

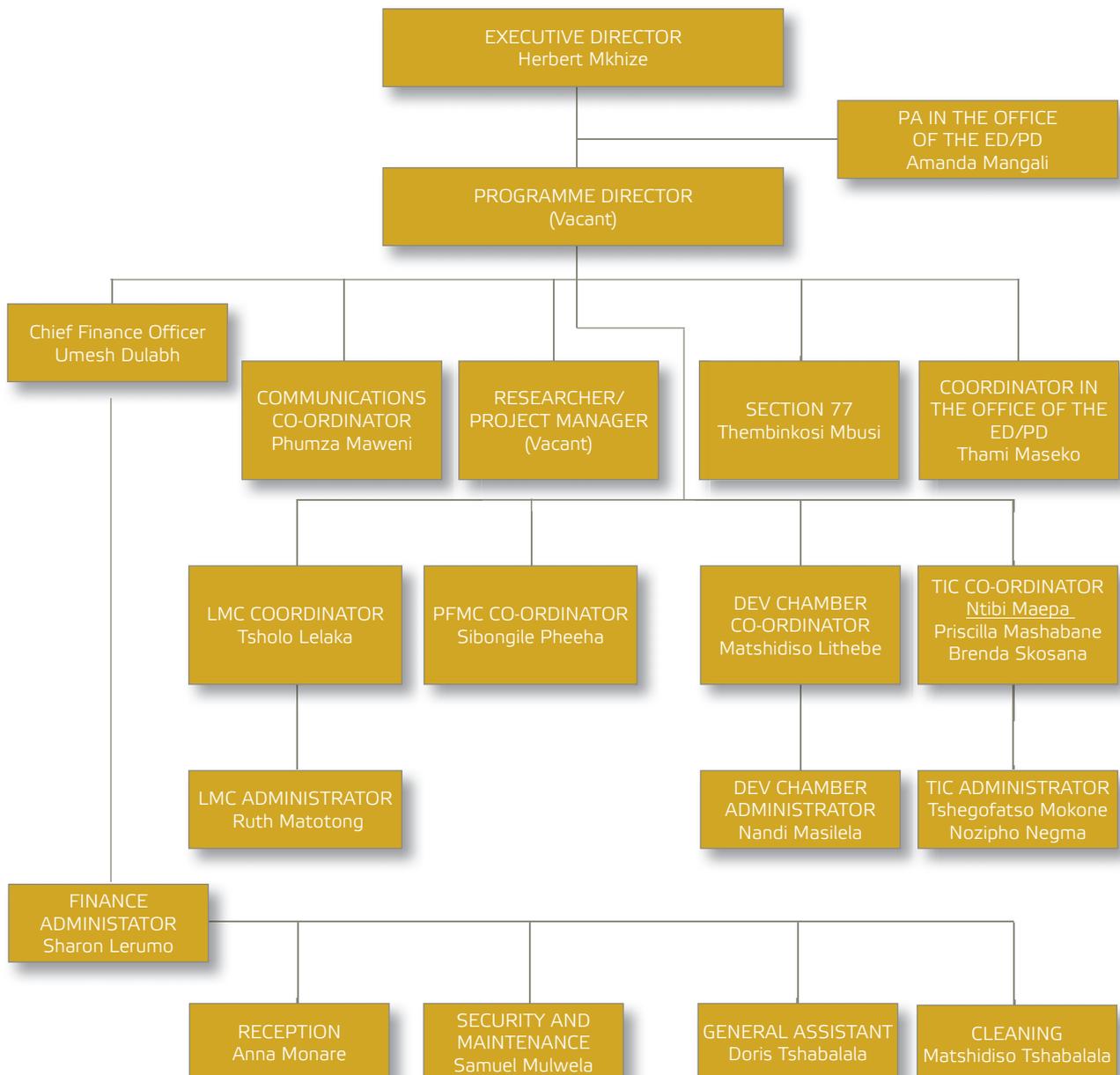
PART 3



INHERENT IN REAL SOCIAL DIALOGUE IS THAT IT TAKES
TIME FOR IT TO PRODUCE MEANINGFUL CONSENSUS THAT
ULTIMATELY LEADS TO REAL PARTNERSHIP.

Human Resource Management

Structure of the Secretariat





Employment Diversity

GROUPINGS	AFRICAN		ASIAN		COLOURED		DISABLED		WHITE		STAFF TOTAL
	M	F	M	F	M	F	M	F	M	F	
Executive Team	1										1
Executive Total											1
Management Team			1								1
Management Total	1		1								2
Staff	4	15									19
Nedlac Total	5	15	1								21
Nedlac % Rep.	24%	71%	5%								100%

Nedlac is an affirmative action employer and has a recruitment evaluation system that allocates points accordingly. Nedlac is currently fully compliant with the affirmative action guidelines.

GROUPINGS	AFRICAN		ASIAN		COLOURED		DISABLED		WHITE		STAFF TOTAL
	M	F	M	F	M	F	M	F	M	F	
Number of employees recruited in 2008/2009	1	2									3
Number of employees promoted in 2008/2009											
Number of employees' services terminated in 2008/2009		1									1

There are no foreign employees.

As Nedlac is a relatively small organisation, upward mobility is restricted within posts (except for annual increases determined by the average CPI). If posts become vacant however, employees have the opportunity to apply internally prior to the post being advertised externally.

Remuneration and Job Evaluation

PERSONNEL COSTS	AFRICAN		ASIAN		COLOURED		DISABLED		WHITE		STAFF TOTAL
	M	F	M	F	M	F	M	F	M	F	
1. 20 – 40 000											
2. 40 – 60 000	1	2									3
3. 60 – 80 000		1									1
4. 80 – 100 000	1	2									3
5. 100 – 120 000											
6. 120 – 140 000											
7. 140 – 160 000		2									2
8. 160 – 180 000											
9. 180 – 200 000		1									1
10. 200 – 220 000	1	3									4
11. 220 – 270 000	1	3									4
12. 300 – 400 000		1	1								2
13. 400 – 550 000											
14. 550 – 750 000	1										1
TOTAL	5	15	1								21



Injury, Illness And Death / Sick Leave / Ill Health

INCIDENT	NO. OF DAYS
The number and nature of incidents of injury, illness and death resulting from official duty or the work environment	0
The average number of days sick leave taken by employees	1.92
The total number of days sick leave taken by employees	40.5
The number of employees who took more than 15 continuous days sick leave	0
The number of employees discharged due to ill health	0

Disciplinary Steps

DISCIPLINARY STEPS	NO. OF STAFF
Disciplinary steps taken against employees for, inter alia, unauthorised, irregular and fruitless and wasteful expenditure	0

*M = Male; F = Female

PART 4



NEDLAC IS A HUB FOR SOCIAL DIALOGUE WHICH ALLOWS FOR THE EXPRESSION OF DIFFERENT NEEDS AND VIEWPOINTS BY THE SOCIAL PARTNERS WITH THE ULTIMATE GOAL OF REACHING CONSENSUS ABOUT SOCIAL AND ECONOMIC POLICIES.

- LES KETTLEDAS

Communications 2008/9

Terms of Reference

To provide support and strategic communication services to Nedlac, while raising awareness on the role of Nedlac in the transformation of South Africa's socio-economic landscape.

Programme Performance

Publications

During the period under review, we produced 1 000 copies of the *Protocol for Tabling and consideration of Issues at Nedlac* as well as 1000 copies of the Nedlac Bulletin.

2 000 copies of the Annual Report were printed and distributed to targeted institutions including public libraries and other statutory bodies.

There is an increasing demand of Nedlac publications by Government Departments, NGO's and by all four Constituencies who distribute them at their Conferences.

Website

The Nedlac website is used regularly by students and academics doing research on Nedlac – related issues. For the financial period April 2008 to March 2009, the website recorded a whopping 110 486 visits compared to 98 573 visits in the previous financial period, 11 913 hits higher from that of the previous financial year.

The areas that were most visited were inter alia, the Nedlac reports, The Annual Summit, Nedlac Agreements and the Nedlac Annual Report.

The website is being updated with a view to make it more user-friendly and most importantly to ensure that the information provided remains fresh and relevant. It is envisaged that the revamping of the site will be completed by the second quarter of 2009/10.

Public Information

There continues to be a high demand for Nedlac publications.

The secretariat continues to distribute the leaflet on "what is Nedlac" to visitors, both local and international.

We distributed the following publications in the period under review:

- Quarterly Bulletin
- Protocol for tabling issues at Nedlac
- Constitution
- A leaflet on what is Nedlac

Media Coverage

The secretariat tracks any mention of Nedlac's name in the media on a monthly basis. On the basis of this analysis, Nedlac's media coverage is exceptionally high. In the year under review, Nedlac was featured 1542 times in the print media. It should be noted that some of these articles mention Nedlac merely in the context of information that is available or people who are involved in Nedlac structures.

Issues which attracted significant amount of media coverage included:

- i. The Section 77 notices
- ii. The 2008 Annual Summit
- iii. The Nedlac Review
- iv. Briefings to Parliamentary Portfolio Committees on the work programme of Nedlac
- v. Decent Work Country Programme
- vi. World Aids Day
- vii. National Summit on the Electricity Crisis
- viii. Social Compact on the Electricity Crisis
- ix. National Stakeholder Advisory Council
- x. 2010 FIFA LOC Framework
- xi. Bills that were before Parliament
- xii. National Poverty Line Policy proposals
- xiii. WTO Doha Round
- xiv. Presidential Joint Working Group Sessions

Broadcast media coverage show notable signs of frequency and expansion. This has been evidenced by broadcast media coverage of the Nedlac Annual Summit, Social Partner engagements with the Minister of Finance and member of the Nedlac Executive Council Trevor Manuel as well as regular engagements with Parliament on the work programme of Nedlac.

PART 5



NEDLAC MUST BE AN ACTIVE DRIVER OF SOCIAL DIALOGUE,
NOT JUST ITS PASSIVE CUSTODIAN, ESPECIALLY AT A TIME
WHEN THERE IS SUCH GREAT EMPHASIS ON THE NEED FOR
BETTER COORDINATION.

- RAYMOND PARSONS

Challenges interventions and key priorities for the year ahead

Challenges

- Re-surfacing of adversarialism of the past. Social partners displaying rigidities in the engagements
- Tight timeframes to finalise issues with little or no flexibility from some government departments.
- Government sequencing of processes at times undermines the ethos of social dialogue.
- Inter-departmental Policy coordination poses a huge challenge for Nedlac processes. The departure from the tried and tested green paper, white paper and draft Bill sequencing creates blockages in the consultation processes.
- Functions Overlap; There are instances where policy functions resides in more than one Department.
- The propensity to side-step Nedlac on key matters.
- Absence of a formal protocol with Parliament on how to ensure compliance with the Nedlac Act by the departments.
- Mandates obtained too tight to allow space for flexibilities and tradeoffs even in areas where agreements in principle exist.
- Forum hopping: Social partners not using Nedlac as their first port of call on certain issues, but run back, often too late, when they hit a snag.
- Reluctance by some Government Departments to adhere to the agreed protocol for tabling and consideration of issues at Nedlac.
- Anchoring the work of the Executive Council on focus sessions which leads to difficulties in convening meetings if diaries of Ministers become difficult to accommodate dates of the executive council meetings.
- Long lead times to obtain mandates.
- Inability to adhere to agreed timeframes to revert on issues.
- Negative perception by both internal and external stakeholders.
- Limited internal and external capacity which leads to inefficiencies in some critical areas.
- Overstretched constituency representatives which lead to delays in completing certain tasks.
- Inconsistent representation in processes which result in delays in completing certain tasks.



Interventions

- Fast tracking the finalisation of the recommendations in the Nedlac Review Report.
- Enhancing greater agility in decision - making hence reducing the lead times on mandating processes.
- Securing a commitment at the highest levels in government to ensure adherence to the Protocol for tabling and consideration of issues in Nedlac.
- Ramp up technical and administrative capacity in the Secretariat.
- Building better relations with Parliament and its structures.
- Taking steps to ensure that the level of representation is senior enough to improve turn-around time on issues.
- Improve the public perception of the institution by demonstrating the value-add that is inherent in real social dialogue.
- Increase the level of hands-on-participation of senior leadership when processes get stuck and or in the event of deadlocks.

Key Priorities Going Forward

- Ensure that the Nedlac work programme continues to reflect and give greater attention to the country's key priorities.
- Keep the organisation focused on all the efforts to give effect to the statutory mandate and the agreed strategic objectives.
- Continue to look for opportunities to build partnership in action.
- Enhancing better policy coordination and greater synergy.
- Build better relations with other institutions of social dialogue, nationally and internationally.
- Complement the national efforts to address the key challenges facing the country.
- Continue to enhance broader participation of the society in shaping the form and shape of social and economic policies in South Africa.

PART 6



OUR COLLECTIVE RESPONSIBILITY IS TO WORK TOGETHER
TO MINIMISE THE IMPACT OF THE ECONOMIC CRISIS ON THE
MARGINALISED GROUPS.

- BHEKI NTSHALINTSHALI

Financial Statement

Throughout the Financial year ended 31 March 2009, Nedlac was bombarded by pertinent issues affecting the country. As a result thereof, new task teams were formed and conferences were held. This resulted in the need for social dialogue intervention.

On 04 December 2008 the President of the Republic of South Africa convened a special Presidential Economic Joint Working Group to discuss the challenges brought about by the International economic crisis.

Social partners comprising organised Labour, Business, Community and Government agreed that overcoming these challenges will require a collective response to the difficult economic conditions we face.

Nedlac, in partnership with the Presidency met and concluded a Framework for South Africa's Response to the International Economic Crisis setting out measures that must be taken to respond.

The Framework for South Africa's Response was then adopted at the Presidential Economic Joint Working Group meeting in February 2009.

The Framework identified six (6) key platforms on which to locate/craft South Africa's response to the crisis, viz;

- a) Investment in Public Infrastructure
- b) Macro Economic Policy Measures
- c) Industrial and Trade Policy measures
- d) Employment Measures
- e) Social Measures
- f) Global Coordination

Five Teams were set up to develop the action plans to give effect to the framework, viz;

- a) Leadership Team
- b) Finance and Investment Task Team
- c) Social Interventions Task Team
- d) Employment Task Team
- e) Distressed Sectors Task Team

It was decided that the four Task Teams, except the Leadership team, will be co-convened by Nedlac and the Presidency. The Leadership Team will be convened by Nedlac.

As a result, Nedlac had to deviate from its work programme as reflected in the Strategic Plan and Budget for the financial year ending 31 March 2009. The unplanned deviation resulted in Nedlac's budget for the year being fully utilized and exceeded resulting in Nedlac incurring a deficit. The major reasons for this were due to the energy crisis that engulfed the country, forty pieces of legislation that were under negotiation in the Trade and Industry Chamber as well as Nedlac hosting an International Labour Organisation (ILO) conference in Cape Town viz. the Decent Work Country Programme Conference.

The big ticket projects in question included, but not limited to, the following:

- a) 2 x WTO Consultative Conferences at Emperors Palace in Kempton Park
 - b) The ILO Decent Work Country Programme Conference in Cape Town
 - c) 2 x Trade and Industry Strategic session with Deputy Minister R. Davies at Emperors Palace in Kempton Park
 - d) The Electricity Summit at the Sandton Convention Centre
 - e) Dealing with Bills before Parliament
 - f) South Africa's response to the Global economic crisis
 - g) Ministerial Roundtable on Public Transport with Transport Minister Jeff Radebe
- As a result of the above, Nedlac has incurred a deficit of R2 863 029.



National Economic Development and Labour Council

Annual Financial Statements for the year ended 31 March 2009

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

Index

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The following supplementary information does not form part of the annual financial statements and is unaudited:

Detailed Statement of Financial Performance	145
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Report of the Independent Auditors

To the members of National Economic Development and Labour Council

We have audited the annual financial statements of National Economic Development and Labour Council, which comprise the report of the Executive Council, the statement of financial position as at 31 March 2009, the statement of financial performance, the statement of changes in net assets and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 132 to 144.

Council's Responsibility for the Financial Statements

The Executive Council is responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Recognised Accounting Practice and South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Public Finance Management Act, 1999, as amended. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing read with General Notice 645 and 646 of 2008, issued in the Government Gazette no.29919 of 25 May 2008. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the director, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the Council as of 31 March 2009, and of its financial performance and its cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, South African Statements of Generally Recognised Accounting Practice, and in the manner required by the Public Finance Management Act, Act 1 of 1999 as amended and the Public Audit Act 28 of 2004.

The transactions of the National Economic Development and Labour Council that had come to our attention during our audit were in all material respects in accordance with the mandatory function of National Economic Development and Labour Council, as determined by the law or otherwise.



Report of the Independent Auditors continued

Other reporting responsibilities

We have reviewed the performance information as indicated in the financial statements.

Council members' responsibility for performance information

The council members have additional responsibilities as required by section 55(2) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the entity.

Auditors' responsibility for performance information

We conducted our review in accordance with section 13 of the Public Audit Act, 2004 read with General Notice 645 and 646 of 2008, issued in the Government Gazette no. 29919 of 25 May 2008. In terms of the foregoing our examination included performing procedures to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures.

Our procedures included:

- Obtaining an understanding of the internal controls relating to performance information.
- Documenting system descriptions for the systems relevant to reporting on performance information.
- The system descriptions were verified by means of walk through tests.
- Determining the stage of performance reporting by evaluating whether the objectives were specific, measurable and time bound and whether the objectives were consistently recorded in the strategic plan, budget, quarterly reports and annual report.
- Comparing reported achievement of performance against objectives to the information sources and conducting limited substantive procedures on the information.

We believe the evidence we have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Audit findings

The results of the audit tests were satisfactory except for the following audit finding:

There were deviations of the objectives from the strategic plan to that of what was recorded in the quarterly reports and the annual report. The deviation of the performance objectives as stated in the strategic plan from that of the quarterly report and the annual report are disclosed in note 6 of the Report of the Executive Council.

Supplementary Information

We draw your attention to the fact that the supplementary information set out on page 145 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

Gobodo Incorporated

Per: Denas Hansjee
Johannesburg
21 August 2009

Report of the Executive Council

The Executive Council presents their report for the year ended 31 March 2009. This report forms part of the audited financial statements.

1. Incorporation

Nedlac, a statutory body, is South Africa's primary institution for Social Dialogue. Nedlac was launched on 18 February 1995 to bring together government, business, labour and community interests, to, through negotiations, reach consensus on all labour legislation, and all significant changes to social and economic policy.

The Nedlac Act was passed in 1994 with unanimous support from all political parties.

Nedlac is listed as national public entity under Schedule 3A of Public Finance Management Act (Act No. 1 of 1999), (PFMA) as amended.

The Executive Council acts as the accounting authority in terms of the PFMA.

2. Statement of Responsibility

The Executive Council is responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The external auditors are responsible for independently auditing and reporting on the fair presentation of financial statements in conformity with International Auditing Standards. The financial statements have been prepared in accordance with Statements of Generally Recognised Accounting Practice and Generally Accepted Accounting Practice (GAAP).

The Executive Council is also responsible for the Council's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the Executive Council to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the Executive Council has every reason to believe that the Council has adequate resources in place to continue in operation for the foreseeable future.

Organizational Structure

The Council is composed of:

An Executive Council, which is the governing body of the Council;

Four chambers, namely:

- (a) the Public Finance and, Monetary Policy Chamber;
- (b) the Trade and Industry Chamber;
- (c) the Labour Market Chamber;
- (d) the Development Chamber;

A Management Committee and

A Secretariat.



Report of the Executive Council

3. Council Principal Activities

The Council shall:

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; consider all significant changes to social and economic policy before it is implemented or introduced in Parliament; encourage and promote the formulation of coordinated policy on social and economic matters.

4. Operating Results

During the period under review, the Council had a deficit of R2,859,279 (2008: R1,260,762).

5. Review of Financial Position

During the period under review the Council purchased assets at a cost of R1 185 100 (2008: R242,868). The capital and reserves/net assets of the council at yearend amounted to R3 981 391 (2008: R6,844,419).

6. Performance Information

The following performance information is included in the Annual Report but was not part of the Strategic Plan: Energy Bill

Xenophobic attacks

Global Economic Crisis

In terms of the Nedlac Act No. 35 of 1994, the objects, powers and functions of the Council are as follows:

- i. The Council shall continually survey and analyse social and economic affairs;
- ii. The Council shall keep abreast of international developments in social and economic policy
- iii. The Council may make such investigations as it may consider necessary

The reasons for Nedlac to engage on these issues were in part as a result of the unpredictability of economic developments, not only in South Africa, but internationally.

7. Fruitless and Wasteful Expenditure

No material fruitless and wasteful expenditure were incurred during the period under review.

8. Auditors

Gobodo Incorporated will continue in office for the next financial period.

9. Events subsequent to Statement of Financial Position Date

The members of Council are not aware of any matters or circumstances arising since the end of the financial year, not otherwise dealt with in Annual Financial Statements, which significantly affect the financial position of the Council or the results of its operations.

The annual financial statements set out on pages 132 to 144, which have been prepared on the going concern basis, were approved by the board on 21 August 2009 and were signed on its behalf by:

Herbert Mkhize
Johannesburg

Statement of Financial Position

	Note(s)	2009 R	2008 R
Assets			
Non Current Assets			
Property, plant and equipment	2	3,394,164	2,568,981
Current Assets			
Trade and other receivables	3	429,097	690,623
Cash and cash equivalents	4	1,239,305	4,197,518
		1,668,402	4,888,141
Total Assets		5,062,566	7,457,122
Equity and Liabilities			
Capital and reserves/Net Assets			
Constituency Capacity funds	5	458,605	801,196
Accumulated funds		3,526,536	6,043,223
		3,985,141	6,844,419
Liabilities			
Current Liabilities			
Trade and other payables	6	876,573	466,493
Provisions	7	200,852	146,210
		1,077,425	612,703
Total Equity and Liabilities		5,062,566	7,457,122



Statement of Financial Performance

	Note(s)	2009 R	2008 R
Grants Received	8	13,959,000	13,348,000
Other income		458,358	408,000
Operating expenses		(17,403,118)	(15,289,247)
Operating deficit	9	(2,985,760)	(1,533,247)
Investment revenue	10	126,481	272,485
(Deficit) surplus for the year		(2,859,279)	(1,260,762)
Funds transferred from (to)		(342,592)	(685,574)
Community constituency fund		475	5,519
Labour constituency fund		(423,603)	(539,699)
Business constituency fund		80,536	(151,394)
Net surplus (deficit) for the year		(3,201,871)	(1,946,336)

Statement of Changes in Net Assets

	Accumulated funds R
Balance at 01 April 2007	6,618,410
Changes in equity	
Surplus for the year	(1,260,762)
Movement of constituency funds	685,574
Total changes	(575,187)
Balance at 01 April 2008	6,043,223
Changes in equity	
Deficit for the year	(2,859,279)
Movement of constituency funds	342,592
Total changes	(2,516,687)
Balance at 31 March 2009	3,526,536



Cash Flow Statement

	Note(s)	2009 R	2008 R
Cash flows from operating activities			
Cash used in operations	14	(1,899,594)	(1,161,773)
Interest income		126,481	272,485
Net cash from operating activities		(1,773,113)	(889,288)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(1,185,100)	(242,868)
Total cash movement for the year		(2,958,213)	(1,132,156)
Cash at the beginning of the year		4,197,518	5,329,674
Total cash at end of the year	4	1,239,305	4,197,518

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice and South African Statements of Generally Accepted Accounting Practice (GAAP) including any interpretations of such Statements issued by the Accounting Practice Board, with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP statements as follows:

Standard of GRAP Replaced Statement of GAAP

GRAP 1: Presentation of financial statement AC101: Presentation of financial statement

GRAP 2: Cash flow statements AC118: Cash flow statement

GRAP 3: Accounting policies, changes in accounting estimates and errors AC103: Accounting policies, changes in accounting estimates and errors.

The recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements.

Paragraph 11 to 15 of GRAP 1 has not been implemented as the budget reporting standard is in the process of being developed by the international and local standard setters. Although the inclusion of budget information would enhance the usefulness of the financial statements, non disclosure will not affect fair presentation.

1.1 Property, plant and equipment

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Item Average useful life

Buildings	5%
Furniture and fixtures	8.33%
Motor vehicles	5%
Office equipment	33.33%
IT equipment	33.33%

The residual value and the useful life of each asset are reviewed at end of each financial period.

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

Land is not depreciated as it has an indefinite useful life.

1.2 Financial instruments

Initial recognition

The Council classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial assets and financial liabilities are recognised on the Council's Statements of Financial Performance when the Council becomes party to the contractual provisions of the instrument.



Accounting Policies

1.2 Financial instruments (continued)

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Trade and other receivables are carried at amortised cost less accumulated impairment.

Trade and other payables

Trade and other payables are carried at amortised cost.

Cash and cash equivalents

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

1.3 Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the leases.

1.4 Provisions and contingencies

Provisions are recognised when:

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

Contingent assets and contingent liabilities are not recognised.

1.5 Government grants

Government grants are recognised when there is reasonable assurance that:

- the Council will comply with the conditions attaching to them; and
- the grants will be received.

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

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Notes to the Annual Financial Statements

	2009		2008			
	Cost /	Accumulated	Carrying	Cost /	Accumulated	Carrying
	Valuation	depreciation	value	Valuation	depreciation	value
Land and buildings	1,817,076	(240,639)	1,576,437	1,570,961	(503,945)	1,067,016
Furniture and fixtures	1,517,691	(427,833)	1,089,858	1,508,676	(368,461)	1,140,215
Motor vehicles	169,688	(7,145)	162,543	-	-	-
Office equipment	621,337	(157,946)	463,391	256,842	(41,166)	215,676
IT equipment	443,180	(359,716)	83,464	397,953	(262,982)	134,971
Computer software	59,147	(40,676)	18,471	40,835	(29,732)	11,103
Total	4,628,119	(1,233,955)	3,394,164	3,775,267	(1,206,286)	2,568,981

Reconciliation of property, plant and equipment 2009

	Opening Balance	Additions	Depreciation	Total
Land and buildings	1,067,016	581,570	(72,149)	1,576,437
Furniture and fixtures	1,140,215	9,015	(59,372)	1,089,858
Motor vehicles	-	169,688	(7,145)	162,543
Office equipment	215,676	364,494	(116,779)	463,391
IT equipment	134,971	42,026	(93,533)	83,464
Computer software	11,103	18,307	(10,939)	18,471
	2,568,981	1,185,100	(359,917)	3,394,164

Reconciliation of property, plant and equipment 2008

	Opening Balance	Additions	Depreciation	Total
Land and buildings	1,129,983	-	(62,967)	1,067,016
Furniture and fixtures	848,769	2,960	288,486	1,140,215
Office equipment	58,314	191,252	(33,890)	215,676
IT equipment	223,471	40,875	(129,375)	134,971
Computer software	16,056	7,781	(12,734)	11,103
	2,276,593	242,868	49,520	2,568,981

Notes to the Annual Financial Statements continued

	2009 R	2008 R
Total cost of Land and Buildings	11,399,270	11,399,270
Less: Grant Received	(10,000,000)	(10,000,000)
Net cost of Land and Buildings	1,399,270	1,399,270
3. Trade and other receivables		
Prepayments	347,147	690,623
Rent receivable from Proudly South African	918,061	836,111
Provision for bad debt	(836,111)	(836,111)
	429,097	690,623
4. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	1,239,305	4,197,518
5. Constituency Capacity Funds		
5.1. Community Constituency		
Balance at the beginning of the year	(98,248)	(103,767)
Movement during the year:	-	-
Grant received	630,000	573,000
Utilised	(629,525)	(567,482)
Balance at end of year	(97,773)	(98,248)
5.2. Labour Constituency		
Balance at the beginning of the year	694,895	1,234,594
Movement during the year:	-	-
Grant received	630,000	573,000
Utilised	(1,053,603)	(1,112,699)
Balance at the end of year	271,292	694,895
5.3. Business Constituency		
Balance at the beginning of the year	204,550	355,944
Movement during the year:	-	-
Grant received	315,000	300,000
Utilised	(234,464)	(451,394)
Balance at end of year	285,086	204,550
Total Constituency Capacity funds	458,605	801,196

Notes to the Annual Financial Statements continued

	2009 R	2008 R
6.Trade and other payables		
Trade payables	726,573	336,493
Accrued expense	150,000	130,000
	876,573	466,493

7.Provisions

Reconciliation of provisions 2009

	Opening Balance	Additions	Total
Provision for leave pay	146,210	54,642	200,852

Reconciliation of provisions 2008

	Opening Balance	Additions during the year	Utilised	Total
Provisions for leave pay	107,496	76,407	(37,693)	146,210

	2009 R	2008 R
8.Grants Received		
Community Constituency	630,000	573,000
Labour Constituency	630,000	573,000
Business Constituency	315,000	300,000
Operating Expenses	12,384,000	11,902,000
	13,959,000	13,348,000



Notes to the Annual Financial Statements continued

	2009 R	2008 R
9. Operating deficit		
Operating deficit for the year is stated after accounting for the following:		
Operating lease charges		
Equipment		
• Contractual amounts	236,444	420,239
Depreciation on property, plant and equipment	359,918	(49,518)
Employee costs	4,832,913	4,318,421
Research and development	717,227	292,406
10. Investment revenue		
Interest revenue		
Interest income	126,481	272,485
11. Directors emoluments		
Herbert Mkhize (Executive director)	703,740	650,690
12. Taxation		
No provision is made for taxation as the council is exempt from taxation.		
13. Auditors' remuneration		
Audit Fees External	150,000	130,000
Audit Fees Internal	33,630	31,350
Audit fee prior year under provision	12,500	30,587
	196,130	191,937
14. Cash used in operations		
(Deficit) surplus before taxation	(2,859,279)	(1,260,762)
Adjustments for:		
Depreciation and amortisation	359,918	(49,518)
Interest received	(126,481)	(272,485)
Movements in provisions	54,642	38,714
Changes in working capital:		
Trade and other receivables	261,526	854,468
Trade and other payables	410,080	(472,190)
	(1,899,594)	(1,161,773)

Notes to the Annual Financial Statements continued

	2009 R	2008 R
15. Commitments		
Operating leases – as lessee (expense)		
<i>Minimum lease payments due within one year</i>	-	196,700

Operating lease payments represent rentals payable by the Council for certain of its office equipment. Leases are negotiated for an average term of five years.

16. Related parties

Tenant	Proudly South African
Founder of NEDLAC	Department of Labour
Director on Proudly South African's board and key management at NEDLAC	Herbert Mkhize
Related party transactions	

	2009 R	2008 R
<i>Rent paid to (received from) related parties</i>		
Proudly South African	(448,000)	(408,000)
<i>Grant paid to (received from) related parties</i>		
Department of Labour	(13,959,000)	(13,348,000)
<i>Compensation to director and other key management</i>		
Short term employee benefits	703,740	650,690

17. Risk management

Interest rate risk

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

Credit risk

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



Detailed Statement of Financial Performance

	2009 R	2008 R
<i>Revenue</i>		
Grant Received	13,959,000	13,348,000
<i>Other income</i>		
Rental income	448,800	408,000
Profit on disposal of asset	9,558	-
Interest received	126,481	272,485
	584,839	680,485
<i>Operating expenses</i>		
Advertising	(152,610)	(120,051)
Auditors remuneration	(196,130)	(191,937)
Bank charges	(29,255)	(20,757)
Constituency expenses	(1,917,592)	(2,131,575)
Depreciation, amortisation and impairments	(359,918)	49,518
Electricity and Water	(241,762)	(265,146)
Employee costs	(4,832,913)	(4,318,421)
Special Projects	(956,766)	(649,168)
Insurance	(114,776)	(76,695)
Lease rentals on operating lease	(236,444)	(420,239)
Meetings and Events	(1,884,989)	(1,374,259)
Other expenses	(5,653)	(19,479)
Postage	(34,848)	(38,493)
Printing and stationery	(443,091)	(727,110)
Professional fees	(852,038)	(226,289)
Provision for bad debts	-	(836,111)
Repairs and maintenance	(135,663)	(127,121)
Research and development costs	(717,227)	(292,406)
Security	(40,007)	(8,119)
Staff welfare	(26,142)	(40,271)
Subscriptions	(81,561)	(60,949)
Telephone and fax	(248,665)	(321,646)
Training	(1,200)	(62,358)
Travel local	(3,893,868)	(3,010,165)
	(17,403,118)	(15,289,247)
(Deficit) surplus for the year	(2,859,279)	(1,260,762)

Nedlac Audit Committee Report

FOR THE YEAR ENDED 31 MARCH 2008

A. Audit Committee Composition and Functions

At 31 March 2009 the Nedlac Audit Committee comprised of the following members:

N. Vermeulen (Business)
L Nare (Community)
F Peterson (Government)
M. Burger (Labour)

The Audit Committee performs its function in line with its approved Charter. The Audit Committee functions as a subcommittee of and is responsible to the Management Committee and has an oversight function which includes:

- Financial management and other reporting practices;
- Internal controls and the management of risks;
- Compliance with laws, regulations and good ethical practices and
- The internal audit function.

B. Audit Committee Report On Internal Control And Financial Reporting

This report has been prepared in terms of the Treasury Regulations 3.1.13(a) and (c) of the Public Finance and Management Act, 1 of 1999.

The Audit Committee wishes to report that:

- a Nedlac Internal Audit unit has been appointed. The responsibilities, amongst other things, is to identify internal control weaknesses and to recommend effective control remedies.
- Periodic assurances had been obtained from management that major risks are being properly managed;
- The Audit Committee has reviewed the annual financial statements and is satisfied that these statements fairly reflect in all material respects, the financial position of the National Economic Development and Labour Council (Nedlac) as at 31 March 2009, in accordance with the South African Statement of Generally Accepted Accounting Practice and in a manner required by the Public Finance Management Act, 1 of 1999.
- The Audit Committee note that the Nedlac internal audit function has been outsourced and an internal audit has been conducted and has identified and recommended effective control remedies. Nedlac Management in turn responded to reported weaknesses and implemented the recommendations made to ensure more effective and efficient internal controls.

Based on the foregoing report, the audit committee is satisfied that the overall internal control system is adequate.



Nedlac's engine room

Development Chamber

Business Convenor
Anna Maistry



011 575 6600
annama@jv.adcorp.co.za

Community Convenor
Lulama Nare



011 339 3621
lnare@sadtu.org.za

Government Convenor
Deven Pillay



012 337 2351
devan.pillay@dpw.gov.za
(Director of Nedlac
and Stakeholders)

Labour Convenor
Sibusiso Gumede



011 833 2902
sibusiso@cosatu.org.za

Labour Market Chamber

Business Convenor
Kaizer Moyane



011 498 7409

Government Convenor
Thembinkosi Mkalipi



012 309 4123
thembinkosi.mkalipi@labour.gov.za

Labour Convenor
Mduduzi Mbongwe



011 403 8333
noel@saccawu.org.za

Public Finance and Monetary Policy Chamber

Business Convenor
Elias Masilela



011 295 6435
Elias.Masilela@sanlam.co.za

Government Convenor
Raymond Masoga



012 315 5825
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Labour Convenor
Jan Mahlangu



011 339 4911
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Trade and Industry Chamber

Business Convenor
Dr Laurraine Lotter



011 301 4648
caia@iafrica.com

Government Convenor
David Jarvis



012 310 1239
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Labour Convenor
Tony Ehrenreich



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