. A plenary session between the Applicant and Respondents convened on 14 February 2017 and agreed to establish a one-aside to finalise a declaration which would outline the Section 77 application, including the decision for the issue to be deemed resolved through the establishment of a working committee.	

Performance Information

PROGRAMMES AND SUB-PROGRAMMES

Quarterly targets for 2016 – 2017										
Strategic objective		Conclude matters under consideration within the framework of the Section 77 Protocol.								
No.	Output	Performance indicator	Reporting period	Annual target	Quarterly target				Annual Status	
					1st	2nd	3rd	4th		
2.6.1.							In progress	In progress	Information Communication and Technology Union and South African Liberated Public Sector Workers Union filed a Section 77 1(b) notice on the State of Education, Economic Growth and National Minimum Wage on 09 December 2016. A meeting between the Applicant and the Standing Committee was held on 20 January 2017 to obtain clarity on this application. The Standing Committee deemed the matter as compliant with the legislative requirements of the LRA. The matter is ongoing.	

Quarterly targets for 2016 – 2017										
Strategic objective		Conclude matters under consideration within the framework of the Section 77 Protocol.								
No.	Output	Performance indicator	Reporting period	Annual target	Quarterly target				Annual Status	
					1st	2nd	3rd	4th		
2.6.1.							In progress	In progress	The Federations of Unions of South Africa (FEDUSA) lodged a section 77(1) (b) on 17 January 2017 on the lack of competency on the leadership of State Owned Companies. The matter was deemed compliant in terms of the administrative requirements of the LRA. The matter is still ongoing.	
								In progress	The Congress of South African Trade Unions (COSATU) Western Cape lodged a Section 77 1(b) notice on 02 March 2017 on Water Crisis in the Western Cape. The matter was deemed compliant in terms of the administrative requirements of the LRA. A date for the meeting with the Standing Committee, Respondents and the Applicant would to be held on 04 April 2017. The matter is still ongoing.	

Performance Information

PROGRAMMES AND SUB-PROGRAMMES

Quarterly targets for 2016 – 2017										
Strategic objective		Conclude matters under consideration within the framework of the Section 77 Protocol.								
No.	Output	Performance indicator	Reporting period	Annual target	Quarterly target				Annual Status	
					1st	2nd	3rd	4th		
2.6.1.								In progress	The National Union of Metalworkers of South Africa (NUMSA) lodged section 77(1) (b) notice on 24 March 2017 against the Closure of coal fired power stations by Eskom. The matter was deemed compliant in terms of the administrative requirements of the LRA. A date for the meeting is proposed for 19 April 2017. The matter is ongoing.	

Sub-Programme 2.7: Communications and Outreach

The purpose of this sub-programme is to promote social dialogue and capacity building, awareness of NEDLAC activities and enhance the perception of NEDLAC among stakeholders.

Quarterly targets for 2016 – 2017										
Strategic objective		**Promote social dialogue through communication, information and capacity building.**								
No.	**Output**	**Performance indicator**	**Reporting period**	**Annual target**	**Quarterly target**				**Annual Status**	
					1st	**2nd**	**3rd**	**4th**		
2.7.1.	Press briefings, interviews, opinion pieces and news articles.	Number of media interactions.	Annual	At least 1 press briefing/ interview/ opinion piece/news article per quarter.	1 press briefing/interview/ opinion piece/news article.	1 press briefing/interview/opinion piece/news article.	1 press briefing/interview/opinion piece/news article.	1 press briefing/interview/opinion piece/news article.	Third quarter media interaction was focused on NMW. The next press briefing was on 06 March 2016	
2.7.2.	Website updated and monitored.	Number of website updates.	Annual	12 updates.	3 x updates.	3 x updates.	3 x updates.	3 x updates.	12 website updates have been conducted.	
		Number of reports on website visits.	Annual	12 reports.	3 reports.	3 reports.	3 reports.	3 reports.	12 website updates have been developed.	
2.7.3.	NEDLAC 20-year anniversary celebrated.	20-year publication developed.	Annual	20-year publication developed.	No target for this quarter.	No target for this quarter.	No target for this quarter.	1 publication.	The publication was printed in March 2017.	

Programme 3: Capacity Building Funds

The purpose of this programme is to consider and engage on policy and legislation.

Sub-Programme 3.1: Business Constituency

The purpose of this sub-programme is to ensure that the Business Constituency Capacity Funds are spent in compliance with the NEDLAC Policy on Constituency Capacity Building Budgeting and Expense.

Quarterly targets for 2016 – 2017										
Strategic objective		**Compliance with the NEDLAC Policy on Constituency Capacity Building Budgeting and Expense.**								
No.	**Output**	**Performance indicator**	**Reporting period**	**Annual target**	**Quarterly target**				**Annual Status**	
					1st	**2nd**	**3rd**	**4th**		
3.1.1.	Financial reports.	Number of financial reports prepared for FINCOM.	Annual	4 x financial reports	1 x financial report	1 x financial report	1 x financial report	1 x financial report	Four financial reports submitted to FINCOM.	

Sub-Programme 3.2: Community Constituency

The purpose of this sub-programme is to ensure that the Community Constituency Capacity Funds are spent in compliance with the NEDLAC Policy on Constituency Capacity Building Budgeting and Expense.

Quarterly targets for 2016 – 2017										
Strategic objective		Compliance with the NEDLAC Policy on Constituency Capacity Building Budgeting and Expense.								
No.	Output	Performance indicator	Reporting period	Annual target	Quarterly target				Annual Status	
					1st	2nd	3rd	4th		
3.2.1.	Financial reports.	Number of financial reports prepared for FINCOM.	Annual	4 x financial reports	1 x financial report	1 x financial report	1 x financial report	1 x financial report	Four financial reports submitted to FINCOM.	

Sub-Programme 3.3: Labour Constituency

The purpose of this sub-programme is to ensure that the Labour Constituency Capacity Funds are spent in compliance with the NEDLAC Policy on Constituency Capacity Building Budgeting and Expense.

Quarterly targets for 2016 – 2017										
Strategic objective		Compliance with the NEDLAC Policy on Constituency Capacity Building Budgeting and Expense.								
No.	Output	Performance indicator	Reporting period	Annual target	Quarterly target				Annual Status	
					1st	2nd	3rd	4th		
3.3.1.	Financial reports.	Number of financial reports prepared for FINCOM.	Annual	4 x financial reports	1 x financial report	1 x financial report	1 x financial report	1 x financial report	Four financial reports submitted to FINCOM.	

GOVERNMENT

COMMUNITY

Section C

Governance

LEGISLATIVE AND OTHER MANDATES

Nedlac is a statutory body which is governed and mandated by The National Economic Development and Labour Council Act, Act 35 of 1994.

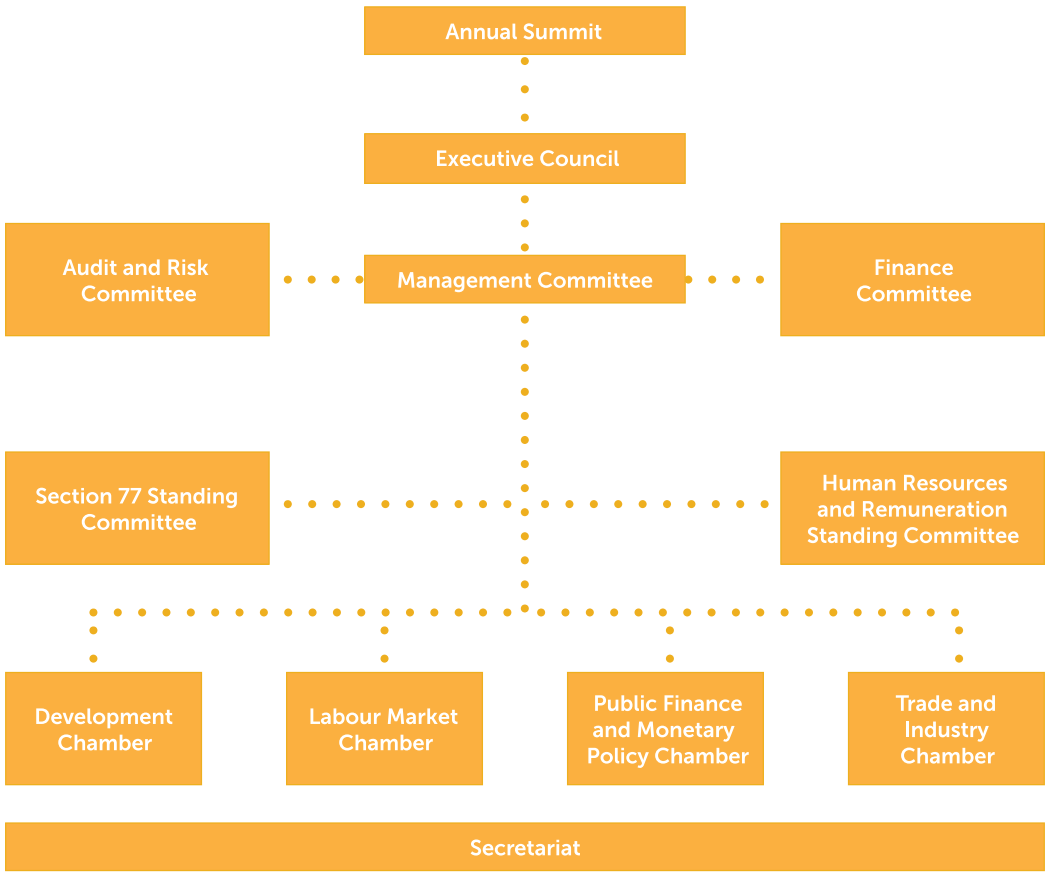
Nedlac's work programme is largely determined by the legislative and policy programme of government as well as issues tabled by constituencies. These issues can be tabled at a Chamber, Management Committee (Manco) or the Executive Council (Exco).

Issues that are tabled at the Manco or Exco are referred to the appropriate Chambers for negotiation or consultation: Trade and Industry; Public Finance and Monetary Policy; Labour Market; and Development. Issues of a cross cutting nature are dealt with by the Manco and/or Exco usually through special task teams.

There have been no changes in the legislative mandate of Nedlac.

GOVERNANCE ORGANISATIONAL STRUCTURE

The structure of Nedlac is provided below.



EXECUTIVE COUNCIL

Meetings Held	Members			
	Business Constituency	**Community Constituency**	**Government Constituency**	**Labour Constituency**
4 EXCO meetings	Kaizer Moyane	Dumisani Mthalane	Virgil Seafield	Bheki Ntshalintshali
	Overall Convenor	**Overall Convenor**	**Overall Convenor**	**(Overall Convenor)**
	Angela Dick	Conti Matlakala	Minister M Oliphant	Dennis George
3 Special EXCO meetings	Cas Coovadia	Diteko Moreotsenye	Minister P Gordhan	Frieda Oosthuysen
	Christo Botes	Eugene Johnson	Minister T Nxesi	Godfrey Selematsela
	Danisa Baloyi	Herman Tsebe	Minister R Davies	Jan Mahlangu
	Elias Monage	Isobel Frye	Deputy Minister S P Holomisa	Joe Kokela
	George Sebulela	Kugesh Naidoo	Thobile Lamati (DG)	Jonas Mosia
	Gregory Mofokeng	Laura Kganyago	Lionel October(DG)	Joseph Maqhekeni
	Jabu Mabuza	Lawrence Bale	Kumaran Naidoo (Acting DG)	Koos Bezuidenhout
	John Purchase	Richard Mdakane	Wolsey Barnard (Acting DG)	Magope Maphila
	Khanyisile Kweyama	Robert Tsikwe	Lungisa Fuzile (DG)	Matthew Parks
	Martin Kingston	Skumbuzo Mpanza	David Msiza (act DG)	Mduduzi Mbongwe
	Pule Mokoena	Tebello Radebe	Mziwonke Dlabantu (DG)	Narius Moloto
	Sello Rasethaba	Thandiwe Alina Mfulo	Thokozani Magwaza (DG)	Sidumo Dlamini
	Tanya Cohen	Thembinkosi Josopu	Thembinkosi Mkalipi	Thamsanqa Mathosa
	Tommy Oliphant	Thulani Mabuza	Raymond Masoga	Themba Khumalo
	Tshepo Matlala	Thulani Tshefuta	Catherine Mavi	Tony Ehrenreich
	Xolani Qubeka	Zacharia Matsela	Adam Mthombeni	Zingiswa Losi
			Faried Adams	
			Nkosi Madula	

MANAGEMENT COMMITTEE

Meetings Held	Members			
	Business	**Community**	**Government**	**Labour**
5 MANCO meetings 8 Market Conduct Meetings 5 Financial Sector Summit meetings	Kaizer Moyane **Overall Convenor** Danisa Baloyi Elias Monage Fani Xaba John Purchase Olivier Serrao Paul Bondi Pule Mokoena Tommy Oliphant	Dumisani Mthalane **Overall Convenor** Laura Kganyago Thulani Mabuza Thulani Tshefuta Tebello Radebe	Virgil Seafield **Overall Convenor** Adam Mthombeni Catherine Mavi Faried Adams Raymond Masoga Thembinkosi Mkalipi	Bheki Ntshalintshali **Overall Convenor** Denis George Jan Mahlangu Joseph Maqhekeni Matthew Parks Mduduzi Mbongwe Tony Ehrenreich

DEVELOPMENT CHAMBER

DEVELOPMENT CHAMBER CONVENORS

Lawrance Bale
Community Convenor

Fani Xaba
Business Convenor

Adam Mthombeni
Government Convenor

Matthew Parks
Labour Convenor

Meetings Held	Members			
	Community	**Business**	**Government**	**Labour**
10 Chamber Meetings Communal Association Amendment Bill 5 meetings EPWP-CWP- 6 meetings Airports Company Amendment Bill – 1 meeting National Road Safety Strategy – 1 meeting Public Holidays vs Cultural Religious Holidays -1 meeting Road Accident Fund 5 meetings Aquaculture 5 meetings Perseveration 3 meetings. Expanded Public Works Programme (EPWP) 6 meeting.	Lawrence Bale **Community Convenor** Herman Tsebe Laura Kganyago Lucas Qakaza Malose Ramashala Matthew Mponza Thulane Mabuza *Zama Ndaba	Fani Xaba **Business Convenor** Kevin Cowley Mendisa Ncute (alternate) Mpumalanga Myataza Nomsa Kula Thami Maseko Thami Skenjana *Zama Ndaba	Adam Mthombeni **Government Convenor** ADV B Mabheba Catherine Mavi Carmen Abrahams Devan Pillay JB Skosana Johanna Sekele Maletlogonolo Phadziri Monica Sonjani Ngube Thokwana Nolwazi Mgibe	Matthew Parks **Labour Convenor** Busisiwe Mnisi Gertrude Mtsweni Godfrey Selematsela Luthando Brukwe Malose Kutumela Mpho Kekane Tom Bacote

*Zama Ndaba moved from the Community to the Business constituency during the financial year.

LABOUR MARKET CHAMBER

LABOUR MARKET CONVENORS

Kaizer Moyane
Business Convenor

Thembinkosi Mkalipi
Government Convenor

Mduduzi Mbongwe
Labour Convenor

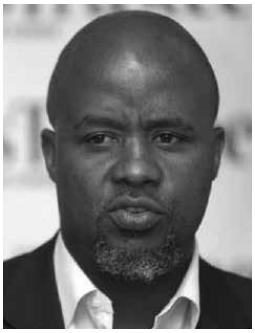
Meetings Held	Members		
	Business	**Government**	**Labour**
5 Chamber Meetings	Kaizer Moyane	Thembinkosi Mkalipi	Mduduzi Mbongwe
	Business Convenor	**Government Convenor**	**Labour Convenor**
3 Decent Work Country Programme meetings	Elias Monage	David Khumalo	Bhabhali Ka Maphikela
	Elize van der Westhuizen	Ian Macun	Nhlapo
	Gregory Mofokeng	Masilo Lefika	Janek Wiliemic
5 Critical Infrastructure Protection meetings held in conjunction with Development Chamber	Ignas Mutombo	Mbongeni Magula	Louisa Nett
	Jonathan Goldberg	Ntsoaki Mamashela	Maja Mphahlele
	Kevin Cowley	Stephen Rathai	Martle Keyter
	Lucio Trentini	Unathi Ramabulana	Matthew Parks
	Motsamai Motlhamme		Patrick Phelane
	Sharna Johardien		Zanoxolo Mpendu
	Tanya Cohen		
	Tommy Oliphant		

PUBLIC FINANCE AND MONETARY POLICY CHAMBER

PFMP CONVENORS

Paul Bondi
Business Convenor

Raymond Masoga
Government Convenor



Jan Mahlangu
Labour Convenor

Meetings Held	Members		
	Business	**Government**	**Labour**
8 Chamber Meetings 1 Strategic Session 2 meetings Capacity Building Sessions 6 meetings Employment Tax Incentive Task Team meeting 3 meetings Financial Sector Regulation Bill meet	Paul Bondi **Business Convenor** George Sebulela Jeff Gable Jesse Doorasamy Kirston Greenop Mark Brits Olivier Serrao Sello Rasethaba Selvan Naicker Tyson Sibanda Wandile Sihlobo	Raymond Masoga **Government Convenor** Basil Maseko Ingrid Goodspeed Ismail Momoniat Johan van den Heever Olano Makhubela Vukani Mamba	Jan Mahlangu **Labour Convenor** Godukile Macatha Louise Nett Matthew Parks Mpho Kekana Sekgota Phochana Sidney Kgara

TRADE AND INDUSTRY CHAMBER

TRADE AND INDUSTRY CONVENORS

John Purchase
Business Convenor

Faried Adams
Government Convenor

Tony Ehrenreich
Labour Convenor

Meetings Held	Members		
	Business	**Government**	**Labour**
Ten (10) Chamber Meetings 1 Strategic Session 1 Meeting Air Traffic Navigations Task Team 1 Meeting Dairy Sector Task Team	John Purchase **Business Convenor** Michael Lawrence John Pienaar Nico Vermeulen Danie Jordaan Thami Skenjana Phillip Maseko Henk Langehoven Laurel Shipalana Jirka Vymetal Paul Theron Ignus Mutombo Olivier Serrao	Faried Adams **Government Convenor** Jan Magoro Niki Kruger Tendani Ramulongu Nthabiseng Ngozwana	Tony Ehrenreich **Labour Convenor** Ashley Benjamin Etienne Vlok Tony Franks Abrahams Daniels Mpheane Lepaku

NEDLAC TASK TEAMS

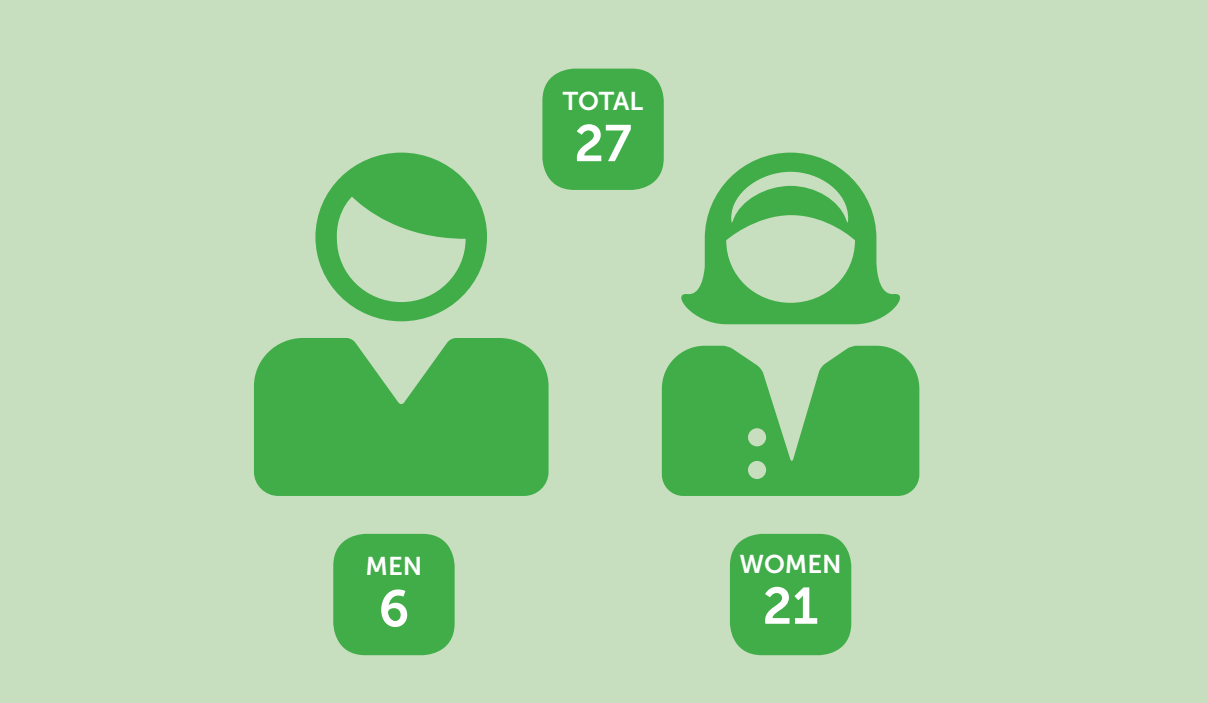
Structure: TESELICO			
Meetings Held	**Members**		
	Business	**Government**	**Labour**
Nine (9) Meetings held	Brian Brink Danie Jordan Jirka Vymetal Johan Pienaar Michael Lawrence Nico Vermeulen Norman Lamprecht Olivier Serrão Pat Corbin Paul Theron Ralph Roytowski Tinashe Kapuya Tyson Sibanda	Emily Mphahlele Faried Adams Gerda van Dijk Jan Magoro Jessica Sibuyi Kissinger Nkuna Malose Letsoalo Mzikayise Mgijima Niki Kruger Nombini Kutta Phumudzo Mahosi Rudolf Brits Shonisani Seema Sphamandla Mazibuko	Abey Daniels Anthony Franks Ashley Benjamin Bosole Chidi Lucky Moni Mpho Kekana Patrick Phelane Simon Eppel

Structure: NAMA Task Team and NTBs Task Team			
Meetings Held	**Members**		
	Business	**Government**	**Labour**
Eight (8) Meetings	Brian Brink Danie Jordaan Deidre Penfold Glen Malherbe Jirka Vymetal Michael Lawrence Nico Vermeulen Norman Lamprecht Olivier Serrao Paul Theron Ralph Roytowskia Thami Skenjani Tyson Sibanda	Kisinger Nkuna Nhlamulo Mabasa Nombini Kutta Phumudzo Mahosi Rudolph Brits	Abey Daniels Ashley Benjamin Mpheane Lepaku Simon Eppel Tony Franks

Section D

Human Resource Management

Staff Complement



Expenditure

Total expenditure for entity	Personnel expenditure	Personnel expenditure as % of total expenditure	No. of employees	Average personnel cost per employee (annual)
R34 556 019	R14 084 124	41%	27	R521 634

Training costs

Personnel expenditure	Training expenditure	Training expenditure as a % of personnel cost	No. of employees	Average training cost per employee
R14 084 124	R78 429	0.6%	27	R2 905

Employment and vacancies

2016/2017 approved posts	2016/2017 vacancies	% of vacancies
31	4	12.9%

Reasons for staff leaving

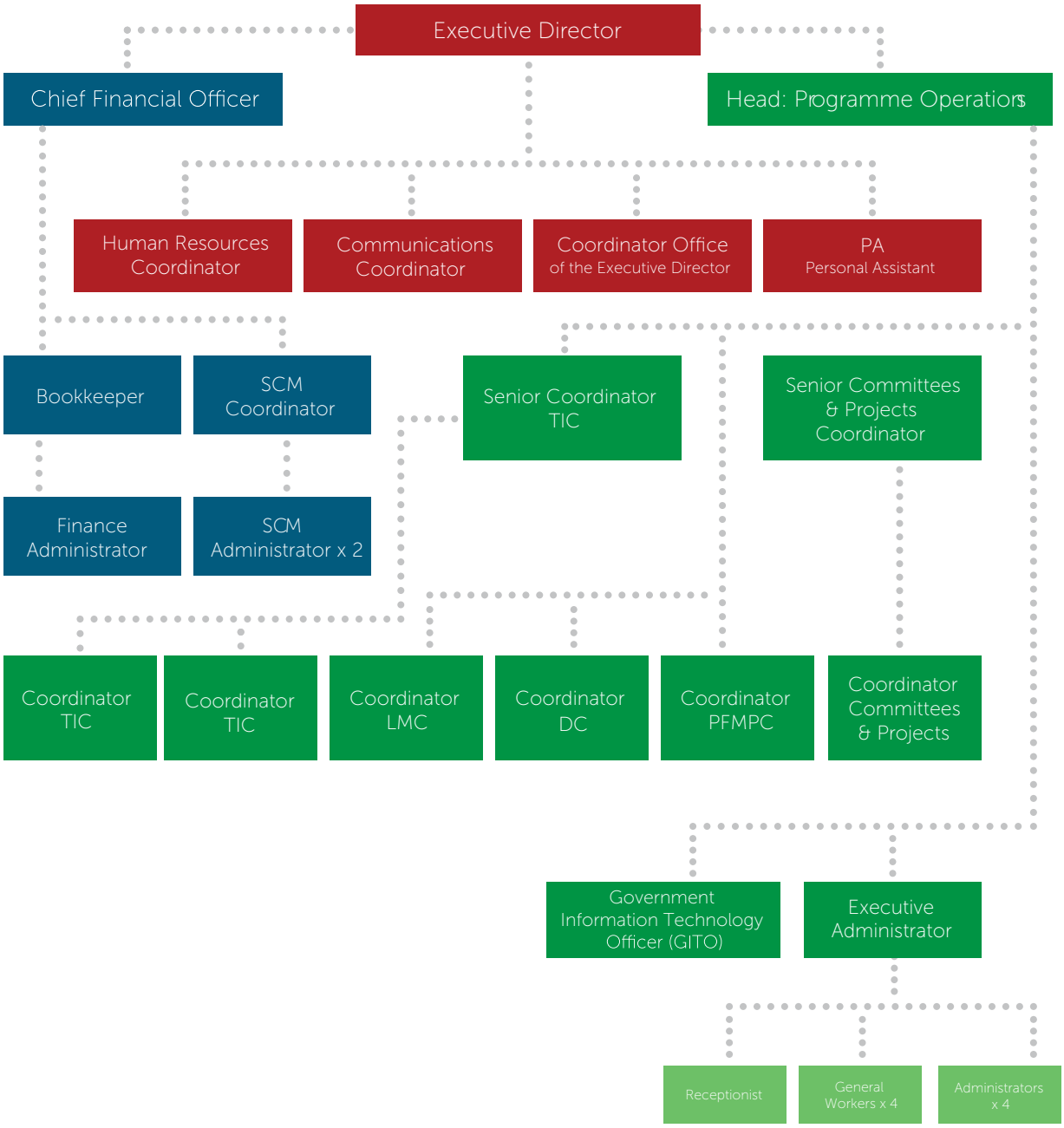
Reason	Number
Death	-
Resignation	4
Dismissal	-
Retirement	-
Ill health	-
Expiry of contract	-
Other	-
Total	**4**

Equity target and employment equity status

Levels	African		Coloured		Indian		White	
	F	M	F	M	F	M	F	M
Top management	1	2	-	-	-	-	-	-
Professional	6	3	-	-	-	-	2	-
Semi-skilled	8	-	-	-	-	-	1	-
Unskilled	3	1	-	-	-	-	-	-
TOTAL	**18**	**6**	**-**	**-**	**-**	**-**	**3**	**-**

Secretariat Structure

The Secretariat comprises 31 positions.



Secretariat

Madoda Vilakazi
Executive Director

Mfanufikile Daza
Chief Financial Officer

Nobuntu Sibisi
Head: Programme Operations

Judy Blom
Senior Coordinator
Trade & Industry Chamber

Sharna Johardien
Senior Coordinator
Committees & Projects

Busisiwe Milisi
Coordinator
Committees & Projects

Nozipho Ngema
Coordinator
Trade & Industry Chamber

Priscilla Mashabane
Coordinator
Development Chamber

Tsholofelo Lelaka
Coordinator
Labour Market Chamber

Vuyisa Tafa
Coordinator
Public Finance and Monetary Chamber

Nolwazi Mthembu
Coordinator
Trade & Industry Chamber

Kim Jurgensen
Coordinator
Communications

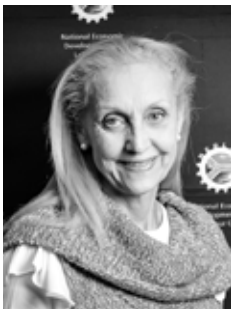
Benedict Mokgothu
Government Information Technology Officer

Khanyisile Mthembu
Coordinator
Supply Chain Management

Nthabiseng Koopedi
Coordinator
Human Resources

Secretariat

Sharlotte Kopano van Rooyen
Executive Administrator



Frieda Garvie
Personal Assistant

Joyce Segooa
SCM Administrator

Sibongile Pheeha
SCM Administrator

Sharon Lerumo
Finance Administrator

Isaac Khalo
Bookkeeper

Anna Monare
Administrator

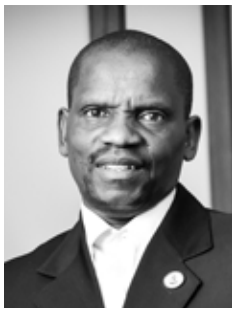
Fiona Nchabeleng
Administrator

Ruth Mofokeng
Administrator

Basetsana Mokgoare
Receptionist

Dorris Tshabalala
General Worker

Thuli Radebe
General Worker



Samuel Mulwela
General Worker

Tshidi Tshabalala
General Worker

Constituency Support Staff

(Not part of Secretariat structure)

Rejoyce Mudzanani
Community
Constituency
Administrator

Nonhlanhla Ngubane
Labour
Constituency
Coordirnator

Takwana Makaya
Community
Constituency
Coordirnator

Lisa Peega
Business
Constituency
Coordirnator

Section E

Financial Information

AUDITED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR-ENDED 31 MARCH 2017

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Nedlac is a statutory body which is governed and mandated as per The National Economic Development and Labour Council Act, Act 35 of 1994. Nedlac's work programme is largely determined by the legislative and policy programme of Government as well as issues tabled by constituencies. These issues can be tabled at a Chamber, Management Committee or the Executive Council. Issues that are tabled at the Management Committee or Executive Council are referred to the appropriate Chambers for negotiation or consultation: Trade and Industry Chamber; Public Finance and Monetary Policy Chamber; Labour Market Chamber; and Development Chamber. Issues of a cross-cutting nature are dealt with by the Manco and-or Exco, usually through special task teams. There have been no changes in the legislative mandate of Nedlac.
Overall Convenors	Mr. K Moyane (Business) Mr. B Ntshalintshali (Labour) Mr. D Mthalane (Community) Mr. V Seafield (Government)
Registered office	Nedlac House 14A Jellicoe Avenue Rosebank 2196
Business address	Erf 205, Rosebank Township, 14A Jellicoe Avenue Rosebank Johannesburg South Africa 2196
Postal address	PO Box 1775 Saxonwold 2132
Executive Director	Mr. P M Vilakazi

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The reports and statements set out below comprise the audited annual financial statements presented to the parliament:

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Report of the auditor-general to Parliament on National Economic Development and Labour Council

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the National Economic Development and Labour Council (NEDLAC) set out on pages 93 to 141, which comprise the statement of financial position as at 31 March 2017, and the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the public entity as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA).

Basis for opinion

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

Responsibilities of the accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the accounting authority is responsible for assessing NEDLAC's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is an intention either to liquidate the public entity or to cease operations, or there is no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

Introduction and scope

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

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

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

Programmes	Pages in annual performance report
Programme 2 – Core Operations	34 - 69
Programme 3 – Capacity Building	70 - 71

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. The material findings in respect of the usefulness and reliability of the selected objective are as follows:

Programme 2- Core Operations

Performance Indicator 2.6.1: Compliance with the section 77 protocol

15. The performance target was reported as “reports to be concluded within five days of resolution of all Section 77 notices.” in the annual performance report while the performance target was approved as “all Section 77 Notices resolved in compliance with the Section 77 Protocol” in the annual performance plan, as required by paragraph 3.2 of the FMPPI.
16. In addition, the target for this indicator was changed to “reports to be concluded within five days of resolution of all section 77 notices” without necessary approval as required by treasury regulation 29.1.1 and 30.1.
17. Furthermore, the target was reported as reports to be concluded within five days of resolution of all section 77 notices while the target was approved as all section 77 notices resolved in compliance with the section 77 protocol in the annual performance plan. This is not in line with the requirements of treasury regulation 28.2.2/30.1.3 (g).
18. I was unable to obtain sufficient appropriate evidence for all Section 77 Notices resolved in compliance with the Section 77 Protocol that clearly defined the required level of performance as required by the FMPPI. This was due to performance target not consistent to the desired performance as the technical indicator description in the in the annual performance plan. I was unable to test whether the target for this indicator was clearly defined by alternative means.
19. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programme:
    - Programme 3 – Capacity Building

Other matters

20. I draw attention to the matters below.

Achievement of planned targets

21. Refer to the annual performance report on pages 20 to 71 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets.

Adjustment of material misstatements

22. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements are on the reported performance information of programme 2: Core operations. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness of the reported performance information.

Report on audit of compliance with legislation

Introduction and scope

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

Budget

25. Expenditure was incurred in excess of the approved budget, in contravention of section 53(4) of the PFMA.

Annual financial statements

26. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1) (a) and (b) of the PFMA. Material misstatements identified by the auditors in the submitted financial statements were corrected, resulting resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

27. Effective steps were not taken to prevent irregular expenditure amounting to R3 626 303 as disclosed in note 29 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA.
28. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R444 741 as disclosed in note 33 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA.

Procurement and contract management

29. Goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation 16A6.1.
30. Sufficient appropriate audit evidence could not be obtained that quotations were awarded to suppliers whose tax matters have been declared by the South African Revenue Services to be in order as required by Treasury Regulations 16A9.1 (d) and the Preferential Procurement Regulations
31. Some quotations were awarded to bidders based on evaluation criteria that were not stipulated on the original invitation for quotations, in contravention of Treasury Regulations 16A6.3 (a) and the Preferential Procurement Regulations.
32. Some contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and Preferential Procurement Regulations.

Other information

33. NEDLAC's accounting authority is responsible for the other information. The other information comprises the information included in the annual report which includes the director's report, the audit committee's report and the company secretary's certificate as required by the Companies Act. The other information does not include the separate financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
34. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
35. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise

appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

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

Leadership

37. Leadership did not adequately exercise oversight responsibility over financial, compliance and related internal controls to ensure credibility of information submitted for audit.
38. Policies and procedures did not adequately guide activities related to preparation of the annual financial statements and effective monitoring of compliance with laws and regulations.

Financial management

39. Management's did not implement internal controls relating document management; daily, weekly and monthly reconciliation disciplines and processes over the preparation and presentation of financial statements to ensure that the financial statements were free from material misstatements.
40. Non-compliance with laws and regulations could have been prevented had compliance been properly reviewed and monitored and control measures implemented timeously.

Auditor-General

Pretoria

31 July 2017

AUDITOR-GENERAL SOUTH AFRICA

Auditing to build public confidence

Annexure A– Auditor-general's responsibility for the audit

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

Financial statements

41. In addition to my responsibility for the audit of the financial statements as described in the auditor's report, I also:
    - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
    - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.
    - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority.
    - conclude on the appropriateness of the board of directors, which constitutes the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Nedlac ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a public entity to cease to continue as a going concern.
    - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

Accounting Authority's Responsibilities and Approval

The members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the audited annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the audited annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the audited annual financial statements and were given unrestricted access to all financial records and related data.

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

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

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

The members are 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 audited annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The members have reviewed the entity's cash flow forecast for the 12 months to 31 March 2017 and, in the light of this review and the current financial position, they are 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 for continued funding of operations. The audited annual financial statements are prepared on the basis that the entity is a going concern and that the Department of Labour has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the accounting authority is primarily responsible for the financial affairs of the entity, they are audited by the entity's external auditors.

The audited annual financial statements set out on pages 93 to 141, which have been prepared on the going concern basis.

Mr P M Vilakazi
Executive Director

Johannesburg

31 July 2017

Audit and Risk Committee Report

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

Audit and Risk Committee members and attendance

The Audit and Risk Committee consists of the members listed hereunder and should meet quarterly as per the approved terms of reference. During the current year, four (4) ordinary meetings were held as follows:

29 April 2016
22 July 2016
19 October 2016
20 January 2017

Name of Member	Number of meetings attended
Adv. Shami Kholong (Independent Chairperson)	4
Mr. Nico Vermuelen(2) and Mr. Sello Rasethaba(1) (Business)	3
Mr. Kugesh Naidoo (Community)	4
Mr. Freddie Petersen (Government)	3
Mr. Chris Klopper (Labour)	1

Audit and Risk Committee responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 51(1)(a)(ii) and 76(4)(d) of the Public Finance Management Act, 1999 and Treasury Regulation 27.1.

The Audit Committee also reports that it has adopted an appropriate formal terms of reference as its Audit Committee Charter. It has during the year under review regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein and the related accounting policies and practices.

Stakeholder Engagement/s

The Committee has been able to engage with the following stakeholders:

- Executive Council (EXCO)
- Management Committee (MANCO)
- Management
- Internal Audit Unit
- Auditor-General of South Africa

The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in Nedlac and reported to EXCO of Nedlac, reveals that even though some control weaknesses still remain from the previous reporting period, there has been some improvement during the year under review.

The following internal audit work was completed during the year under review:

No.	Audit Project
1	Supply Chain Management
2	Performance Information
3	Human Capital Management
4	Financial Statement Compliance Review
5	Financial Discipline Review
6	Follow up reviews – Auditor General findings
7	Follow up reviews – Internal Audit Findings
8	Human Capital Management

The following were areas of concern:

During the financial year under review, Management did not always fully implement with the required rigour, numerous material control weakness recommendations from Internal Audit and the Auditor-General. Most of which had been raised before but were not completely resolved. As a result, the Audit and Risk Committee recommends to both Manco and Exco that the Auditor General and Internal Audit action plan should be strictly monitored for implementation in 2017/18 financial year to address all unresolved findings.

The Audit and Risk Committee acknowledges and appreciates, once again, efforts underway by management to address areas of concern raised by combined assurers. Focus should remain on filling key strategic vacancies and on upskilling personnel as and when required.

Risk Management

Nedlac appears to be evolving in institutionalising risk management in its business processes.

There is a risk register in place. The risk management committee is in place but the Audit Committee did not always receive the reports that evince stringent management of risk. The top ten (10) risks are monitored by the Audit and Risk Committee and EXCO regularly.

Risks pertaining to supply chain management processes and expenditure management have been noted and should be added to the risk register and continuously monitored. Management's assessment of inherent and residual risks continues to appear significantly understated considering the number of high and medium level findings identified during audits.

In-Year Management and Quarterly Report

Management has reported quarterly as required by the PFMA. In addition at all Audit and Risk Committee meetings management has presented quarterly reports for review and or consideration by the Committee.

Evaluation of Financial Statements

We reviewed the Annual Financial Statements prepared by management and recommended them for audit by the Auditor General subject to recommended refinements of the Audit Committee being implemented by management.

Evaluation of Performance Information

We evaluated performance tables and recommended them for audit by the Auditor General subject to recommended refinements of the Audit Committee being implemented by management.

Auditor General's Report

The Audit and Risk Committee notes the exceptions raised by the Auditor General and management's commitment to addressing these. The Committee further notes the Unqualified Audit Opinion, which is an improvement from the previous year, with matters raised by the Auditor General.

Finally, the Audit and Risk Committee concurs and accepts the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that the Audited Annual Financial Statements be accepted and read together with the report of the Auditor-General. The Committee has also reviewed the Performance Information report as included in the Auditor General report together with the management letter, and is of the opinion that the Executive Director of Nedlac should develop a strategy to address all findings contained therein.

Adv. Shami Kholong
Chairperson of the Audit and Risk Committee
Nedlac
31 July 2017

Accounting Authority's Report

The members submit their report for the year ended 31 March 2017.

1. Review of activities

Main business and operations

LEGISLATIVE AND OPERATIONAL OVERVIEW

Nedlac's work programme is driven by the legal imperative for social dialogue and participatory policymaking in terms of the Nedlac Act, Act 35 of 1994. In this regard, the Nedlac act requires the institution to:

- Strive to promote the goals of economic growth, participation in economic decision- making and social equity;
- Seek to reach consensus and conclude agreements on matters pertaining to social and economic policy;
- Consider all proposed labour legislation relating to labour market policy before it is introduced in Parliament;
- Encourage and promote the formulation of coordinated policy on social and economic matters; and
- Consider all significant changes to social and economic policy before it is implemented or introduced in Parliament.
- Consider Socio Economic Disputes in terms of Section 77 of the Labour Relations Act.

The Nedlac work programme is therefore largely shaped by the policy and legislative agenda as determined by the government of the day. The Nedlac work programme is furthermore significantly influenced by global economic conditions and the socio-economic challenges confronting South Africa. In addition, the social partners also have the right to table issues for consideration. Nedlac is thus confronted with a host of issues on which it is required to engage.This engagement process is undertaken in compliance with the Nedlac Constitution and the Protocol for Tabling Issues at Nedlac. The engine-rooms for engagement are as follows:

Public finance and Monetary Policy Chamber

The Public Finance and Monetary Policy Chamber shall seek to reach consensus and make agreements for placing before the executive council on all matters pertaining to financial, fiscal, monetary and exchange rate policies, the coordination of fiscal and monetary policy, related elements of macroeconomic policy and the associated institutions of delivery.

Trade and Industry Chamber

The trade and Industry chamber shall seek to reach consensus and make arrangements for placing before the executive council on all matters pertaining to the economic and social dimensions of trade, industrial, mining, agricultural and services policies and the associated institutions of delivery.

Labour Market Chamber

The Labour Market chamber shall seek to reach consensus and make arrangements for placing before the executive council on all matters pertaining to the world of work and the associated institutions of delivery.

Development Chamber

The Development chamber shall seek to reach consensus and make agreements for placing before the executive council on all matters pertaining to development, both urban and rural, implementation strategies, financing of development programmes, campaigns to mobilise the nation behind government programmes and the associated institutions of delivery.

Net deficit of the entity was R 3,173,121 (2016: deficit R 2,570,086).

2. Going concern

These financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next twelve months.

3. Subsequent events

The members are not aware of any matter or circumstance arising since the end of the financial period ended 31 March 2017.

Accounting Authority's Report

4. Accounting Authority

The Executive Council is the accounting authority as represented by the Overall Convenors. The Overall Convenors during the year and to the date of this report are as follows:

Name

Mr. B Ntshalintshali (Labour)
Mr. D Mthalane (Community)
Mr. V Seafield (Government)
Mr. K Moyane (Business)

5. Executive Director

The secretary of the entity is Mr. P M Vilakazi.

6. Key managers emoluments

Details for key managers' emoluments are disclosed in the employee related costs note 15.

7. Auditors

Internal auditors: O.M.A. Chartered Accountants

External auditors: Auditor-General of SA

Statement of Financial Position as at 31 March 2017

Figures in Rand	Note(s)	2017	2016 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	4,972,246	6,435,199
Receivables from exchange transactions	4	162,016	128,324
		5,134,262	**6,563,523**
Non-Current Assets			
Property, plant and equipment	5	19,239,237	20,205,059
Intangible assets	6	603,586	682,929
Long-term debtor	7	309,609	429,609
		20,152,432	**21,317,597**
Total Assets		**25,286,694**	**27,881,120**
Liabilities			
Current Liabilities			
Payables from exchange transactions	8	1,350,574	1,359,271
Provisions	9	1,614,861	1,027,469
Borrowings	10	-	168,172
		2,965,435	**2,554,912**
Non-Current Liabilities			
Borrowings	10	168,172	-
Total Liabilities		**3,133,607**	**2,554,912**
Net Assets		**22,153,087**	**25,326,208**

Statement of Financial Performance

Figures in Rand	Note(s)	2017	2016 Restated*
Revenue			
Revenue from exchange transactions			
Interest received		526,999	518,117
Transfers from other government entities		-	16,667
Other revenue	11	54,360	643,118
Total revenue from exchange transactions		**581,359**	**1,177,902**
Revenue from non-exchange transactions			
Transfer revenue			
Transfers from other government entities	13	30,817,000	28,791,000
Total revenue	14	**31,398,359**	**29,968,902**
Expenses			
Personnel expenses	15	(14,084,124)	(12,111,348)
Depreciation and amortisation expenses	16	(1,148,000)	(1,613,335)
Finance costs	17	(378)	(270)
Debt Impairment	18	(8,324)	(1,842,908)
Repairs and maintenance		(8,263)	-
Miscellaneous	19	(19,306,930)	(16,964,066)
Total expenses		**(34,556,019)**	**(32,531,927)**
Operating / (deficit) surplus		**(3,157,660)**	**(2,563,025)**
Loss on disposal of assets and liabilities		(15,461)	-
Loss on non-current assets held for sale		-	(7,061)
		(15,461)	**(7,061)**
(Deficit) / surplus for the period		**(3,173,121)**	**(2,570,086)**

Statement of Changes in Net Assets

Figures in Rand	Note(s)	Accumulated surplus	Total net assets
Balance at 31 March 2015		**27,896,295**	**27,896,295**
		-	-
Deficit for the period		(2,570,087)	(2,570,087)
Total changes		(2,570,087)	(2,570,087)
Restated* Balance at 31 March 2016		**25,326,208**	**25,326,208**
Deficit for the period		(3,173,121)	(3,173,121)
Total changes		(3,173,121)	(3,173,121)
Balance at 31 March 2017		**22,153,087**	**22,153,087**

Cash Flow Statement

Figures in Rand	Note(s)	2017	2016 Restated*
Cash flows from operating activities			
Receipts			
Grants		30,817,000	28,791,000
Interest received		526,999	518,117
Other receipts		54,360	659,784
		31,398,359	29,968,901
Payments			
Personnel		(14,084,124)	(12,111,348)
Suppliers		(18,658,518)	(17,211,999)
Finance costs	17	(378)	(270)
		(32,743,020)	(29,323,617)
Net cash flows from operating activities	23	**(1,344,661)**	**645,284**
Cash flows from investing activities			
Purchase of plant and equipment	5	(118,290)	(1,190,247)
Proceeds from sale of property, plant and equipment	5	-	13,959
Purchase of other intangible assets	6	-	(565,429)
Net cash flows from investing activities		**(118,290)**	**(1,741,717)**
Net increase/(decrease) in cash and cash equivalents		**(1,462,951)**	**(1,096,433)**
Cash and cash equivalents at the beginning of the period		6,435,199	7,531,632
Cash and cash equivalents at the end of the period	3	**4,972,248**	**6,435,199**

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Interest received	420,000	-	**420,000**	526,999	**106,999**	A1
Other operating revenue	132,000	-	**132,000**	54,360	**(77,640)**	A2
Total revenue from exchange transactions	**552,000**	**-**	**552,000**	**581,359**	**29,359**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	30,317,000	-	**30,317,000**	30,817,000	**500,000**	A3
Total revenue	**30,869,000**	**-**	**30,869,000**	**31,398,359**	**529,359**	
Expenses						
Personnel	(13,299,000)	-	**(13,299,000)**	(14,084,124)	**(785,124)**	A4
Depreciation and amortization expense	(970,000)	-	**(970,000)**	(1,148,000)	**(178,000)**	A5
Finance costs	-	-	**-**	(378)	**(378)**	A6
Lease rentals on operating lease	-	-	**-**	(250,440)	**(250,440)**	A7
Debt impairment	-	-	**-**	(8,324)	**(8,324)**	A9
Repairs and maintenance	-	-	**-**	(8,263)	**(8,263)**	
Miscellaneous	(16,600,000)	-	**(16,600,000)**	(19,056,490)	**(2,456,490)**	A8
Total expenditure	**(30,869,000)**	**-**	**(30,869,000)**	**(34,556,019)**	**(3,687,019)**	
Operating deficit	**-**	**-**	**-**	**(3,157,660)**	**(3,157,660)**	
Loss on disposal of assets and liabilities	-	-	**-**	(15,461)	**(15,461)**	
(Deficit) / Surplus before taxation	**-**	**-**	**-**	**(3,173,121)**	**(3,173,121)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**(3,173,121)**	**(3,173,121)**	

Statement of Comparison of Budget and Actual Amounts

The approved budget for 2016/2017 was prepared on a cash basis and the financial statements were presented on an accrual basis.

Variance explanations:

A1 - The amount invested in the call account increased during the current financial year due to the increase in the grant received from the department of labour. The other reason for the increase in interest received was due to the fact that there was still unutilised retained surplus remaining on the call account which was higher than what was initially anticipated. There is also an annual increase on the amount that is received as grant which is kept on the call account.

A2 - The variance is due to the fact that there has been less than expected disposal of assets during the 2016/17 financial year. The only other income which has been received relates to the repayment of bursary by the IT Coordinator

A3 - There was an additional grant received from the Department of Labour to cover the expenditure short fall as a result of the minimum wage task team which was not budgeted for at the beginning of the financial year

A4 - The decrease on the personnel cost is due to a number of vacant positions at Nedlac which were vacant during the 2016/17 financial year. These positions include the position of Head of Programme Operations , Senior TIC Coordinator , Coordinator for Labour Constituency and SCM coordinator

A5 - The variance on depreciation is due to assets that capitalised and also by the change in estimate of useful life and the residual value from R 0.00 to R 2 700 000 on Nedlac building which was caused by the reassessment conducted by the independent valuator during 2016/17 financial year

A6 - Variance not material.

A7 - The expense for leases was budgeted under other expenses and not as its own line item.

A8 - The expense for leases of printers and photocopiers was budgeted under other expenses and not as its own line item. Some unexpected expenses accrued during the year with regard to the minimum wage discussion which were not budgeted for but contributed to the increase in this expense line item.

Accounting Policies

1. Presentation of Audited Annual Financial Statements

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

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these audited annual financial statements, are disclosed below.

1.1 Significant judgements and sources of estimation uncertainty

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

Trade receivables / Held to maturity investments and/or loans and receivables

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

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value in use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assets will remain in use for the next 12 months however the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 9 - Provisions.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Bad debts must only be written off on the authority of Manco, subject to the recommendation of the Finance Committee, after all reasonable steps have been taken to recover the debt and it is satisfied that:

- The debtor cannot be traced;
- All legal and other measures have been exhausted;
- Recovery of the debt would be uneconomical;
- Recovery would cause undue hardship to the debtor or his/her dependants;
- It would be an advantage to Nedlac to effect a settlement of its claim or to waive the claim.

Accounting Policies

1.2 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 reporting period.

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

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

Property, plant and equipment is initially measured at cost.

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

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or assets, or a combination of assets 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, it's deemed cost is the carrying amount of the asset(s) given up.

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 is carried at cost less accumulated depreciation and any impairment losses.

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

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

Item	Average useful life
Buildings	35 years
Furniture and fixtures	14-25 years
Motor vehicles	15-22 years
Office equipment	4-15 years
IT equipment	3-20 years

1.3 Intangible assets

An asset is identifiable if it either:

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

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

Accounting Policies

1.3 Intangible assets (continued)

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

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, other	10 years

1.4 Financial instruments

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

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

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

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

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

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

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

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

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

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

A financial asset is:

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

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

Accounting Policies

1.4 Financial instruments (continued)

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

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

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

- the entity designates at fair value at initial recognition; or
- are held for trading.

Classification

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

Class	Category
Trade and other receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at cost

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

Class	Category
Other receivables	Financial liability measured at amortised cost

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

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

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

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

Reclassification

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

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

Accounting Policies

1.5 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.

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

Finance leases - lessee

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

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

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

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

Operating leases - lessor

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

Income for leases is disclosed under revenue in 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 current operating leases do not have escalations and therefore have not been straight lined.

1.6 Impairment of cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

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

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

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

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

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

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

Useful life is either:
(a) the period of time over which an asset is expected to be used by the entity; or
(b) the number of production or similar units expected to be obtained from the asset by the entity.

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

Accounting Policies

1.6 Impairment of cash-generating assets (continued)

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

1.7 Share capital / contributed capital

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

1.8 Employee benefits

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

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

Short-term employee benefits

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

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

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

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

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

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

Accounting Policies

1.9 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

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.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being
  - terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

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; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 25.

Accounting Policies

1.9 Provisions and contingencies (continued)

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

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.10 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.

Measurement

Revenue is measured at the fair value of the consideration received or receivable.

Rendering of services

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

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

1.11 Revenue from non-exchange transactions

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

Control of an asset arise 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.

Accounting Policies

1.11 Revenue from non-exchange transactions (continued)

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.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

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

Measurement

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

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

1.12 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use of sale.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.13 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.14 Fruitless and wasteful expenditure

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

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

1.15 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 -

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

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

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

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

Accounting Policies

1.15 Irregular expenditure (continued)

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

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

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 1 April 2016 to 31 March 2017.

The budget for the economic entity includes all the entities approved budgets under its control.

The audited annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Notes to the Audited Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

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

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 need to be presented on initial adoption of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have no 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 need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions un 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 01 April 2016.

The entity has adopted the standard for the first time in the 2017 audited annual financial statements.

GRAP 107: Mergers

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2016.

The entity expects to adopt the standard for the first time in the 2017 audited annual financial statements.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's audited annual 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.

Notes to the Audited Annual Financial Statements

2. New standards and interpretations (continued)

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 in (a) and (b) is required; and
- 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 audited annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:

- has control or joint control over the reporting entity;

- has significant influence over the reporting entity;

- is a member of the management of the entity or its controlling entity.

- An entity is related to the reporting entity if any of the following conditions apply:

-the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);

-one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);

-both entities are joint ventures of the same third party;

-one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

-the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;

-the entity is controlled or jointly controlled by a person identified in (a); and

-a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;

Notes to the Audited Annual Financial Statements

2. New standards and interpretations (continued)

- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is for years beginning on or after 01 April 2016.

The entity expects to adopt the standard for the first time in the 2017 audited annual financial statements.

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

GRAP108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister set the effective date for the standard.

The effective date of the standard is for years beginning on or after 01 April 2016.

The entity expects to adopt the standard for the first time in the 2017 audited financial statements.

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

Directive 11 Changes in measurement bases following the initial adoption of Standards of GRAP

The objective of this Directive is to permit an entity to change its measurement bases following the initial adoption of Standards of GRAP. The change is based on the principles in the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors. This Directive should therefore be read in conjunction with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

In applying paragraph 13(b) of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors, this Directive allows an entity, that has initially adopted the fair value model for investment property or the revaluation model for property, plant and equipment, intangible assets or heritage assets, to change its accounting policy on a once-off basis to the cost model when the entity elects to change its accounting policy following the initial adoption of these Standards of GRAP. The once-off change will be allowed when the entity made an inappropriate accounting policy choice on the initial adoption of the Standards of GRAP.

Subsequent to the application of this Directive, an entity will be allowed to change its accounting policy in future periods subject to it meeting the requirements in the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Notes to the Audited Annual Financial Statements

2. New standards and interpretations (continued)

The effective date of the standard is for years beginning on or after 01 April 2016.

The entity expects to adopt the standard for the first time in the 2017 audited annual financial statements.

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

GRAP 32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity has adopted the standard for the first time when the Minister sets the effective date for the standard.

The impact of the standard is set out in note Changes in Accounting Policy.

GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity has adopted the standard for the first time when the Minister sets the effective date for the standard.

The impact of the standard is set out in note Changes in Accounting Policy.

IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The effective date of the standard is not yet set by the Minister of Finance.

Notes to the Audited Annual Financial Statements

2. New standards and interpretations (continued)

The entity has adopted the standard for the first time when the Minister sets the effective date for the standard.

The impact of the standard is set out in note Changes in Accounting Policy.

GRAP 16 (as amended 2015): Investment Property

Based on the feedback received as part of the post-implementation review, the Board agreed to reconsider certain principles in GRAP 16 and GRAP 17. In particular, the Board agreed to:

- Review the principles and explanations related to the distinction between investment property and property, plant and equipment.
- Consider whether an indicator-based assessment of useful lives of assets could be introduced.
- Clarify the wording related to the use of external valuers.
- Introduce more specific presentation and disclosure requirements for capital work-in-progress.
- Review the encouraged disclosures and assess whether any should be made mandatory or deleted.
- Require separate presentation of expenditure incurred on repairs and maintenance in the financial statements.

Various amendments were made to the Standard, affecting Definitions, Identification, Disclosure, Effective date and Transitional provisions.

The effective date of the standard is for years beginning on or after 01 April 2016.

The entity has adopted the standard for the first time in the 2017 audited annual financial statements.

The impact of the standard is set out in note Changes in Accounting Policy.

GRAP 17 (as amended 2015): Property, Plant and Equipment

Based on the feedback received as part of the post-implementation review, the Board agreed to reconsider certain principles in GRAP 16 and GRAP 17. In particular, the Board agreed to:

- Review the principles and explanations related to the distinction between investment property and property, plant and equipment.
- Consider whether an indicator-based assessment of useful lives of assets could be introduced.
- Clarify the wording related to the use of external valuers.
- Introduce more specific presentation and disclosure requirements for capital work-in-progress.
- Review the encouraged disclosures and assess whether any should be made mandatory or deleted.
- Require separate presentation of expenditure incurred on repairs and maintenance in the financial statements.

Amendments identified as part of the post-implementation review, affected the following areas:

- Indicator-based assessment of the useful lives of assets
- Use of external valuers
- Encouraged disclosures
- Capital work-in-progress
- Expenditure incurred on repairs and maintenance

The effective date of the standard is for years beginning on or after 01 April 2016.

The entity has adopted the standard for the first time in the 2017 audited annual financial statements.

The impact of the standard is set out in note Changes in Accounting Policy.

Notes to the Audited Annual Financial Statements

Figures in Rand	2017	2016

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1,827	3,529
Bank balances	412,913	338,372
Short-term deposits	4,557,506	6,093,298
	4,972,246	**6,435,199**

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Bank Overdraft

The bank overdraft is due to debit orders transactions which were not included on the total amount of transfer from call account to current account.

Nedlac does not have approved overdraft facilities and accordingly there are no any unused bank overdraft facilities.

None of Nedlac's assets have been pledged as collateral of any kind.

4. Receivables from exchange transactions

Other receivable	1,883,248	1,971,232
Short term portion - CONSAWU debtor	130,000	-
Provision for impairment of other receivables	(1,851,232)	(1,842,908)
	162,016	**128,324**

Trade and other receivables impaired

As of 31 March 2017, trade and other receivables of R 1,851,232 (2016: R 1,842,908) were impaired and provided for.

The ageing of these loans is as follows:

Reconciliation of provision for impairment of trade and other receivables

Opening balance	1,842,908	155,790
Provision for impairment	8,324	1,842,908
Amounts written off as uncollectible	-	(155,790)
	1,851,232	**1,842,908**

Notes to the Audited Annual Financial Statements

Figures in Rand

4. Receivables from exchange transactions (continued)

Receivables age analysis

31 March 2017	Current	30 Days	60 Days	90 Days	120+ Days	Total
Gross trade receivables	40,455	-	-	-	1,972,793	2,013,248
Impairment	-	-	-	-	(1,851,232)	(1,851,232)
Net trade receivables	**40,455**	**-**	**-**	**-**	**121,561**	**162,016**

31 March 2016	Current	30 Days	60 Days	90 Days	120 Days	Total
Gross trade receivables	-	-	-	-	1,971,232	1,971,232
Impairment	-	-	-	-	(1,842,908)	(1,842,908)
Net trade receivables	-	-	-	-	128,324	128,324
	-	**-**	**-**	**-**	**128,324**	**128,324**

Notes to the Audited Annual Financial Statements

Figures in Rand

5. Property, plant and equipment

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1,500,000	-	1,500,000	1,500,000	-	1,500,000
Buildings	22,223,164	(8,078,327)	14,144,837	22,195,144	(7,459,756)	14,735,388
Furniture and fixtures	2,871,622	(1,082,856)	1,788,766	2,862,928	(927,285)	1,935,643
Motor vehicles	587,831	(103,469)	484,362	587,831	(66,128)	521,703
Office equipment	1,226,169	(540,669)	685,500	1,210,136	(418,895)	791,241
IT equipment	1,178,404	(542,632)	635,772	1,133,154	(412,070)	721,084
Total	**29,587,190**	**(10,347,953)**	**19,239,237**	**29,489,193**	**(9,284,134)**	**20,205,059**

Reconciliation of property, plant and equipment - 31 March 2017

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	1,500,000	-	-	-	-	1,500,000
Buildings	14,735,388	28,020	-	-	(618,571)	14,144,837
Furniture and fixtures	1,935,644	8,693	-	-	(155,570)	1,788,767
Motor vehicles	521,703	-	-	-	(37,342)	484,361
Office equipment	791,242	16,152	(120)	-	(121,775)	685,499
IT equipment	721,084	65,425	(15,341)	-	(135,396)	635,772
	20,205,061	**118,290**	**(15,461)**	**-**	**(1,068,654)**	**19,239,236**

Notes to the Audited Annual Financial Statements

Figures in Rand

5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 31 March 2016

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	1,500,000	-	-	-	-	1,500,000
Buildings	17,011,763	317,600	-	(1,491,441)	(1,102,534)	14,735,388
Furniture and fixtures	586,120	30,148	(14,199)	1,491,441	(157,866)	1,935,644
Motor vehicles	130,297	418,143	-	-	(26,737)	521,703
Office equipment	758,568	157,150	(5,330)	-	(119,146)	791,242
IT equipment	590,223	267,206	(1,491)	-	(134,854)	721,084
	20,576,971	**1,190,247**	**(21,020)**	**-**	**(1,541,137)**	**20,205,061**

Figures in Rand	2017	2016

5. Property, plant and equipment (continued)

Details of properties

Property 1
Buildings

- Purchase price:	8,500,000	8,500,000
- Additions since purchase or valuation	13,723,164	13,695,144
	22,223,164	**22,195,144**

Land		
- Purchase price:	1,500,000	1,500,000

Change in estimate

During the year, total estimated useful life of building was increased from 20 years to 35 years with the residual value increasing from R 0 to R 2 700 000. This led to a reduction in depreciation for the year ended 31 March 2017 of R 517 634 with a reduction in future deprecation of R 2 182 366.

During the year an independent property evaluator, valued the land and building at a market value of R 25 400 000 as at 31 March 2017. Fair value for land and building is calculated using the direct income capitalization method, which results in these measurements being classified as Level 3 in the fair value hierarchy. In applying the direct income capitalization method the stabilized net operating income of the property is divided by an appropriate capitalization rate.

Capitalization rate is based on actual location, size and quality of the property and taking into account any available market date at the valuation date.

Stabilized net operating income is revenue less property operating expenses adjusted for items such as average lease up costs, long-term vacancy rates, non-recoverable capital expenditures, management fees, straight-line rents and other non-recurring items.

Fair value is based on the highest and best use basis.

6. Intangible assets

	2017			2016		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Computer software	805,892	(202,306)	603,586	805,892	(122,963)	682,929

Reconciliation of intangible assets - 31 March 2017

	Opening balance	**Amortisation**	**Total**
Computer software	682,929	(79,343)	603,586

Reconciliation of intangible assets - 31 March 2016

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software	189,695	565,429	(72,195)	682,929

Notes to the Audited Annual Financial Statements

Figures in Rand	2017	2016

7. Long-term debtor

The debtor relates to the amount owed by Consawu as tax bill of costs resulting of the court judgement which was in favour of Nedlac. The total amount outstanding as at 31 March 2017 amounts to R429 609. The current portion of this amount which will be received during the next 12 months is R120 000 this amount has been included in accounts receivable under current assets. The remaining portion of R309 608 (being long-term debtor) will be received during the period commencing 01 April 2018 up to 31 March 2024.

8. Payables from exchange transactions

Trade payables	124,653	967,243
Payroll accruals	43,619	189,975
Other accrued expenses	1,182,302	202,053
	1,350,574	**1,359,271**

9. Provisions

Reconciliation of provisions - 31 March 2017

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Bonus provision	667,598	923,058	(650,738)	(16,860)	923,058
Leave pay provision	359,871	369,532	(37,600)	-	691,803
	1,027,469	**1,292,590**	**(688,338)**	**(16,860)**	**1,614,861**

Reconciliation of provisions - 31 March 2016

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Bonus provision	679,295	667,599	(662,396)	(16,900)	667,598
Leave pay provision	354,614	359,871	(76,774)	(277,840)	359,871
	1,033,909	**1,027,470**	**(739,170)**	**(294,740)**	**1,027,469**

A bonus provision was raised due to the implementation of a performance management system at Nedlac. The final bonus amount will be calculated on the individual staff members' performance scorecard and is expected to be paid after the release of the audited financial statements.

The current leave pay accrual is based on the liability for the current leave cycle not utilised.

10. Borrowings

Long term borrowings
The amount of R168 172 was deposited to the Nedlac bank account by Mrs Mkhize who is the wife of Mr H Mkhize. The amount has been disclosed under other payables as there is no supporting documents to clear it, also due to the fact that Mrs Mkhize was never recorded as a debtor of Nedlac. It is assumed that the deposit might relate to the undergoing forensic investigation matter, this deposit has not been paid back to Mrs Mkhize due to the fact that the forensic investigation matter is still under investigation by the South African Police Services and the National Prosecuting Authority.

Short term borrowings
Long term borrowings of R168 172 was previously classified as short term borrowings, however it has been reclassified to long term borrowings based on past experience as the matter arose in 2015 and as at 31 March 2017 it is unlikely to be resolved within the next 12 months. It is assumed that the deposit might relate to the undergoing forensic investigation matter, this deposit has not been paid back to Mrs Mkhize due to the fact that the forensic investigation matter is still under investigation by the South African Police Services and the National Prosecuting Authority.

Notes to the Audited Annual Financial Statements

Figures in Rand	2017	2016

11. Other revenue

Bursary paid recovered	1,287	-
Legal costs recovered	-	643,118
Insurance proceeds	53,073	-
	54,360	**643,118**

12. Financial instruments disclosure

Categories of financial instruments

Financial Assets

In accordance with GRAP 104.14 the Financial Assets of the entity are classified as follows:

Financial Assets	Classification
Receivables	
Trade receivables	Financial assets at amortised cost
VAT receivable	Financial assets at amortised cost
Sundry debtors	Financial assets at amortised cost
Bank, Cash and Cash Equivalents	
Bank Balances	Financial assets at cost

Financial Liabilities

In accordance with IAS 104.14 the Financial Liabilities of the entity are classified as follows :

Financial Liabilities	Classification
Creditors	
Trade payables	Financial liabilities at amortised cost
Accruals	Financial liabilities at amortised cost
Finance lease liability	Financial liabilities at amortised cost

31 March 2017

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	162,016	162,016
Cash and cash equivalents	4,972,246	-	4,972,246
	4,972,246	**162,016**	**5,134,262**

Financial liabilities

	At fair value	At amortised cost	Total
Trade and other payables from exchange transactions	-	1,350,573	1,350,573

Notes to the Audited Annual Financial Statements

Figures in Rand

12. Financial instruments disclosure (continued)

31 March 2016

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	128,324	128,324
Cash and cash equivalents	6,435,199	-	6,435,199
	6,435,199	**128,324**	**6,563,523**

Financial liabilities

	At fair value	At amortised cost	Total
Trade and other payables from exchange transactions	-	1,359,274	1,359,274

13. Transfers from other government entities

Department of Labour	30,817,000	28,791,000

14. Revenue

Interest received	526,999	518,117
Transfers from other government entities	-	16,667
Miscellaneous	54,360	643,118
Grants	30,817,000	28,791,000
	31,398,359	**29,968,902**

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

Interest received	526,999	518,117
Transfers from other government entities	-	16,667
Miscellaneous	54,360	643,118
	581,359	**1,177,902**

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

Transfer revenue

Government grants & subsidies	30,817,000	28,791,000

15. Personnel expenses

Basic	9,623,142	9,345,122
Bonus	906,198	667,598
Unemployment Insurance Fund	44,692	57,608
Workmens Compensation	44,005	129,091
Skills Development Levies	126,639	117,471
Other payroll levies	(1,365)	-
Leave pay provision charge	369,533	10,693
	11,112,844	**10,327,583**

Notes to the Audited Annual Financial Statements

Figures in Rand	2017	2016

15. Personnel expenses (continued)

Remuneration of key management, Chief Financial Officer - Mfanufikile Daza
Appointed in position - 5 December 2014

Annual Remuneration	864,115	826,528
Back Pay	5,053	-
Performance Bonuses	57,778	-
Cellphone Allowance	18,000	-
Travel Allowance	3,082	-
	948,028	**826,528**

Remuneration of key management, Head of Programme Operations - Mahandra Naidoo

Annual Remuneration	-	816,455
Other	-	140,782
	-	**957,237**

Remuneration of key management, Executive Director - Madoda P. Vilakazi
Appointed in position - 1 April 2016

Annual Remuneration	1,519,375	-
Back Pay	17,875	-
Cellphone Allowance	42,000	-
Travel Allowance	3,972	-
	1,583,222	**-**

Remuneration of key management, Head of Programme Operations - Portia M. Kekana
Appointed in position - 1 August 2016 and Resigned 14 October 2016

Annual Remuneration	213,133	-
Cellphone Allowance	4,500	-
Travel Allowance	605	-
	218,238	**-**

Remuneration for key Management, Head of Programme Operations - Ms Nobuntu Sibisi
Appointed in position - 03 January 2017

Annual Remuneration	217,292	-
Cellphone Allowance	4,500	-
	221,792	**-**

Total employee related costs	**14,084,124**	**12,111,348**

Remuneration of board members

Nedlac does not have a Board and and is currently governed by an executive council in terms of the Nedlac Act ,1994. The members of the executive council are not remurerated for meeting attendance and preparation.

Notes to the Audited Annual Financial Statements

Figures in Rand		2017	2016

16. Depreciation and amortisation expenses

Depreciation			
Buildings		618,571	1,102,534
Furniture and fixtures		155,572	157,868
Motor vehicles		37,342	26,737
Office equipment		121,895	119,147
IT equipment		135,277	134,853
Amortisation			
Computer software		79,343	72,196
		1,148,000	**1,613,335**

17. Finance costs

Interest paid		378	270

18. Debt impairment

Provision for bad debts		1,842,908	-
Provision for bad debts written off		8,324	1,842,908
		1,851,232	**1,842,908**

19. Miscellaneous

Accounting fees		-	33,248
Advertising		74,640	54,949
Audit committee remuneration		77,850	103,936
Auditors remuneration	21	1,823,649	1,543,972
Bank charges		23,510	20,516
Catering		992,082	772,982
Cleaning		16,500	56,677
Conferences and seminars		1,185,680	1,384,796
Consulting and professional fees		4,291,160	2,448,254
Electricity		547,193	491,792
Fines and penalties		4,113	41,469
IT expenses		890,840	743,896
Insurance		204,010	189,212
Lease rentals on operating lease	20	250,440	381,127
Levies		16,814	14,012
Maintenance and repairs		56,358	117,833
Motor vehicle expenses		6,542	9,958
Postage and courier		11,210	10,380
Printing and stationery		698,244	906,189
Promotions and sponsorships		12,291	16,062
Recruitment fees		333,177	1,113,048
Security (Guarding of municipal property)		235,952	235,943
Staff welfare		-	4,270
Storage cost		27,928	-
Study grants		52,150	115,416
Subscriptions and membership fees		8,255	86
Telephone and fax		1,106,371	628,212
Training		26,179	65,013
Travel - local		6,332,483	4,997,866
Travel - overseas		1,309	462,952
		19,306,930	**16,964,066**

20. Operating deficit

Operating deficit for the year is stated after accounting for the following:

Notes to the Audited Annual Financial Statements

Figures in Rand	2017	2016

20. Operating deficit (continued)

Operating lease charges		
Premises		
• Contractual amounts	-	62,253
Equipment		
• Contractual amounts	-	39,129
Lease rentals on operating lease - Other		
• Contractual amounts	250,440	279,745
	250,440	**381,127**

Loss on sale of property, plant and equipment	(15,461)	-
Gain on sale of non-current assets held for sale and net assets of disposal groups	-	(7,061)
Amortisation on intangible assets	79,343	72,196
Depreciation on property, plant and equipment	1,068,657	1,541,138
Employee costs	14,084,124	12,111,348

21. Auditors remuneration

External audit	1,584,696	1,096,377
Internal audit	238,953	447,595
	1,823,649	**1,543,972**

22. Taxation

No provision for South African normal taxation has been made as the Council is exempted in terms of Section 10(1)(CA)(1) of the Income Tax Act.

23. Cash (used in) generated from operations

Deficit	(3,173,121)	(2,570,087)
Adjustments for:		
Depreciation and amortisation	1,148,000	1,613,335
(Loss) / gain on sale of assets	15,461	-
Gain on discontinued operations	-	7,061
Debt impairment	8,324	1,842,908
Movements in provisions	587,393	(6,442)
Recovery of legal costs	120,000	(429,609)
Changes in working capital:		
Receivables from exchange transactions	(33,692)	9,793
Consumer debtors	(8,324)	-
Payables from exchange transactions	(8,702)	178,325
	(1,344,661)	**645,284**

Notes to the Audited Annual Financial Statements

Figures in Rand	2017	2016

24. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment (ICON Business Furniture)	684,458	-
Total capital commitments		
Already contracted for but not provided for	684,458	-

Authorised operational expenditure

Already contracted for but not provided for		
• Internal audit fees	1,193,349	220,807
• Unified email management solution (Mimecast)	181,730	-
• Vox Telecom voice and data	253,836	-
• Security Services	31,170	-
• Photocopying and Printing Costs	118,223	353,049
• Insurance	84,370	50,622
• Legal fees	-	102,620
• Website and internet fees	1,044	625,104
	1,863,722	**1,352,202**
Total operational commitments		
Already contracted for but not provided for	1,863,722	1,352,202

This committed expenditure relates to operating expenses and will be financed by available bank facilities, retained surpluses, existing cash resources and funds internally generated, etc.

As at 31 March 2017 the contractual commitments exceeding a period of 12 months related to printing costs and internal auditing amounts to R795 927.

25. Contingencies

In accordance with section 53(3) of the PFMA of 1999, as amended, states that: a Schedule 3 public entity may not budget for a deficit and may not accumulate surpluses, unless the prior written approval of the National treasury has been obtained. Permission has been requested to retain the unused accumulated surplus for the year ended 31 March 2017. Accumulated surplus of R22,153,087 as at 31 March 2017 (31 March 2016: R25,326,208), some of the funds will be used to fund commitments as disclosed in note 24.

CCMA Award:

CCMA in 2012 awarded had awarded a Nedlac former employee an Award to the value of R462, 000.00 for the unfair dismissal which took place in 2010. However Nedlac took the CCMA award for review before it could be finalised the matter became prescribed in March 2015 in terms of the Prescription Act.

On the meeting of Management Committee held on the 24th of March 2016 management was requested to obtain documents with reasons that informed Nedlac's decision to apply for review of the award and the costs incurred in the process.

On 4 October 2016, Ms Lithebe's attorneys indicated that she would not accept the proposed settlement, and counter proposed that Nedlac pay Ms Lithebe R942, 000.00 in settlement of the dispute.

A further offer of R800, 000.00 was made to the attorneys of Ms Lithebe in full and final settlement of the dispute in January 2017. This offer was rejected by Ms Lithebe on 23 January 2017 in light of the Constitutional Court judgement on the prescription of arbitration awards that was handed down in December 2016. Ms Lithebe attorneys indicated that they would proceed with the Rule 11 application to dismiss the review application. Ms Lithebe's attorneys made an additional counter proposal of R 2 million to settle the matter.

As at 31 March 2017 Nedlac has rejected the additional counter proposal of R 2 million.

Notes to the Audited Annual Financial Statements

Figures in Rand	2017	2016

25. Contingencies (continued)

As at 31 March 2017 two seperate matters are presently before the Labour Court:
1. Nedlac's application to review and set aside the arbitration award; and the estimated legal costs as at 31 March 2017 on this matter is R 179 400.00 excluding VAT and R 204 516.00 including VAT; and

2. Ms Lithebe's application to dismiss the review application and the estimated legal costs as at 31 March 2017 on this matter is R 142,200.00 excluding VAT and R 162,108.00 including VAT.

AVTECH Resourcing (PTY) LTD

AVTECH Resourcing (PTY) LTD has lodged a claim of R119, 700.00 during the current financial year for the recruitment fees relating to the appointment of the temporal staff member that was recruited as a temp. AVTECH Resourcing (PTY) LTD has lodged the claim due to the fact they believe that the staff member was eventually recruited for a permanent position. As at 31 March 2017 the matter is still being assessed by Nedlac legal representatives.

As at 31 March 2017 future legal costs on this matter cannot be estimated due to uncertainty on future events on the matter.

The Forum Company

The Forum Company has lodged a claim against Nedlac during the current financial year to the value of R226, 922.70. The claim is arising from the cancellation of the booking that was made in July 2016 to make use of the venue in September 2016 for the 2016 Nedlac Summit which was cancelled due to security requirements which were not met by the service provider (the Forum Company).

As at 31 March 2017 the matter is still being assessed by Nedlac legal representatives.

As at 31 March 2017 future legal costs on this matter cannot be estimated due to uncertainty on future events on the matter.

26. Risk management

Financial risk management

Financial risk management
The entity's activities expose to the following financial risks:
Cash flow interest rate risk (Market risk)
Credit risk
Liquidity risk

The Accounting Authority and the Executive Director have overall responsibility for the establishment and oversight of Nedlac's risk management framework. Nedlac's risk management policies are established to identify and analyse the risks faced by Nedlac, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Nedlac's activities. Nedlac, through its training and management standards and procedures, aims to develop a disciplined and constructive environment in which all employees understand their roles and obligations.

Liquidity risk

Liquidity risk is the risk that Nedlac will encounter difficulty in raising funds to meet its commitments. Nedlac's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Nedlac's reputation. The bulk portion of the surplus is carried as cash or cash equivalents.

The ageing of trade payables from exchange transactions at the reporting date is per the table below. The amounts disclosed are contractual cash flows.

At 31 March 2017	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Trade and other payables	1,350,573	-	-	-

At 31 March 2016	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Trade and other payables	1,359,271	-	-	-

Notes to the Audited Annual Financial Statements

Figures in Rand	2017	2016

26. Risk management (continued)

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will default on its obligation to Nedlac, thereby causing financial loss. It is Nedlac's policy that all customers who wish to trade on credit terms are assessed for credit worthiness. In addition, receivable balances are monitored on an ongoing basis with the result that the exposure to bad debts is not significant. A provision is made for doubtful debts. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	**31 March 2017**	**31 March 2016**
Cash and cash equivalents	4,972,246	6,435,199
Receivables from exchange transactions	162,016	128,324
Receivables from exchange transactions (long-term debtor)	309,609	429,609

Market risk

Interest rate risk

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

27. Going concern

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

28. Events after the reporting date

Disclose for each material category of non-adjusting events after the reporting date:

- nature of the event.
- estimation of its financial effect or a statement that such an estimation cannot be made.

29. Irregular expenditure

Opening balance	8,497,269	7,010,925
Add: Irregular Expenditure - current year	-	4,007,707
Add: Expenditure incurred in excess of Approved Budget	2,186,751	-
Add: Non Compliance with Tax Clearance and Three Quotations Requirement	1,439,552	-
Less: Amounts condoned	(8,497,269)	(2,521,363)
	3,626,303	**8,497,269**

Analysis of expenditure awaiting condonation per age classification

Current year	-	4,007,707

In the previous financial year the Accounting Authority requested the National Treasury to condone the irregular expenditure. The major portion of the irregular expenditure relates to travel and accommodation where three quotations were used instead of going through the tender process.

The major portion of the irregular expenditure for 2016/17 financial year relates to lack of Tax Clearance Certificates, non compliance with three quotations requirements and the over expenditure on the 2016/17 annual budget.

30. Reconciliation between budget and cash flow statement

Reconciliation of budget surplus/deficit with the net cash generated from operating, investing and financing activities:

Notes to the Audited Annual Financial Statements

Figures in Rand	2017	2016

30. Reconciliation between budget and cash flow statement (continued)

Operating activities		
Actual amount as presented in the budget statement	(1,344,661)	645,284
Investing activities		
Actual amount as presented in the budget statement	(118,290)	(1,741,717)
Net cash generated from operating, investing and financing activities	**(1,462,951)**	**(1,096,433)**

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 he records the reasons for any deviations and reports them to the next meeting of the accounting authority and includes a note to the audited annual financial statements. Travel and accommodation and recruitment services procured during the previous financial years and the process followed in procuring this service deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and will be reported to the accounting authority on the 31 May 2017 for approval.

Notes to the Audited Annual Financial Statements

Figures in Rand	2017	2016

32. Related parties

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

Management are those responsible for planning, directing and controlling the activities of the entity. All individuals from the level of managers up to the members of the accounting authority are considered management.

Close family members of key management are considered to be those family members who may be expected to influence, or be influenced by key management individuals or other parties related to the entity.

Relationships

Public entity	Proudly South African Department of Labour
Members of key management	M Vilakazi M Daza N Sibisi

Proudly South Africa was formed by Nedlac. Some of the EXCO members of Nedlac also form part of the board members of Proudly South Africa. Nedlac is also responsible for the appointment of the chairperson of the board of directors for Proudly South Africa.

Related party transactions

Grant received from related parties		
Department of Labour	30,817,000	28,791,000
Transaction with members of key management		
M Daza	-	370
I Macun	-	69,674
Compensation to non executive members of executive council and management committee		
Dumisani Mthalane - Stipend	120,000	120,000
Dumisani Mthalane - Travel Re-imbursement	133,425	18,055
Lawrence Bale	151,350	177,876
Diteko Moreotsenye	136,623	123,836
Conti Matlakala	109,788	100,286
Thulani Tshefuta	44,059	46,935
Tebello Radebe	17,060	13,298
Thulani Mabuza	14,309	5,868
Zacharia Matsela	11,751	10,598
Herman Puleng Tsebe	13,602	19,533
Thembinkosi Josopu	5,935	3,371
Robert Tsikwe	781	396
Terence Skhumbuzo Mpanza	12,338	29,728
Amalwande Investment	78,876	99,604

Compensation to members and other key management

(Refer to note 15)

33. Fruitless and wasteful expenditure

Opening balance	1,137,380	691,103
Add: Fruitless and wasteful expenditure – current year	444,741	446,277
	1,582,121	**1,137,380**

Current year

Costs related to travel not utilised due to unforeseen circumstances, penalties for late filing as well as debit orders for cell phone lines which were terminated by Nedlac but Vodacom and MTN still continued with debit orders.

Notes to the Audited Annual Financial Statements

Figures in Rand	2017	2016

34. Prior period errors

Description of prior period errors

Fruitless and wasteful expenditure

The fruitless and wastefull expenditure relates to debit orders charged by Vodacom and MTN for the contracts that were terminated during the 2014/15 financial year. The contracts were terminated however Vodacom and MTN continued to charge NEDLAC through debit orders untill 31 March 2017. A number of notifications were send to both Vodacom and MTN to terminate the debit orders, however NEDLAC was not succesful. The adjustment for the opening balance for the 2015/16 financial year amounted to R 8,820 and the adjustment to the additions for the 2015/16 financial year amounted to R 321,833.

35. Operating lease

Minimum lease payments due		
- within one year	146,090	146,090
- in second to fifth year inclusive	48,697	206,959
Present value of minimum lease payments	**194,787**	**353,049**
Non-current liabilities	146,090	206,959
Current liabilities	48,697	146,090
	194,787	**353,049**

The entity acquired photocopier machines by entering into a 36 month operating lease agreement with Konica Minolta South Africa (Pty) Ltd on 01 August 2015. The full contract value amounts to R 438 268,68. The operating lease expires on 31 July 2018.

National Economic
Development &
Labour Council

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