



NBCRFLI

National Bargaining Council for the Road Freight and Logistics Industry

Your Road Freight Partner.



20 ANNUAL 18 REPORT

Your Road Freight Partner.



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A handwritten signature in dark ink, appearing to read 'Ramakgolo'.

Mr Tabudi A Ramakgolo
Chairman of the NBCRFLI

Chairman's Report

The past year was, for South Africa, one marked by considerable political uncertainty and weakening economic conditions. There is also an acknowledgement that the National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI), experienced a 2017/18 financial year marked by challenges.

In the face of these challenges, we are proud to reflect on the remarkable results and achievements of the NBCRFLI. The year under review has been proclaimed as a successful one, and our gratitude is extended to the expertise of management and the sound leadership of the board.

I am therefore pleased to report that the NBCRFLI has delivered positive financial results which echo one of our mottos: 'to maintain financial stability'. This positive performance is a result of the NBCRFLI's unrelenting focus on tighter financial controls and cost saving initiatives. Another contributing factor to this successful performance was the improvement of levy collection, which resulted in better investments.

During the year under review, we took a strategic decision to focus our energy on NBCRFLI's sustainability beyond February 2019, when the current Main Collective Agreement is expected to come to an end.

There is serious concern about the level of representivity, which may negatively affect the existence of the NBCRFLI beyond February 2019. To take the edge off this challenge, we have implemented measures, crafted programmes and adopted a flexible approach to improve the representivity and sustainability of the NBCRFLI. Through this significant approach, we are confident that we will continue to offer valuable collective bargaining for the sustainability and progress of the industry.

One of the measures we took towards addressing the representivity challenge was to amend certain clauses in the Constitution relating to issues around threshold. We further amended clauses relating to functioning of sectoral chambers to ensure that they become relevant and effective for the advancement of the industry.

The NBCRFLI, as one of its programmes to deal with the challenge to its future existence, embarked on roadshows in recognised and key truck stops, including wellness centres. These roadshows enabled us to create awareness around current services of the NBCRFLI. I am happy to report that the roadshows were well received and will remain a crucial part of an ongoing attempt to promote the NBCRFLI to members and make certain that they have ease of access.

Our approach to sustainability is also focused on managing and mitigating risks the NBCRFLI faces while ensuring that we capitalise on new opportunities. Central to all this is making sure that all NBCRFLI's operations are improved to achieve the desired results of sustainability beyond 2019. This strategic approach inevitably increases our ability to adapt and respond to an ever-changing industry.

One of the highlights of the year under review was the establishment of a Risk Management Committee. The primary focus of the committee is to drive strategic imperatives to identify, manage and mitigate risks. To further give impetus, the Council reviewed and implemented a new risk management governance framework.

By and large, we will continuously engage in processes whereby risks to the sustainability of the NBCRFLI are identified and managed effectively within approved frameworks.

Council fully comprehends that good corporate governance practices are indispensable in preserving higher standards of

integrity, professionalism and ethical behaviour. Informed by this, we remain fully committed to entrenching the principles of transparency and accountability in carrying out our mandate and creating value for the industry.

In order to improve and strengthen corporate governance, NBCRFLI appointed Grant Thornton as an Internal Audit co-source partner. Grant Thornton brings with it great wealth of experience and insight that will enhance the NBCRFLI's corporate governance and risk management. The firm will provide sound, independent and objective judgement in decision-making that is in the best interest of the NBCRFLI.

As part of our continued commitment to enhance the NBCRFLI's business sustainability, we have finalised an organisational Business Impact Analysis (BIA). This assessment, which covers the entirety of the NBCRFLI, increases our resilience by lessening the gravity of the risks through focusing mainly on potential operational and financial threats. The BIA ensures that reliable processes and recovery procedures are in place if any disruptions were to occur.

The establishment of sub-committees, as guided by recommendations of the King Reports is vital to the NBCRFLI's governance framework. These sub-committees assist in the execution of their assigned responsibilities as per their respective objectives: this in order to entrench good corporate governance throughout the NBCRFLI. Currently there are nine sub-committees that are very important in providing ethical oversight; strengthening accountability and commitment to meet the NBCRFLI's objectives through its systems, processes and practices.

The NBCRFLI is heavily dependent on information technology (IT) systems in key areas of its operations. To ensure that all risks are significantly minimised within, the IT Steering Committee continued to safeguard the implementation of the IT governance framework. The Committee concentrated on developing technology solutions for the optimum performance of NBCRFLI operations as well as the enhancement of platforms to improve members' service experience.

Our Dispute Resolution Department unreservedly continues to play a vital role in settling disputes between industry members. This function is accredited by the Commission for Conciliation, Mediation and Arbitration (CCMA) and is essential in promoting fair labour relations and preserving harmony within the industry.

We remain committed to making sure that members of the Road Freight and Logistics Industry have access to world class health and wellness programmes. With the positioning of the NBCRFLI's Trucking Wellness Project (NPC) as a non-profit company, stronger governance structures have been developed and in addition, stronger financial controls and reserves have been built. With these solid structures in place, the committee, donors and stakeholders have become more diverse thus gaining access to more external resources. Through these collaborations, there is now a greater level of engagement and insight among all involved, allowing for the continuous implementation of advanced health and wellness programmes for members of the industry. We will continue exploring and developing new partnerships with the NPC in all its endeavours; and to support their vision, mission and objectives.

To strengthen and further improve the services offered by the NPC we urge all stakeholders to make donations. The smallest donation can have the biggest impact.

The current wage agreement is nearing an end and Parties to Council will be embarking on wage negotiations. We look forward to reaching another long-term agreement, which will bring further stability to the industry and the economy at large.

Looking ahead to 2019, the South African economic outlook is bleak, with limited improvement. Navigating through these complex and challenging times will require dedication, strong-willed commitment and well-defined strategic objectives to boost the NBCRFLI's resilience and future growth. I am confident that with our capable executive management team, financial stability and robust governance framework, we can surpass all expectations and push on with delivering on the NBCRFLI's mandate.

Moving forward, we will implement clear strategic initiatives that will drive the success of the NBCRFLI and ensure that we carry on setting the benchmark within the bargaining council fraternity. We have set our sights on promoting fair labour practices and stabilising the industry's labour relations.

As always, our industry partners have played an important role in assisting us to serve the sector efficiently. I offer a sincere thanks to all of you for your valuable contributions during another challenging yet successful year.





A handwritten signature in white ink, appearing to read 'Musawenkosi Ndlovu', set against a dark grey background.

Mr Musawenkosi Ndlovu
National Secretary of the NBCRFLI

National Secretary's Report

It is with great pride that I write this report. It is pride borne out of the strides that the National Bargaining Council for Road Freight and Logistics Industry (NBCRFLI) has made during the year under review.

The NBCRFLI has once again made excellent progress, and I am confident that, given the overall success achieved, we will continue to exceed expectations.

The 2017/18 financial year can, within reason, be considered a challenging year as a result of worryingly low economic growth and the uncertain political climate that played out in South Africa.

It is worth emphasizing that the Road Freight and Logistics Industry makes significant contributions to South Africa's economic growth. In spite of the economic and political challenges that gripped our country, we remain optimistic that growth opportunities still exist within this industry.

Our optimism is buoyed by the fact that the Council produced satisfactory results for the year under review against a backdrop of political and economic uncertainty and difficult trading circumstances. The income generated for the year under review was R 507 972 618 (2017: R 463 685 249) overall and R 288 526 370 (2017: R 264 493 118) for the Council, which is 9.55% and 9.09% respectively.

Our return on investment (interest earned) was R 197 066 567 (2017: R 181 256 551) with the effective rate of return being 8.02% for the current year. Levies for the year in review were R 87 922 110 (2017: R 78 973 216), which is an increase of 11.33%.

The growth in revenue is mainly attributed to the improvement in industry wages, resulting in increased levy income and contributions received from employers and employees... which resulted in increased surplus funds available for future investments.

For the year under review, we strengthened the implementation of cost-saving methods that have served the NBCRFLI well over the years. These cost-reduction exercises, along with the support of NBCRFLI employees, departments and sections, have enabled the positive growth. As a result of these cost reduction exercises, the operational expenditure was 10.59% below the budget. This disciplined approach has ensured the NBCRFLI's financial health remains strong and that our service offerings remain efficient and effective.

The Disputes Resolution Department continued to play a pivotal role in resolving disputes between industry members. This function, which is accredited by the CCMA, is essential in safeguarding fair labour relations practices and preserving harmony within the industry. Our 18 offices across the country continued to provide an effective and progressive dispute resolution service to our members.

Over the past year, we continued to inculcate a culture of good values and progressive policies that enabled a better and productive engagement with our stakeholders. Our ability to communicate, be inclusive, principled and accessible, has allowed us to not only be true to our mantra of "Your Road Freight Partner", but also helped us to continue transforming the Road Freight and Logistics Industry.

Our commitment to strengthening relationships with our stakeholders remains one of our key objectives. During the year under review, the NBCRFLI and Parties to Council embarked on roadshows across South Africa. The roadshows were held towards the end of 2017 in Musina, Komatipoort, Harismith and Colesburg. The theme for the roadshows was 'To bring NBCRFLI closer to its members'. The roadshows played a critical role in engaging and educating industry members on the services of the Council... and more importantly, getting feedback.

Key messages through the engagement of these roadshows were based on the benefits offered by Council and how the Council brings stability and harmony to the Road Freight and Logistics Industry. The roadshows were essential in allowing the Council to have a platform for ongoing engagement with NBCRFLI members and non-members.

It is the Council's commitment to keep our members informed about important developments within the Road Freight and Logistics Industry. For the year under review, the Council continued with its advertising campaign on services available for our members.

The NBCRFLI used the roadshows, outdoor advertising, newspaper and radio to enhance communication with stakeholders. We fully comprehend that advertising is essential in ensuring that the NBCRFLI's operations and services are effectively communicated to industry employees. A sizeable portion of our advertising went to the Daily Sun, which plays an important role in the Council's engagement with its stakeholders. We have established that a majority of industry employees use the Daily Sun as a source of information.

We also recognised the important role that our Call Centre plays in ensuring that the Council is always accessible to its members hence the approval of the implementation of a fully-fledged National Call Centre. We are confident that this initiative will not only assist in resolving members' queries quickly, but will also help the Council to engage with them more effectively.

We remain resolute in our commitment to provide innovative solutions and services to our employee members. One of these innovations is the Paycard Solution, which was introduced in 2016. The Paycard Solution makes it possible for members to receive their benefits into an employee's NBCRFLI account, which is then accessed via the Paycard. For the year under review, there has been a noticeable voluntary uptake in the usage of the Paycards by South African nationals. Council will not tire in its efforts to introduce new services and solutions for the benefit of our members and the industry at large.

Another highlight was the success of the year-end pay-outs which yielded better results compared to the previous years. The fully automated system continues to assist in the pay-outs process. The system has been of significant help to employers and employees in that employers are now able to submit paperwork in an efficient manner, while employees are paid on time, every time.

In our commitment to staying relevant as an organisation and keeping abreast of technological advancements, we implemented the Automated Enforcement System. The system fully automates the levy and invoice compliance process from, raising the compliance order up to the point where Section 143 is returned from the CCMA. The system has transformed the way business used to operate, by removing a large portion of the manual processing - leading to a meaningful improvement in business efficiencies and effectiveness.

Technology plays an important role in customer experience and engagement, and accordingly, Council continues to use the mobi app targeted at industry employees and the website which caters for employers and employees. The Council continuously monitors the interaction of users and tracks the performance of our communication platforms.

The health and well-being of our industry members continues to be of importance to us. It is on the strength of this importance that we keep on making significant contributions, through various programmes, to the health and wellness of industry members.

The Trucking Wellness Programme initiative provides primary healthcare, HIV/AIDS management services, education and training to the Road Freight and Logistic Industry members and a host of communities. The Council is proud of the on-going contribution that the Trucking Wellness Programme has made to the fight against HIV/AIDS in South Africa.

The 21 Roadside Wellness Clinics situated across major routes within South Africa and the seven fleet of Mobile Wellness Clinics provide a world-class holistic medical solution to the industry. It is incumbent upon us to acknowledge the dedicated nurses and coordinators who provide primary health care of the highest standards to those working within the industry.

During the year under review, we extended the Health Insurance Plan with the existing service provider for a further two years. The extension has allowed us to provide quality services to our members. These services are measured, monitored, reported and reviewed for continuous improvement.

With the promulgation of the demarcation regulations and the release of the exemption framework by the Council for Medical Schemes (CMS), the NBCRFLI together with its service providers and National Risk Managers ensured that the exemption application for the health insurance plan product offering was submitted timeously. The CMS approved the exemption application submitted for the benefits provided for in the health plan for a period of two years. The NBCRFLI will continue to operate the Wellness Fund in accordance with the exemption provided by the CMS until such time as the CMS establishes the appropriate Low Cost Benefit Option structure.

Another important initiative undertaken by the Council is the introduction of the Agent Learnership Programme. The purpose of this Learnership Programme is to assist the Council's agents by equipping them with the requisite skills and expertise which are critical in the enforcement of Council's Collective Agreements. The rollout of the programme commenced with the compliance officer qualification for Council Senior Agents. Learners who obtain this qualification are eligible to become registered Compliance Practitioners. The compliance officer qualification is accredited by SAQA and is rated at NQF Level 6. For the coming financial year, the Learnership Programme will be extended to the industry to include labour unions' shop stewards as well as companies' payroll and human resource personnel.

The success of the Council can also be attributed to the staff in our employ, hence our employees are an important asset. We will continue to invest in our staff through training and development, and creating an environment that is stimulating and empowering. We provide opportunities for employees to empower and enhance their careers via bursaries and training interventions. During the 2017/18 financial year, the Council awarded a total of 20 bursaries.

NBCRFLI has also undertaken a well-coordinated facilitation of selected initiatives with focus on supporting the Council and its staff going forward. Some of these initiatives include a successful migration of the Council's payroll and Human Capital Management (HCM) system, as well as the formalising of the Talent Management and Succession Framework.

The Talent Management and Succession Framework incorporates succession planning processes that will enable the Council to adopt a clear and transparent approach to retaining, recruiting and developing talent within the NBCRFLI.

For the year in review, Council commenced with the migration of the payroll and HCM system which will be completed in the next financial year. The implementation of the migration will give employees access to their information at any time, in that way creating transparency. The payroll also meets the requirements of the Council's governance framework.

Investing in the health of the NBCRFLI employees is of utmost importance to the Council. Over the years, we have developed health and wellness programmes which serve the needs of the Council's employees. Health and wellness days were held throughout the year for all our employees.

We are acutely aware that fraud and unethical behaviour can have an adverse effect on the NBCRFLI. During the financial year under review, we conducted fraud awareness workshops where all employees were trained on fraud prevention and awareness. It is imperative for the Council to create a culture where fraud or unethical behaviour is deemed unacceptable and reported immediately. The workshops assisted employees to recognise the negative impact of fraud and unethical behaviour on the NBCRFLI. There was major emphasis on understanding the importance of ethical behaviour at all times and how to report unethical behaviour to our anonymous tip-off line, "BE HEARD".

"BE HEARD" is an anonymous disclosure service where industry members can report any form of non-compliance and/or fraudulent activities. We are always encouraging and urging all our members to join in the fight against fraud and corruption in our industry. To further give impetus to our anti-fraud and anti-corruption campaign, the Council provided Fraud Awareness and Prevention Training to all its employees.

I would like to conclude by expressing my heartfelt gratitude to all Office Bearers, members of the executive committee, members of the Council, members of the Council's sub-committees, senior management team, and staff members for their dedication, hard work and guidance in providing an extraordinary service to our stakeholders. It is through your sterling work that the NBCRFLI is such a dynamic organisation. As we march forth to the new financial year, let us continue to provide a service that exceeds the expectations of our stakeholders.



ORGANISATIONAL PROFILE

The National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI) was established in 1946 and is governed by the Labour Relations Act of 1995. The Act allows for registered employer and employee organisations to establish a bargaining council for an Industry.

The organisation is led by a Governing Body made up of an equal number of members from the employer and employee parties. Twenty-four Councillors in total are appointed proportionally according to the representation.

The Council is headed by the Chairperson and Deputy Chairperson assisted by the National Secretary. The National Secretary heads Council Administration which has a national footprint of 18 offices spread across all 9 provinces.

The Council facilitates collective bargaining through which unions and employer organisations, that are Party to Council, are able to negotiate matters of mutual interest in the Road Freight and Logistics Industry. The agreements concluded between the Parties to Council are called Collective Agreements. These agreements are applicable and binding to the Parties to Council that concluded the agreement, as well as to non-parties, if the agreement has, in terms of the provisions of Section 32 of the Labour Relations Act, 1995, been extended to non-parties in the industry by the Minister of Labour. This approach allows for better regulation of matters relating to the Road Freight and Logistics Industry as a whole, such as minimum standards and conditions of employment. The effective regulation of these matters ultimately contributes to labour stability and development within the South African economy as a whole. The NBCRFLI is proactive with regards to promoting peaceful and sound labour relations, which has a stabilising influence on the Road Freight and Logistics Industry.

The Council supports industry members through a number of service offerings, which are:

- Setting minimum standards and conditions of employment as outlined in the Collective Agreements.
- Ensuring all employers and employees who fall within the scope of the NBCRFLI adhere to the Collective Agreements by conducting proactive and on-going educational inspections, investigating complaints or by any other means that the Council may adopt.
- Resolving disputes between employers and employees in the industry.
- Managing the industry's annual, sick leave and holiday bonus funds.
- Providing Wellness Services to the industry, such as Trucking Wellness and the NBCRFLI Health Plan.
- Employers are obliged, in terms of the Main Collective Agreement, to ensure that deductions are made from the wages of their employees in respect of retirement (provident/pension) funds to be paid over to the fund concerned, as per the Financial Services Laws Amendment Act of 2013 which makes the non-payment of retirement fund contributions by employers a criminal offence.



NBCRFLI GOVERNING BODY

The main purpose of the NBCRFLI's Council is to oversee and provide strategic direction to the Council's management and administration staff. The Council ultimately guides and supports Council Administration to provide an excellent service to the Industry, which is achieved through the adoption of strategic plans and policies to ensure the integrity of the Council's management and internal controls.

The Governing Body ensures awareness of and compliance with laws, rules, codes and standards by calling on Council employees to adhere to a compliance matrix which resides with the Risk and Compliance Officer. Council and its sub-committees are nominated by Parties to Council and are appointed at the Council's AGM. This process, as stipulated by the Constitution of the Council, occurs annually.

COUNCIL GOVERNANCE STRUCTURES

THE COUNCIL

The Council is the highest decision making body and is made up of 24 Councillors appointed proportionally from all Parties to Council. It meets three times a year, in terms of the Constitution. The Chairperson and Deputy Chairperson are appointed at the AGM each year.

EXCO

The Executive Committee (Exco) is made up of five members appointed proportionally from the employer parties, and five members appointed proportionally from labour parties to Council. In addition, the Chairperson, Deputy Chairperson and National Secretary serve as members of Exco. The Executive Committee meets four times a year in terms of the Constitution.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is constituted as a statutory committee of the NBCRFLI, which includes three independent members. It performs the duties assigned to it by the Council. The primary role of the Audit and Risk Committee is to assist the Council. It achieves this by overseeing the management's role in creating and maintaining an effective control environment within the organisation.

WELLNESS FUND COMMITTEE

The Wellness Fund Committee was established to take care of the Council's Wellness Fund Projects delivered through Trucking Wellness, which consists of clinics offering free primary healthcare and HIV/AIDS management services and the Wellness Fund Health Plan. The Committee is made up of five members appointed by the employer parties, and five appointed from the labour parties.

MEMBERSHIP AND COMPLIANCE COMMITTEE (MEMCO)

The Membership and Compliance Committee monitors compliance in the industry and ensures the representativeness of Parties to Council. It is made up of ten members who are representative of all Parties to Council. The Committee has established a task team to review the terms of reference of the Exemption Body and the Exemption Appeal Body.

INDEPENDENT EXEMPTIONS BODY AND INDEPENDENT EXEMPTIONS APPEAL BODY

The Exemptions Body is made up of three independent members who have expertise in law, human resources and finance. It meets every month to determine all applications for exemptions made to the Council from any provision of the Collective Agreement. Aggrieved applicants may appeal to the Independent Exemptions Appeal Body, which is made up of an advocate and attorneys. The Exemptions and Dispute Resolution Collective Agreement stipulates the processes to be followed during the hearings.



REMCO/HR COMMITTEE

The role of the Committee is to assist the Council in ensuring that Councillors, Committee Members, Council Administration staff are remunerated fairly and responsibly with the long-term interests of Council in mind. It also ensures that the Council's HR Policies are in place, reviewed on a regular basis, aligned with the Council's strategy, and applied consistently throughout the NBCRFLI at all employee levels. Remco is made up of eight members who are representative of all Parties to Council.

OUTSTANDING WAGE MATTERS

This Committee was established by agreement between parties to finalise matters that were still outstanding after the negotiations. A number of outstanding matters has since been finalised and the Council is on track to finalise the remaining matters. Some outstanding matters have been addressed and the Council is currently addressing the remaining outstanding matters.

GOVERNANCE COMMITTEE

The Governance Committee was set up to ensure that the Council is compliant with all relevant and applicable laws and governance requirements in South Africa as guided by the Principles of Good Governance.

INVESTMENT COMMITTEE

The Committee assists Council in fulfilling its oversight responsibility for the investment of assets of the Trust Funds under the Council's administration, with the exception of immovable property registered in the name of the Council. The Investment Committee's functions include, setting investment policies and guidelines, investing and making recommendations to the Council, periodic review of investment strategy, monitoring the performance of investments and analysing the risks and opportunities.

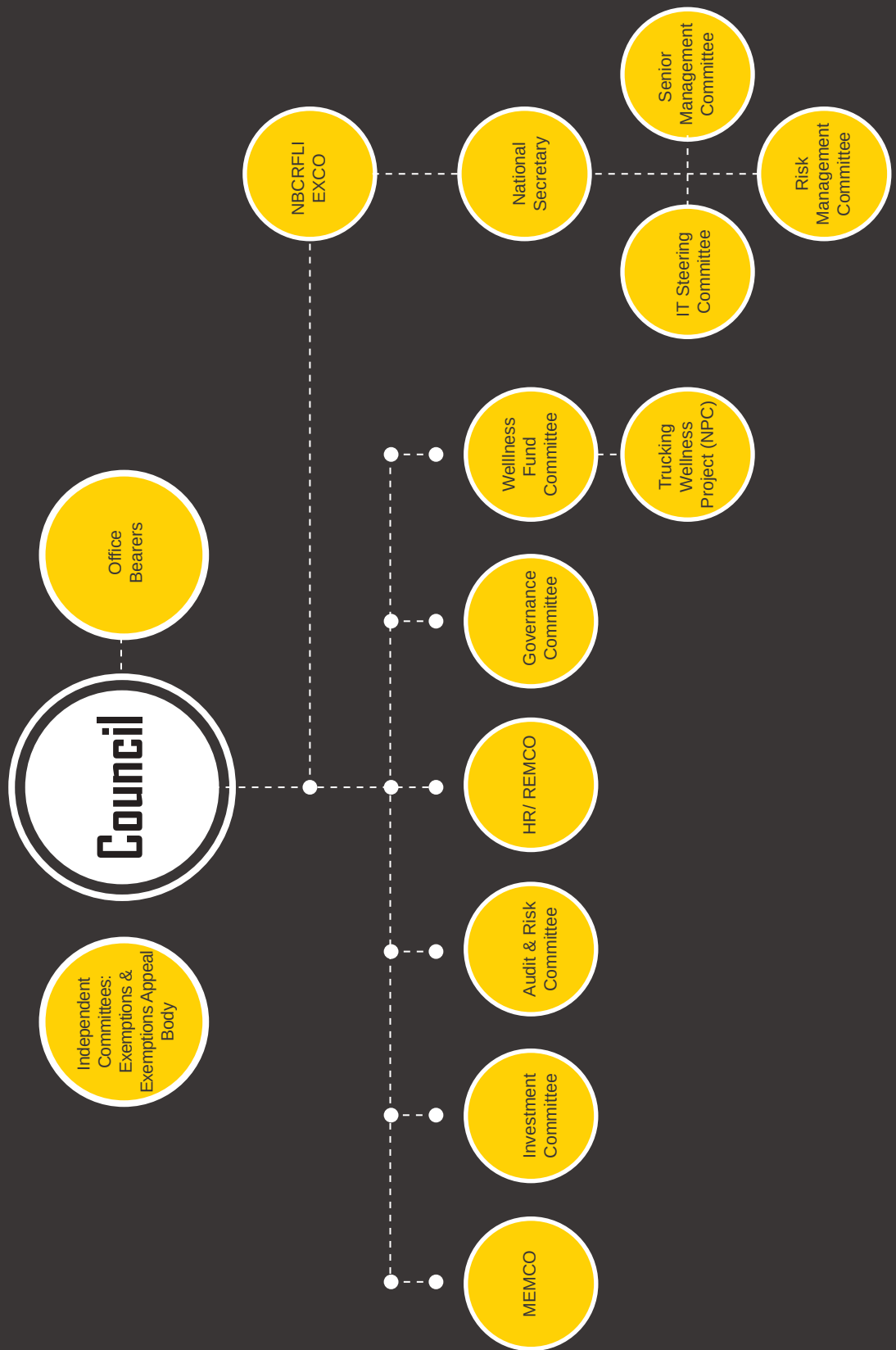
TRUCKING WELLNESS PROJECT (NPC)

The NBCRFLI established the Trucking Wellness Project (NPC), a non-profit company. Through canvassing for donations and the provision of funds, the NPC, is expected to provide the following benefits to all its members: the provision of clinics and mobile clinics, primary healthcare, sex education, family planning, educational programmes relating to HIV/AIDS and educational measures on preventing HIV/AIDS, care, counselling or treatment of beneficiaries infected with HIV/AIDS and offering care and counselling of their families and dependents.

MEETINGS HELD FROM FEBRUARY 2017 – FEBRUARY 2018 FINANCIAL YEAR

ITEM	COMMITTEE	NUMBER OF MEETINGS HELD
	Annual General Meeting (AGM)	1
	Council Meeting	4
	Executive Committee	4
	Audit and Risk Committee	5
	Wellness Fund Steering Committee	4
	Membership and Compliance Committee	6
	Independent Exemptions Body	11
	Independent Exemptions Appeal Body	1
	Remuneration/Human Resources Committee	3
	Outstanding Industry Wage Matters Committee	4
	Governance Committee	2
	Investment Committee	2
	NBCRFLI Trucking Wellness Projects NPC	6
	IT Steering Committee Meeting	5
	Risk Management Committee Meeting	1
	TOTAL NUMBER OF MEETINGS	59

NBCRFLI GOVERNANCE AND DELEGATION STRUCTURE



COUNCIL BOARD MEMBERS



Ramakgolo, Tabudi A
(Chairperson)
SATAWU



Mosothoane, Zacharia
SATAWU



Shivuri, Mavhayisi
SATAWU



Mashiyane, Betty
SATAWU



Myeni, Sabelo
SATAWU



Nkwezane, Wiseman
SATAWU



Mbobo, Ncumisa
SATAWU



Mthembu, Petros
MTWU



Mabaso, Mdumiseni
MTWU



Mothibedi, Solomon
MTWU



Makhanya, Zodwa
MTWU



Mankge, Zack
TAWU of SA & PTAWU
(acting jointly)

COUNCIL BOARD MEMBERS



Meier, Fred
(Deputy Chairperson)
RFA



Lunga, Penwell
RFA



Kolobe, Lucky
RFA



Brown-Engelbrecht, Magretia
RFA



Barnard, Graeme
RFA



Behrens, Dave
RFA



Verhufen, Franz
RFA



Legodi, Pauline
RFA



McKenzie, James
RFA



Swart, Jaco
NEASA



Potgieter, Dewalt
NEASA



Schoombie, Chantal
NEASA

EXECUTIVE COMMITTEE (EXCO)



Ramakgolo, Tabudi A
(Chairperson)
SATAWU



Mosothoane, Zacharia
SATAWU



Shivuri, Mavhayisi
SATAWU



Mashiyane, Betty
SATAWU



Mabaso, Mdumiseni
MTWU



Mankge, Zack
TAWU of SA & PTAWU
(acting jointly)



Meier, Fred
(Deputy Chairperson)
RFA



Lunga, Penwell
RFA



Kolobe, Lucky
RFA



Engelbrecht, Magretia
RFA



Behrens, Dave
RFA



Swart, Jaco
NEASA

MEMBERSHIP AND COMPLIANCE COMMITTEE (MEMCO)

LABOUR

SATAWU

Tabudi Ramakgolo (Chairperson)
Zacharia Mosothoane
Mavhayisi Shivuri

MTWU

Nketse Nkadameng

TAWU

Lovemore Masango

EMPLOYERS

RFA

Magretia Engelbrecht (Deputy-Chairperson)
Hennie De Villiers
Antonio d' Almeida
Graeme Barnard

NEASA

Chantal Schoombie

AUDIT AND RISK COMMITTEE

MEMBERS

Given Refilwe Sibiya (Chairperson)
July 2017 – ongoing

Maemili Ramataboe

Oupa Mokgoantle (Acting Chairperson)
March 2017 – July 2017

Zacharia Mosothoane
*Member from 28th July 2017 to
31st November 2017*

Antonio d' Almeida

Tabudi Ramakgolo
Member from 01st December 2017 - ongoing

WELLNESS FUND STEERING COMMITTEE

LABOUR

SATAWU

Tabudi Ramakgolo (Chairperson)
Wiseman Nkwezane
Mavhayisi Shivuri

MTWU

Solly Mothibedi

TAWU

Zack Mankge

EMPLOYERS

RFA

Magretia Brown-Engelbrecht (Deputy Chairperson)
Graeme Barnard
Antonio d' Almeida
Louis Hollander

NEASA

Chantal Schoombie

GOVERNANCE COMMITTEE

LABOUR

SATAWU

Tabudi Ramakgolo (Chairperson)
Mavhayisi Shivuri
Betty Mashiyane

MTWU

Zodwa Makhanya

PTAWU

Lovemore Masango

EMPLOYERS

RFA

Magretia Brown-Engelbrecht (Deputy Chairperson)
Fred Meier
Lucky Kolobe
Graeme Barnard

NEASA

Dewaldt Potgieter

REMUNERATION COMMITTEE (REMCO)

LABOUR

SATAWU

Zacharia Mosothoane (Chairperson)
Tabudi Ramakgolo

MTWU

Mdumiseni Mabaso

TAWU

Lovemore Masango

EMPLOYERS

RFA

Penwell Lunga (Deputy-Chairperson)
Magretia Brown-Engelbrecht
Fred Meier

NEASA

Jaco Swart

OUTSTANDING WAGE MATTERS COMMITTEE

LABOUR

SATAWU

Mavhayisi Shivuri (Chairperson)
Tabudi Ramakgolo
Betty Mashiyane

MTWU

Solly Mothibedi

PTAWU

Lovemore Masango

EMPLOYERS

RFA

Magretia Brown-Engelbrecht (Deputy-Chairperson)
Graeme Barnard
Antonio d'Almeida
Pauline Legodi

NEASA

Jaco Swart

INVESTMENT COMMITTEE

LABOUR/ EMPLOYERS

SATAWU

Tabudi Ramakgolo (Chairperson)
1st December 2017 – 28th February 2018)

Zacharia Mosothoane (Chairperson)
28th July 2017 – 31st November 2017

RFA

Penwell Lunga

INDEPENDENT MEMBER

Michael Mgwaba
Reshoketswe Ralebepa
Puseletso Mbele

TRUCKING WELLNESS PROJECT (NPC)

DIRECTORS

Tabudi Ramakgolo (Chairperson)
Faith Jaja
Sibongile Kubheka
Solly Mothibedi

Antonio d'Almeida (Deputy-Chairperson)
Masaccha Mbonambi
Louis Hollander
Musa Ndlovu (National Secretary)

EXEMPTIONS BODY

INDEPENDENT MEMBERS

Yusuf Nagdee - (Chairperson)
Edmund Nxumalo

Gerhard Wessels

EXEMPTIONS APPEAL BODY

INDEPENDENT MEMBERS

Komeshan Naidoo (Chairperson)
Imran Haffeggee

Patrick Stone



PARTIES TO COUNCIL

The Parties to Council include four member unions, namely the South African Transport and Allied Workers' Union (SATAWU), Motor Transport Workers' Union (MTWU), Transport and Allied Workers' Union of South Africa (TAWU of SA) and the Professional Transport and Allied Workers' Union (PTAWU) as well as the two employer members, the Road Freight Association (RFA) and the National Employers Association of South Africa (NEASA).

The number of representatives each party has to Council for the year ending February 2018 is as follows:

- SATAWU- 7
- MTWU- 4
- PTAWU and TAWU (acting jointly)- 1
- RFA- 9
- NEASA- 3

Priorities identified for the 2017/18 financial year as per Council strategy

Representivity	Y
Marketing of NBCRFLI	G+
Fiscal Stability	G+
Enforcement	G
Governance	G

G - Target achieved | G+ - Target exceeded
R - Target not achieved | Y - Positive progress

RISK GOVERNANCE

Risk management affects everyone in the Council. Risk management provides a framework to identify, assess and manage potential risks and opportunities. It provides a way for management to make informed decisions as well as increasing the probability of achievement of the Council's strategic objectives.

The risk and control processes followed by the Council are based upon best practice codes including COSO (Committee of Sponsoring Organisations) Principles, and the King III Report of Corporate Governance. All risk management activities are aligned to the Council's objectives and aim to protect and enhance the reputation and standing of the Council. The process of risk management and the system of internal control is regularly reviewed for effectiveness.

Council's risk management strategy also encompasses ongoing risk register reviews and updates to ensure that risk management forms part of the Council's daily operations.

Risk management in the Council is managed proactively. The aim is to anticipate and, where possible, avoid risks rather than deal with the consequences. Strategic and operational risks are identified, objectively assessed where it is considered appropriate, and actively managed.

In determining an appropriate response, the cost of control/risk management and the impact of risks occurring will be balanced with the benefit of reducing and/or managing the risk. This means that the Council does not necessarily set up and monitor controls to counter risks where the cost and efforts are disproportionate to the impact or expected benefits.

Significant efforts have been made by management over the past 12 months in implementing risk treatment plans to manage risks. The Council also recognises that some risks can be managed by transferring them to third parties.

Should the Council ever be faced with a disastrous incident that impacts on its activities, it has a disaster recovery site built into its IT processes. It should be noted that the Council is in the process of developing a Disaster Recovery Plan (DRP) and formalising its business continuity processes in general. The Council is cognizant of the critical nature of a DRP and does have a contingency plan in case of a disaster.

FOR THE PERIOD UNDER REVIEW BELOW ARE THE TOP RISKS IDENTIFIED AND MANAGED:

NO.	STRATEGIC OBJECTIVE	RISK	MITIGATING CONTROLS
1	Linked to Goal 1	Representivity (Failure to reach representation quota) Insufficient representivity levels by Parties to Council as defined in the Labour Relations Act (i.e. 50% + 1 on labour combined and employer organisations combined).	• National roadshows to promote Council benefits and offerings. • Dedicated governance structures to oversee representivity. • Establishment of a membership section within NBCRFLI to work closely with the parties in order to monitor the membership numbers. • Constitutional amendments on clauses relating to admission to Council.
2	Linked to all Goals	Fraud and Corruption Misappropriation, mismanagement and theft of the organisations' assets.	• Organisation wide fraud awareness and prevention workshops held across all NBCRFLI offices. • Enforcement of a zero tolerance fraud policy. • Investigation of fraud, unethical behaviour and related incidents. • Fraud risk assessments. • Internal audit and implementation of audit recommendations.
3	Linked to Goal 2	Insufficient Funding Insufficient levies to cover for operational costs.	• Council has established an investment committee to recommend to Council on various investment instruments with better returns whilst capital preservation is maintained. • Investment Committee is busy with the development of an investment strategy and reviewing the Investment Policy.

NO.	STRATEGIC OBJECTIVE	RISK	MITIGATING CONTROLS
4	Linked to all Goals	Negotiation Deadlock Failure for Parties to Council to reach an agreement such as wage agreements. Reputational Damage Negative perception of the organisation. Lack of Skills and Capacity Inadequate skills and competencies to effectively run the organisation.	- The application of relevant clauses of the Constitution of the Council. - Negotiation protocol is in place and applied during wage negotiations. - Experienced facilitator(s) appointed to facilitate wage negotiations between Parties to Council. - Media monitoring tools are in place. - Brand Management Plan has been developed and Council is busy with appointment of brand management specialist. - Stakeholder engagement is taking place every year in all Council regions. - Council embarked on the roadshows focusing on major truck stops across the country to promote Council benefits and offerings. - Formulation and implementation of Talent Management Framework and Consolidated Succession plan. - Development and implementation thereof of Agent Learnsip Programme is in place.
5	Linked to Goal 5	Enforcement (Failure to enforce) Non enforcement of the provisions of the Council's Collective Agreement or failure to enforce the Council's Collective Agreement consistent with the provisions.	- NBCRFLI appoints designated agents to educate stakeholders and enforce the stipulations of the collective agreement. - On-going review of internal business processes, standard operating procedures to ensure effective and efficient enforcement process. - Implementation of a K2 Enforcement system has enhances the efficiencies in the enforcement process. - Development and implementation of Agent Learnership Programme is in place. - Review of Inspection Reporting Template to address deficiencies identified.

CORPORATE GOVERNANCE MATTERS

FINANCIAL GOVERNANCE

The Council is in a financial stable position with a considerable amount of reserves. The Council utilises Nexia SAB&T as its external auditors. For the year under review, the Council obtained an unqualified audit. The Council used its external audit firm to assist with the process to apply for a VAT exemption as well as the annual incentive bonus review.

To ensure that the Council's expenditure is spent appropriately and is in line with the approved budget, the Council has a Delegation and Limits of Authority stipulating governance structures authorised to approve budget and expenditures. Furthermore, all goods/services must be procured according to the approved Supply Chain Management Policy.

INFORMATION TECHNOLOGY GOVERNANCE

The IT Steering Committee assists the National Secretary in monitoring IT governance and risk management. This Committee (through the National Secretary) reports to the Audit and Risk Committee (ARC), Exco and Council to facilitate their oversight responsibilities for Information Technology (IT). This report by the Committee is prepared in accordance with the requirements for good corporate governance. It describes how the Committee has rolled out its duties and additional duties assigned to it by the ARC and Council in respect of the financial year ended 28 February 2018.

The Council has appointed an Independent IT Specialist at the Audit and Risk Committee to strengthen IT Governance matters within the Council.

Remuneration of Council Members and Council Administration
The Council, through its Remuneration Committee, oversees the Council's remuneration structure and makes decisions regarding the remuneration of Councillors, Executives, Committee members and Council Administration staff members.

COUNCIL GOVERNANCE FRAMEWORK

The Council has approved the Council Governance Framework, which is guided by the Principles of Good Governance. Furthermore, the Council has put in place the Delegation and Limits of Authority, which prescribes powers and responsibilities of Council Governance Structures and Council Administration respectively. Its purpose is to give defined authority to Council Governance Structures and Council Administration.

COMMITTEE SECRETARY

The General Manager: Secretariat assists the National Secretary with providing an administrative and support service to the NBCRFLI in terms of the functioning of its Committees and Board, thereby improving the overall level of governance and effectiveness of the Council.

In terms of the Governance Framework, the General Manager: Secretariat is important to the proper governance of the NBCRFLI. It is the responsibility of the Council to ensure that the General Manager: Secretariat remains capable of fulfilling the function for which he/she has been appointed. The National Secretary should ensure that the appointee has the requisite attributes, experiences and qualifications to properly discharge his/her duties.

The General Manager: Secretariat works closely with the Office Bearers and the National Secretary to ensure the proper and effective functioning of the NBCRFLI and the integrity of the NBCRFLI governance process.

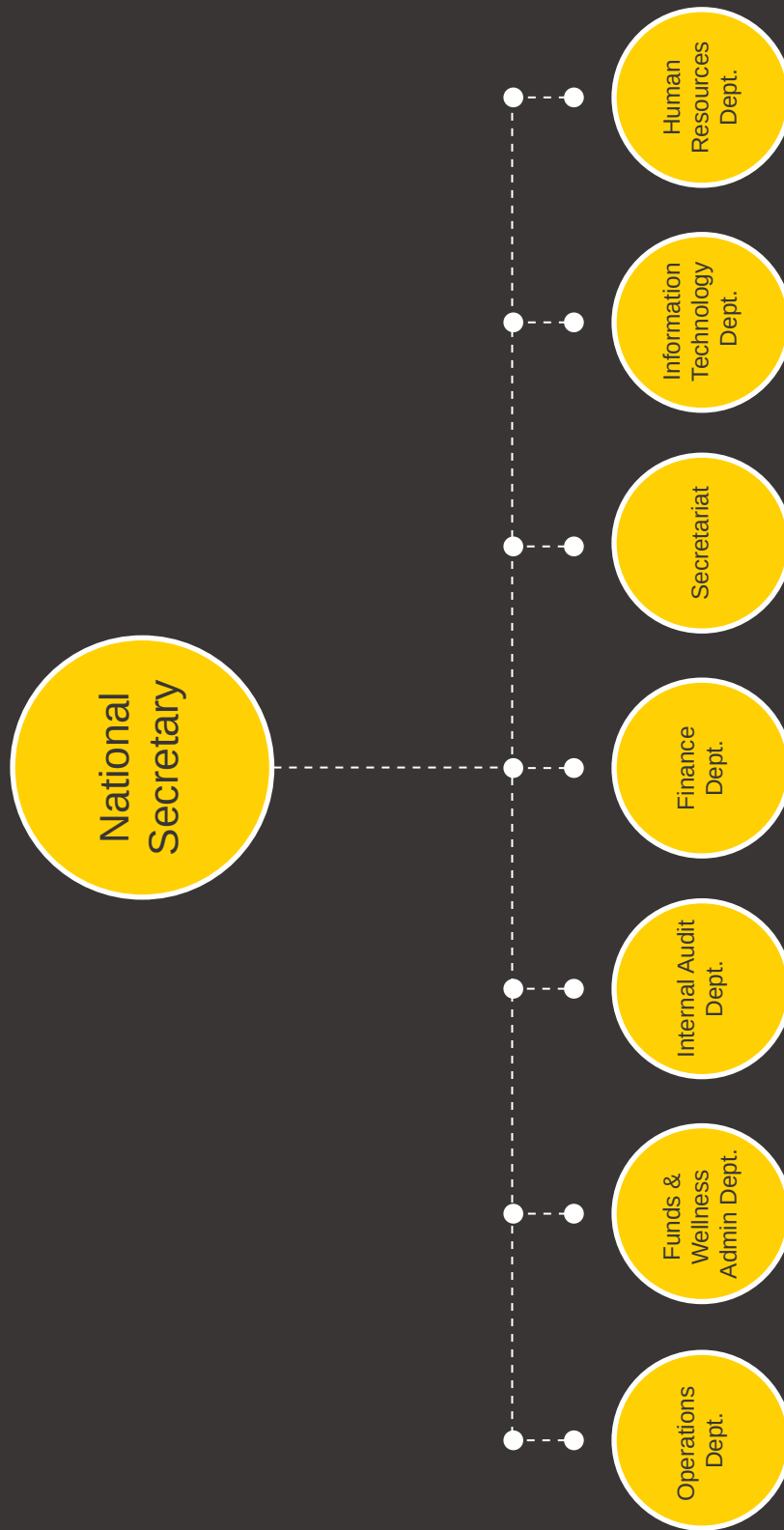
ACKNOWLEDGEMENTS

The NBCRFLI is really grateful to all internal and external strategic partners for their contributions towards the attainment of success during the year under review. A big thank you goes to all the NBCRFLI staff members, managers and committees for their hard work, as well as to the Council's strategic partners for their unconditional support. This includes all Council employees, councillors, industry employers and employees, Nexia SAB&T, the Department of Labour, Department of Health, the CCMA and the Registrar's of the Labour Courts.

It is important to note that the Trucking Wellness Programme's achievements would not have been possible without the support of its stakeholders, donors and partners.



ADMINISTRATIVE ORGANISATIONAL STRUCTURE



DISPUTE RESOLUTION AND ENFORCEMENT

CCMA ACCREDITATION

The Commission for Conciliation, Mediation and Arbitration (CCMA) accredited the NBCRFLI from 1 March 2017 to 28 February 2019 to conduct conciliations and arbitrations (including pre-dismissal arbitrations), subject to the agreed terms.

The accreditation was granted following the outstanding dispute resolution services offered by the Council. The services are in line with the CCMA's requirements for all stakeholders within the Road Freight and Logistics Industry. The Council, during the year in review, provided high standard dispute resolution services by strictly adhering to the use of only CCMA accredited commissioners in its panels.

SUBSIDIES

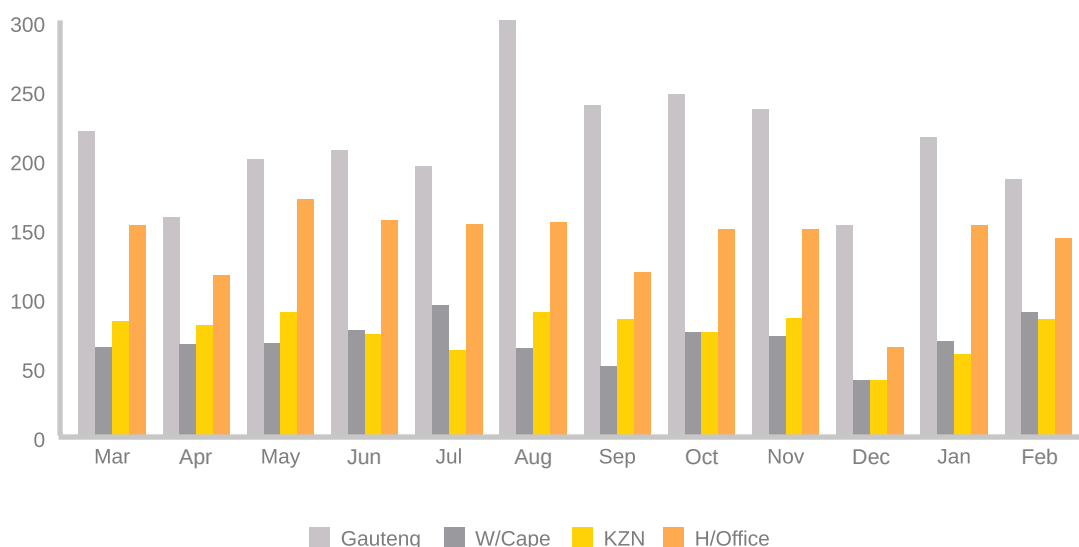
For each closed case from the Case Management System, the Council receives a subsidy of R649.57. During the year under review, the Council received a total of R 993 860.34 from the CCMA, which is a sizeable increase from last year's R911 528

REFERRALS

During the 2017/18 financial year, the Council received a total of 5914 conciliation referrals, which is 157 less than last financial year's 6071.

REGIONS	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	TOTALS
GAUTENG	220	158	200	206	195	300	239	247	236	152	216	185	2 554
W/CAPE	64	66	67	76	94	63	50	75	72	40	68	89	824
KZN	83	80	89	73	62	89	84	75	85	40	59	84	903
H/OFFICE	152	116	171	156	153	154	118	146	108	64	152	143	1 633
TOTALS	519	420	527	511	504	606	491	543	501	296	495	501	5 914

REFERRALS



CONCILIATIONS HEARD

Conciliation hearing is a process where a CCMA accredited commissioner, selected by the NBCRFLI, meets with the parties in dispute, separately and/or together, and explore ways to settle the dispute by agreement.

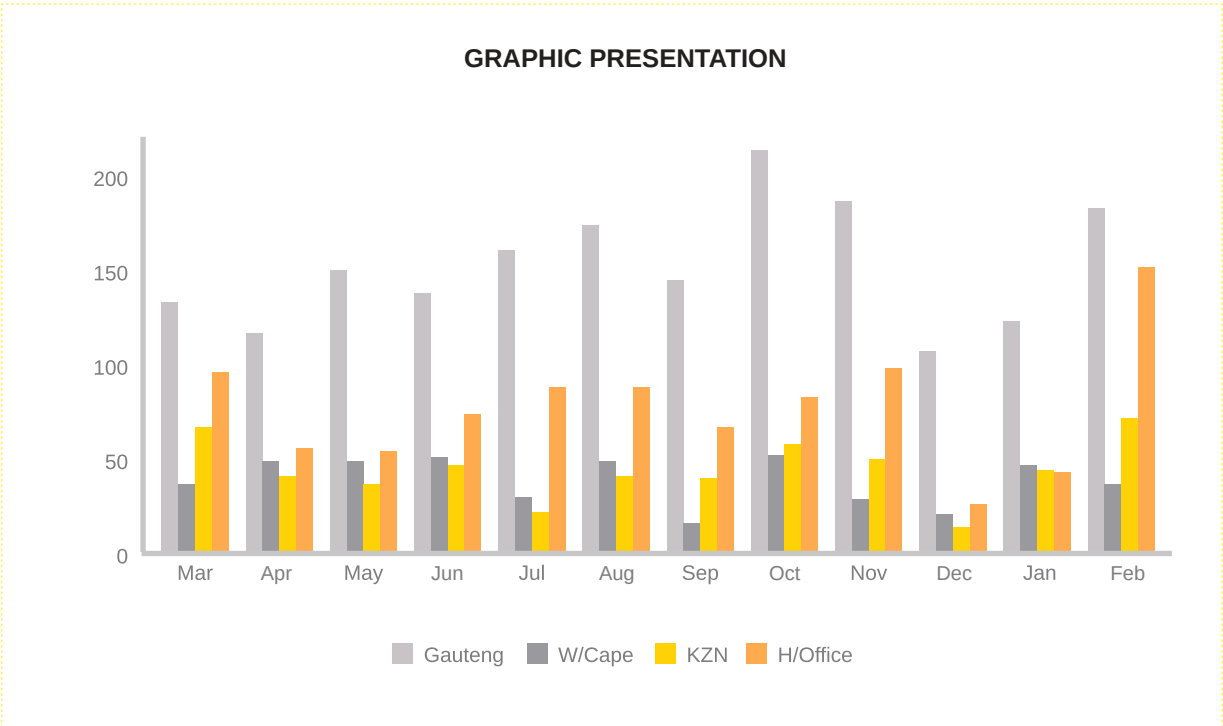
A total of 3 709 conciliation hearings were conducted during the year in review. This is a slight drop of 188 hearings from the previous financial year's 3 897.

The Council intensified awareness campaigns to highlight conciliation as a preferable method of dispute resolution. Preference is accorded to conciliation hearings because:

- It is far more beneficial for parties to resolve disputes at the lowest level of resolution. By attending the hearing, both parties are able to avoid the unnecessary costs involved in the arbitration process. These costs are due to the length of the process, the uncertainty around the attendance of witnesses, the time that the parties need to take from work to attend the arbitration and the extra administration that is involved.

- Conciliation is private, confidential and without prejudice.
- It is less time consuming than arbitration.
- The Council offices are conveniently located countrywide, thus making it more convenient for Council stakeholders to resolve their disputes through conciliation.

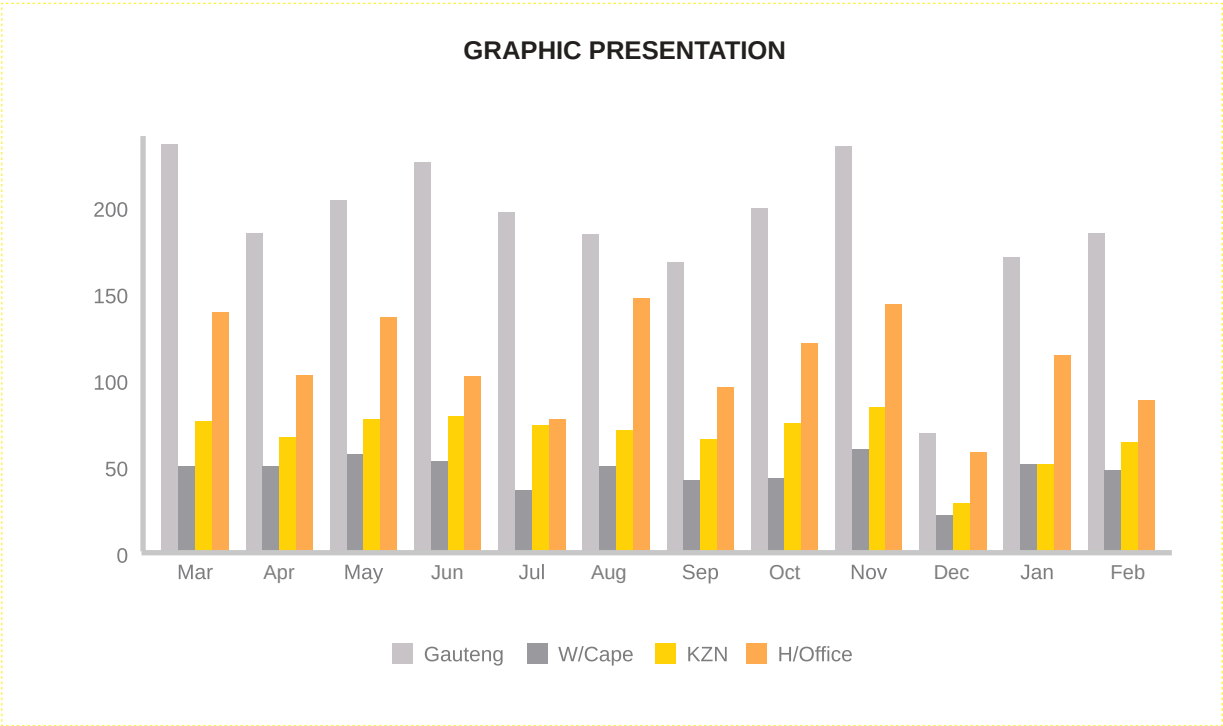
REGIONS	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	TOTALS
GAUTENG	132	116	149	137	160	173	144	213	186	106	122	182	1 820
W/CAPE	36	48	48	50	29	48	15	51	28	20	46	36	455
KZN	66	40	36	46	21	40	39	57	49	13	43	71	521
H/OFFICE	95	55	53	73	87	87	66	82	97	25	42	151	913
TOTALS	329	259	286	306	297	348	264	403	360	164	252	440	3 709



ARBITRATIONS HEARD

The total number of arbitration hearings conducted during the year in review was 4 911, an increase of 71 hearings from last financial year's 4 840.

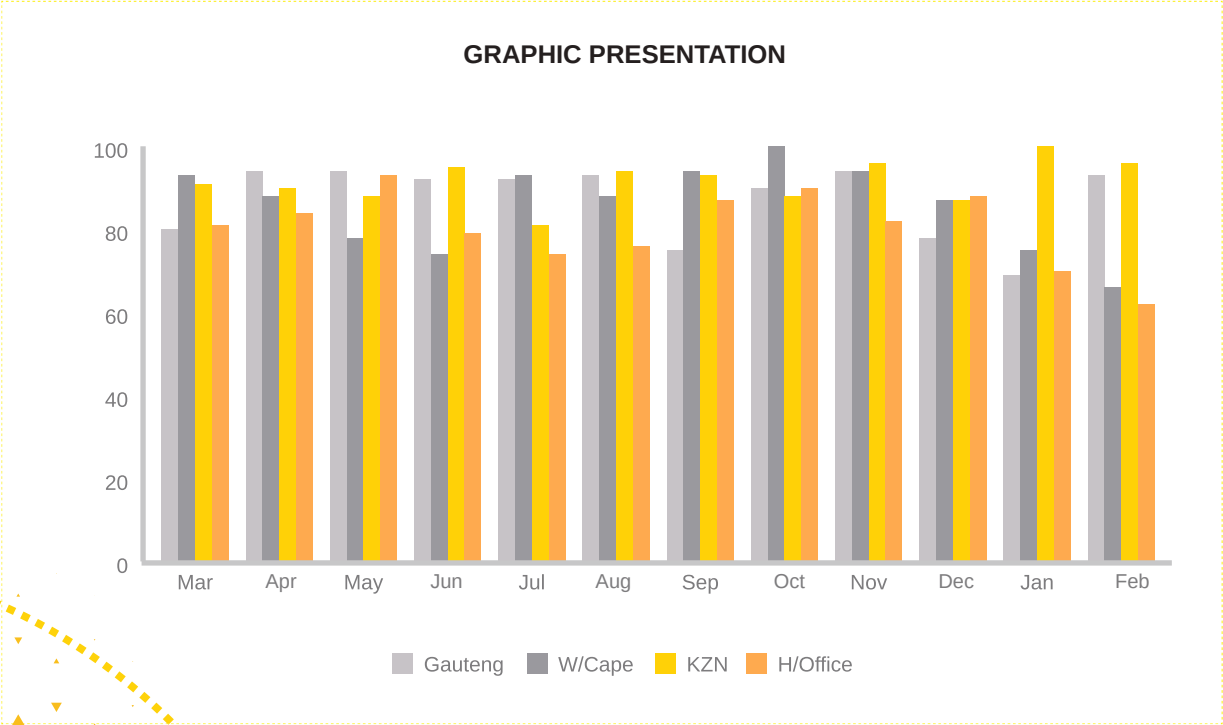
REGIONS	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	TOTALS
GAUTENG	235	184	203	225	196	183	167	198	234	68	170	184	2 247
W/CAPE	49	49	56	52	35	49	41	42	59	21	50	47	550
KZN	75	66	76	78	73	70	65	74	83	28	50	63	801
H/OFFICE	138	102	135	101	76	146	95	120	143	57	113	87	1 313
TOTALS	497	401	470	456	380	448	368	434	519	174	383	381	4 911



SETTLEMENT RATE

The settlement rate at conciliation and arbitration was 87% for the year in review, showing a slight increase from the previous financial year.

REGIONS	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	TOTALS
GAUTENG	80	94	94	92	92	93	75	90	94	78	69	93	87%
W/CAPE	93	88	78	74	93	88	94	100	94	87	75	68	86%
KZN	91	90	88	95	81	94	93	88	96	87	100	96	92%
H/OFFICE	81	84	93	79	74	76	87	90	82	88	70	62	81%
TOTALS	86%	89%	88%	85%	85%	88%	87%	92%	92%	85%	79%	80%	87%



REFERRALS BY ISSUE

Unfair dismissal disputes continued to account for the largest percentage of issues of disputes. During the year in review, these disputes came to 83% of the caseload.

REGIONS	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	TOTALS
UNFAIR DISMISSALS	434	345	376	418	412	509	395	450	404	253	425	414	83%
ULP	59	53	71	63	67	62	67	62	65	37	53	64	12%
MUTUAL INTEREST	8	11	20	22	12	23	17	13	13	3	10	13	3%
NON JURISDICTION	2	0	0	0	0	0	0	0	0	0	0	1	0%
COLLECTIVE	4	6	6	1	4	0	3	7	5	1	3	8	0%
OTHER	9	5	11	7	9	12	9	11	14	2	4	4	2
TOTALS	516	420	484	511	504	606	491	543	501	296	495	504	

Litigation

The Litigation Section keeps strict control over non-compliance in general. These include reviewing post arbitration agreement contraventions cases.

The statistics around litigation processes are as follows:

- Total number of Section 143 applications sent to the CCMA for certification: 3085
- Number of writs of execution to sheriffs: 1821
- Number of queries to tracing agents: 922
- Number of writs of execution to Labour Court: 506
- Number of matters referred to the Council's attorneys: 4798
- Number of Nulla Bona (Section 65) matters: 1644

Agents of the Council

In terms of the Labour Relations Act, it is the Council's duty to ensure that all stakeholders in the Road Freight and Logistics Industry comply with the provisions of the Council's Agreements. Designated Agents, which are appointed by the Minister of Labour at the request of a bargaining council, play a vital role in the promotion, monitoring and enforcement of compliance with any Collective Agreement negotiated by the Parties to Council. They achieve this by conducting regular educational inspections, which ultimately helps in decreasing the number of complaints and non-payment of returns as well as ensuring that those who fall under the Council's jurisdiction are registered.

During the year in review, the Council's agents received training on an on-going basis and were consistently evaluated. The agents took part in a fraud awareness training which was conducted by Price Waterhouse Coopers. The training also dealt with principles of ethical behaviour.

The Unit intends to put more measures in place to ensure that such training is assessed for impact on a regular basis.

Agreement Administration

- The three year wage agreement which was concluded in 2016 comes to an end in February 2019.
- Across the board wage increases were implemented for all employees including Extended Bargaining Unit (EBU) employees.
- Negotiations for a new wage agreement will commence in May 2018.

Blitz

Blitz or Employer Recruitment Campaigns are initiatives carried out by the Council agents with the purpose of increasing employer membership.

During the year in review Council agents provided training to industry members through roadshows that were held nationwide...they also carried out on the spot employer registration verification.

Agents identify areas with high truck volumes and engage drivers with the aim of establishing if they or their companies are registered with the Council or not. This enables the agents to identify companies that are operating and are not complying with the agreement. Agents also visited companies to conduct training sessions.

All regions were trained on clause 58 (1) (b) of the Main Collective Agreement (an employer may not knowingly employ an illegal immigrant). A total number of 64 agents were trained.

Enforcement

The most important aspect of enforcement and ensuring compliance is to educate employees and employers; to this end the Unit conducts workshops. There is an element of positivity in that a reduction in non-compliance has been noted. The walk-in-centres conducted a 'rate-my-service' initiative and have reported a remarkable level of effectiveness.

The biggest challenge that the Enforcement Unit experiences every year is:

- Companies which avoid registration to the extent of going into hiding. In such instances the Council solicits the help of tracers to track these companies down in order to ensure that they are registered and become compliant. The enforcement team has done a lot of cross region checking even for companies operating under different names. This has contributed significantly in dealing with non-compliant employers and also reduced the number of non-compliant employers.

The solution to the above challenge is a demarcation application, which involves an application to ascertain and/or determine whether employers fall within the Council's jurisdiction.

Another challenge we encountered was the postponement of scheduled inspections by employers. The prudent solution to this challenge is to request the commissioner to issue a subpoena to the employer.

There was reduction in enforcement numbers due to employers being voluntarily compliant.

Demarcation

Section 62 of the Labour Relations Act of 1995 makes provision for disputes about demarcations between sectors and areas.

A demarcation is a process where a CCMA Commissioner (Bargaining Councils may not perform this function) determines:

- Whether any employee, employer, class of employers is or was engaged in activities which fall within a section, i.e. an industry or service, and an area.
- Whether any provision of any arbitration award, collective agreement or wage determination made in terms of the Wage Act is or was binding on any employee, employer, and class of employees or employers.

The Council was involved in a few demarcation disputes in the course of the year in review. A breakdown is as follows:

KWAZULU-NATAL

1. Number of demarcations received/applied for	9
2. Ruled in favour of Council	1
3. Ruled against the Council	1
4. Settled	3
5. Under consideration	0
6. Postponed	3
7. On appeal	1

GAUTENG

1. Number of demarcations received/applied for	12
2. Ruled in favour of Council	5
3. Ruled against the Council	0
4. Settled	1
5. Under consideration	4
6. Postponed	0
7. On appeal	2

WESTERN CAPE

1. Number of demarcations received/applied for	3
2. Ruled in favour of Council	2
3. Ruled against the Council	1
4. Settled	0
5. Under consideration	0
6. Postponed	0
7. On appeal	0

HEAD OFFICE

1. Number of demarcations received/applied for	0
2. Ruled in favour of Council	0
3. Ruled against the Council	0
4. Settled	0
5. Under consideration	0
6. Postponed	0
7. On appeal	0

Stakeholder Relationship Management

We are keenly tuned into the recognition that the opportunities stakeholder engagement offers require systematic and proactive engagement processes as an integral part of our strategy.

We are actively developing and sustaining good stakeholder relations as a prerequisite for improved risk management and better results on the ground.

During the year in review, we carried out various activities to build and strengthen relationships with stakeholders. This was done with the definite and sole purpose of progressively reinforcing the Council's role within the road freight and logistics industry.

Working closely with the Communications and Marketing Section we utilised the Council's various communication channels for effective engagement with stakeholders.

Key among the channels we used, was the implementation of the Benefits Promotion and Recruitment Roadshow, which formed part of the Council's strategy to market and promote the benefits and offerings. Council conducted the first and second phases of promoting Council Benefits and Offerings from August 2017 to November 2017.

The implementation of the above mentioned phases involved two days of training, which included sales training and the training on the Main Collective Agreement. The training was followed by roadshows conducted at truck stops in Harrismith, Musina, Komatipoort and Colesburg.

Additional awareness activities were carried out through advertising and radio campaigns at various community radio stations. We also used SABC radio stations, namely, SAFM, Ligwalagwala FM and Munghana Lonene FM.

In summation our desire is to continue to achieve the following:

- Market the benefits of the Council
- Highlight the value and benefits of becoming a member the NBCRFLI
- Promote the NBCRFLI as a credible body
- Show the Council as a body that cares for the wellbeing of communities and their people
- Offer existing members the opportunity to raise any issues and concerns

ARBITRATION

The comparison in the number of Arbitration Complainant Cases heard by the Council in 2017 vs 2018 showed a slight decline:

Period March 2016 – Feb 2017= 1551
Period March 2017 – Feb 2018 = 1429

There was a slight decrease in the number of complaint cases as a direct result of quality inspections. There is also the added benefit of training which has led to employers being compliant.

Statistics for the annual Client Services Survey for the year in review:-

Availability of staff:

- Excellent - 92%
- Good - 8%
- Fair - 0%

Did you receive professional service?

- Excellent - 97%
- Good - 3%
- Fair - 0%

Were you satisfied with the information supplied?

- Excellent - 96%
- Good - 4%
- Fair - 0%

Assisted within a reasonable period of time:

- Excellent - 93%
- Good - 7%
- Fair - 0%

Neatness of waiting area / counter:

- Excellent - 96%
- Good - 4%
- Fair - 0%

Friendliness of staff on counter:

- Excellent - 95%
- Good - 5%
- Fair - 0%

New Registrations

The number of employers that were registered in financial review stands at 473. This is a reduction by 58 compared to last financial year's 531.

The reason for the decrease in registrations can be attributed to the continuous failure by employers to voluntarily register with Council.

Registration breakdown per province:

- Gauteng - 221
- KwaZulu-Natal - 72
- Western Cape - 66
- Head Office - 114
- Total - 473

Of the 473 employers registered, 77 were owner drivers.

Inspection

During the year in review, 4480 inspections were conducted.

Breakdown per province:

- Gauteng - 1575
- KZN - 1276
- WCT - 753
- Head Office - 976
- Total - 4580

Key statistics falling under the Council's Enforcement Role during the year in review

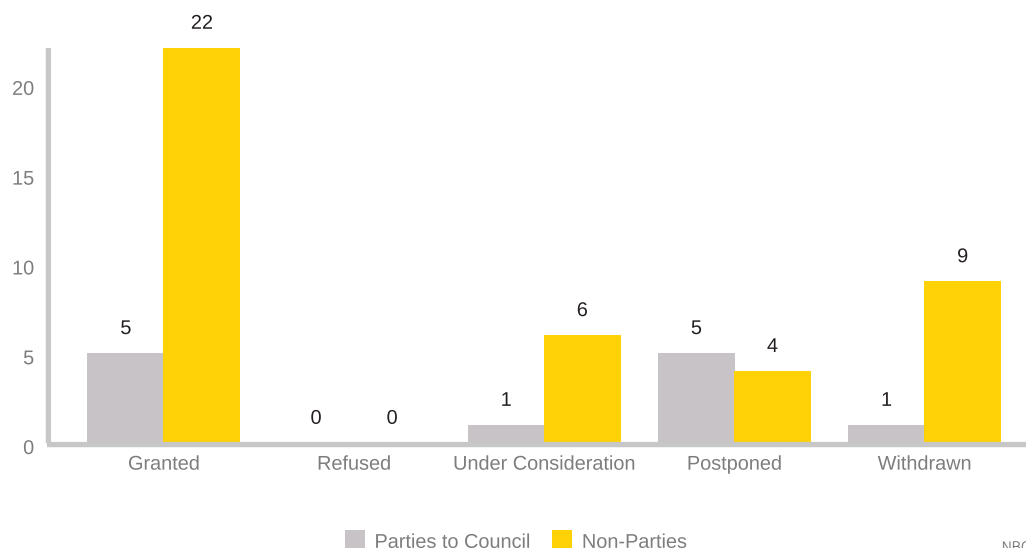
- Number of employers that ceased to operate - 121
- Number of employers under liquidation -11
- Number of complainant cases received -1204
- Number of complainant cases settled - 313
- Number of cases referred to arbitration - 871
- Number of cases where the Council had no jurisdiction - 20
- Number of Section 143 applications (Enforcement of Arbitration Awards) sent to the CCMA for certification – 640

Exemptions

A total of 51 exemption applications were heard by the Independent Exemptions Body as from 1 March 2017 to 29 February 2018 pertaining to parties and non-parties.

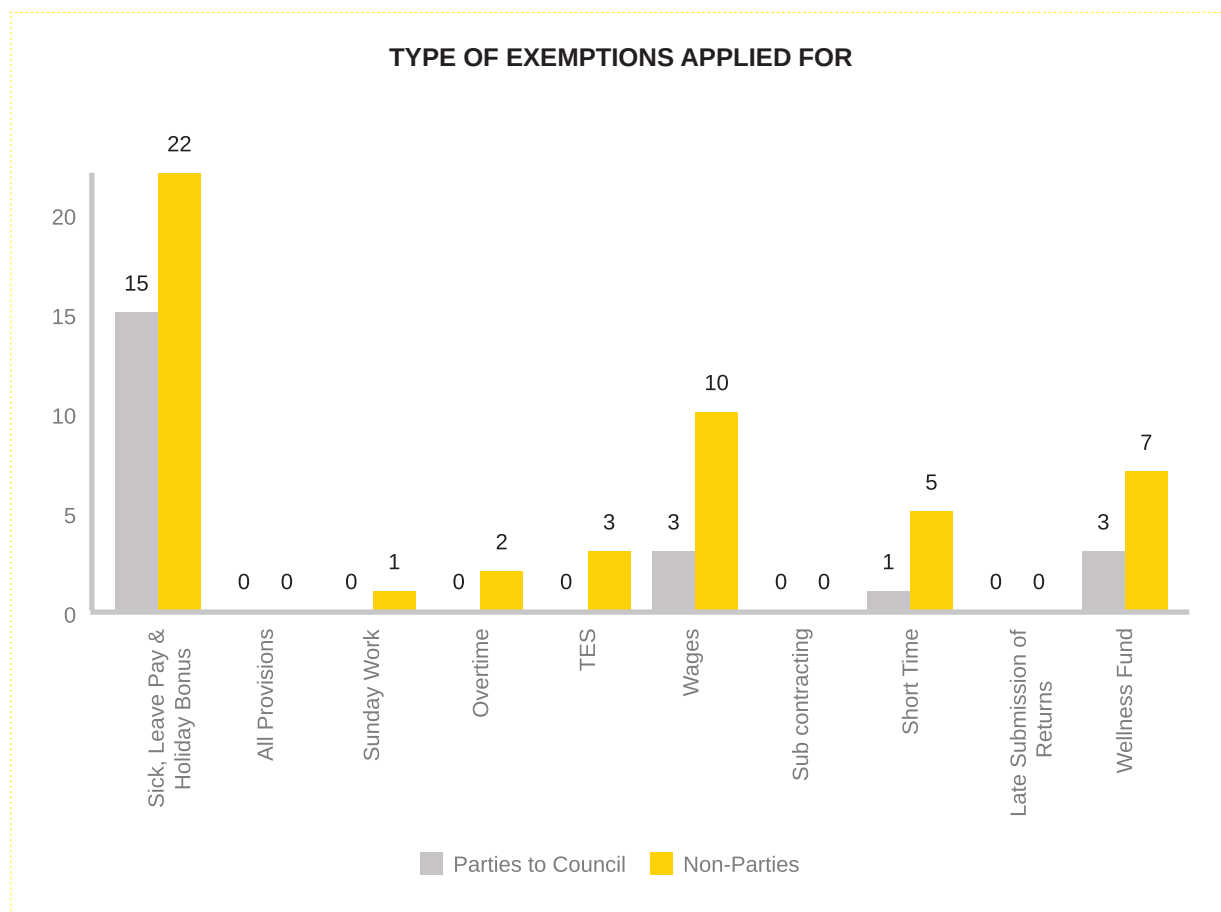
- Number of applications for exemption by Parties to Council
- 25 exemption applications granted
- 0 exemption applications refused
- 10 exemption applications withdrawn
- 7 exemption applications placed under consideration
- 9 exemption applications postponed

EXEMPTIONS APPLIED FOR BY BOTH PARTIES AND NON-PARTIES TO COUNCIL



The Independent Exemptions Body received and dealt with 51 applications during the said period. A total of 20% of the applications were withdrawn, 0% refused, 49% approved and 14% under consideration. Out of all applications received, only 9 were postponed sine die. No exemption licenses were revoked.

A total of five (5) appeal applications were received during the period under review. Three (3) were upheld and two (2) are under consideration.



Highlights

- This is the second term that there has not been any industrial action / strike in the sector which is indicative of the fact that as a Council we are working in line and are sticking to our mandate of ensuring labour peace.

Findings

It is imperative that we put in place a monitoring and evaluation tool in order to gauge the results and impact of the training interventions we conduct for the sector. This will ensure a customized approach and ensure that we serve our stakeholders' specific needs around issues of enforcement.

Conclusion

This Bargaining Council is advanced in that it has systems in place that seek to create labour peace. This is achieved through, among a range of mechanisms, enforcement of compliance. There is however a need to recruit more companies within the Road Freight Industry to ensure representativity that would further ensure stability in the industry.

COMMUNICATIONS AND MARKETING

Council is profoundly conscious of the importance of the role played by effective communication in our industry. To achieve the objectives of the Council, harmonisation among people and departments within the organisation and the establishment of connecting links with the outside world are necessary.

With the increase in the complexities of activities in modern business, the importance of communication is growing every day. It therefore becomes a natural process for Council to make available resources to ensure that all key and relevant messages reach our stakeholders on a regular and consistent basis. During the year in review, crucial messages were effectively communicated to the Council's stakeholders via the Communications & Marketing Section.

During the year under review, the Section spearheaded various activities to build and strengthen relationships with stakeholders. This was done with the express and sole purpose of positively reinforcing the Council's role within the road freight and logistics industry. A key accomplishment during this financial year was the utilisation by the Section, of the Council's various communication channels for effective engagement with stakeholders.

Amongst the channels used, was the implementation of the Benefits Promotion and Recruitment Roadshow, which formed part of the Council's strategy to market and promote the benefits and offerings. Council conducted the first and second phases of promoting Council Benefits and Offerings from August 2017-November 2017.

The implementation of the above mentioned phases involved two days of training, which included sales training and the training on the Main Collective Agreement. The training was followed by roadshows conducted at truck stops in Harrismith, Musina, Komatipoort and Colesburg. Further awareness activities were carried out through advertising and radio campaigns at various community radio stations and SABC Stations (SAFM, Ligwalagwala FM and Munghana Lonene FM).

The mobile app continues to be a critical component in the dissemination of information between the Council and its stakeholders. The user-friendly app ensures that Council members have access to information anytime, anywhere. Over the past few years, the app has proven to be highly effective, especially among those who do not have access to computers; the information found on the app is similar to that available on the website. When comparing the previous financial year with the financial year in review, there is a noticeable increase in the number of mobi app users. During 2017/18, the app had 2748 unique users with the average visitor duration of 00: 02:39.

The NBCRFLI's website, www.nbcrfli.org.za, has become a strong outlet for communication, with regular updates being provided on an ongoing basis. This has resulted in stakeholders having access to significant information which ranges from Main Collective Agreement amendments to specific service area contact numbers. By and large, the Council's website has grown into an extremely valuable information hub for all its members over the years.

The online query process continues to play an invaluable role in assisting members with their queries. Members are able to log their queries via the website and mobile app and receive feedback within 72 working hours. This service has enabled the Council to further improve its service offering to its clients. In an effort to further take the Council's services to the people and interact with them on a personal level, the Section undertook and was involved in a number of industry wellness days during the year in review.

In the past financial year, we continued to intensify brand awareness campaigns through a number of different platforms. These campaigns included regular placing of adverts and advertorials in industry publications. We also distributed branded marketing material which included a wide range of corporate gifts as well as branded wall and tent calendars.

Plans are in place to grow and capacitate the Section so that it can fully achieve its objectives.



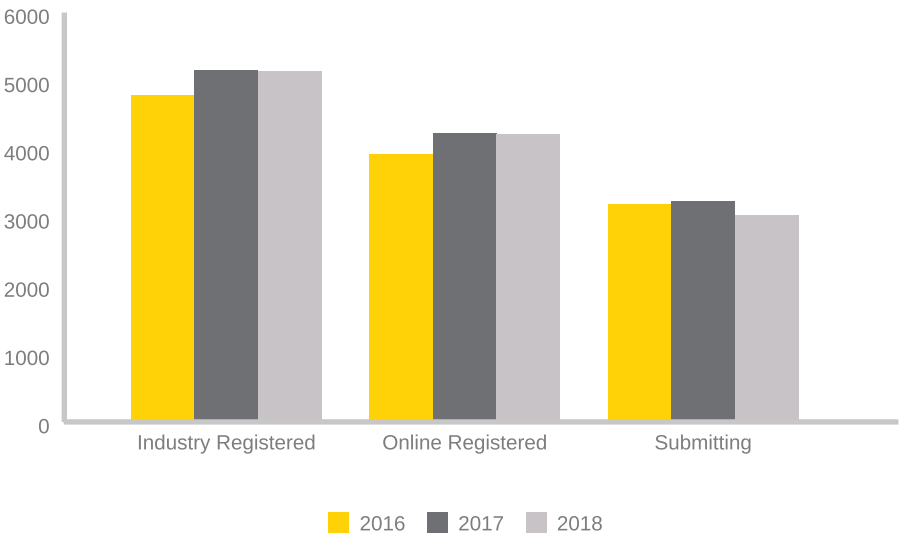
FUNDS AND WELLNESS ADMINISTRATION

The Council's Funds and Wellness Administration Department is in continuous pursuit of excellence in the administration of industry funds. We carried out significant modifications to improve the efficiency and efficacy of the system, and also made it user-friendly. The Department will continue to improve the system by bringing in a new version for implementation in the new financial year.

E-BUSINESS ONLINE AND THE FUNDS ADMINISTRATION SYSTEM

Employers who use the online return service, which is paperless and equipped with built-in verification capabilities, have drawn immense benefits.

Graph showing the usage of the online submissions site for the years 2016, 2017 and 2018



The Council is in the process of creating an ID verification process, which will be able to confirm identity numbers, surnames and initials, as registered with the Department of Home Affairs. Having reworked its methodology of securing such system, the new process will be rolled out in the 2020 financial year.

- The rejection of banking details remains a challenge. Nevertheless, the implementation of the Paycard Solution has been of significant assistance to foreign nationals and South African citizens who experience challenges opening bank accounts.

FUNDS ADMINISTRATION

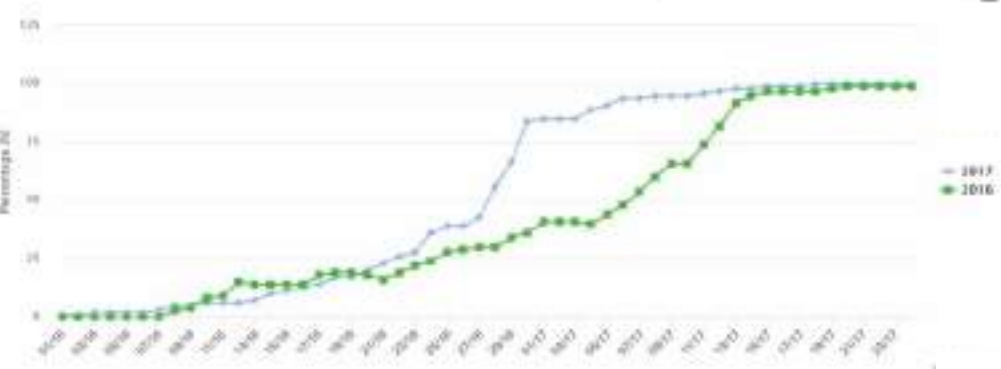
PAY-OUTS PROCESS

- There was positive progress with the pay-out process. Overall we had a good year-end pay-outs compared to the previous years.
- We achieved success in the implementation of Paycards. The Paycard is compulsory for foreign nationals and voluntary for South Africa citizens. At the end of February 2018 we had issued about 26549 Paycards to industry employees. 13965 Paycards were issued to foreign nationals and 12584 to South African citizens.

IT DEVELOPMENT

- There has been significant progress made towards the completion of the IT development of the back-office administration system. Mentioned is made though that development can never be a totally complete activity; it is an on-going process. We are always exploring ways in which we can improve processes; making them practical and reliable.

Year-end 2017 Progress Holiday Bonus



FUNDS ADMINISTRATION FIGURES, INCLUDING:

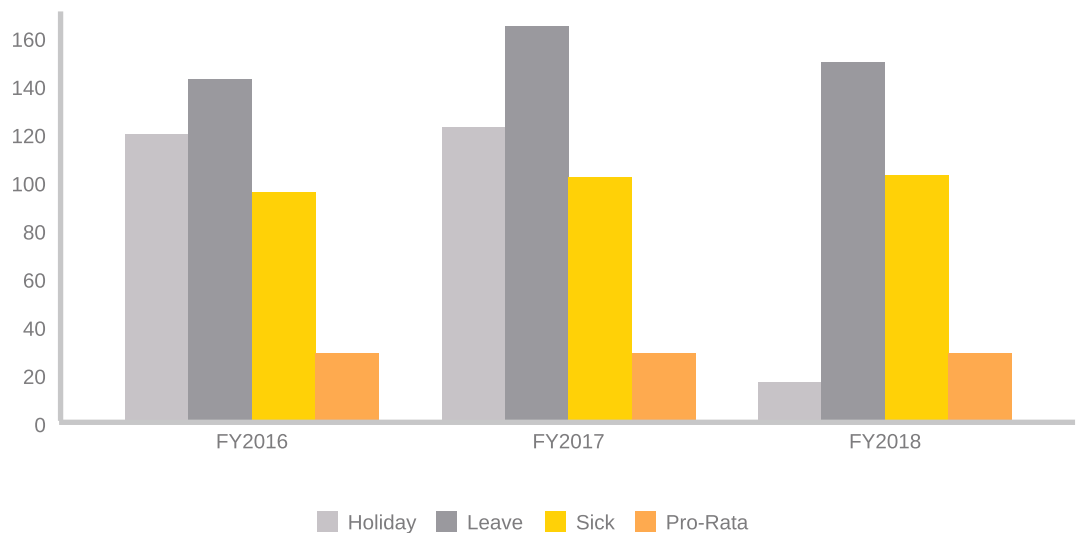
Leave and sick applications received:

- Total number of employers – 1 939
- Total number of employees – 53 914

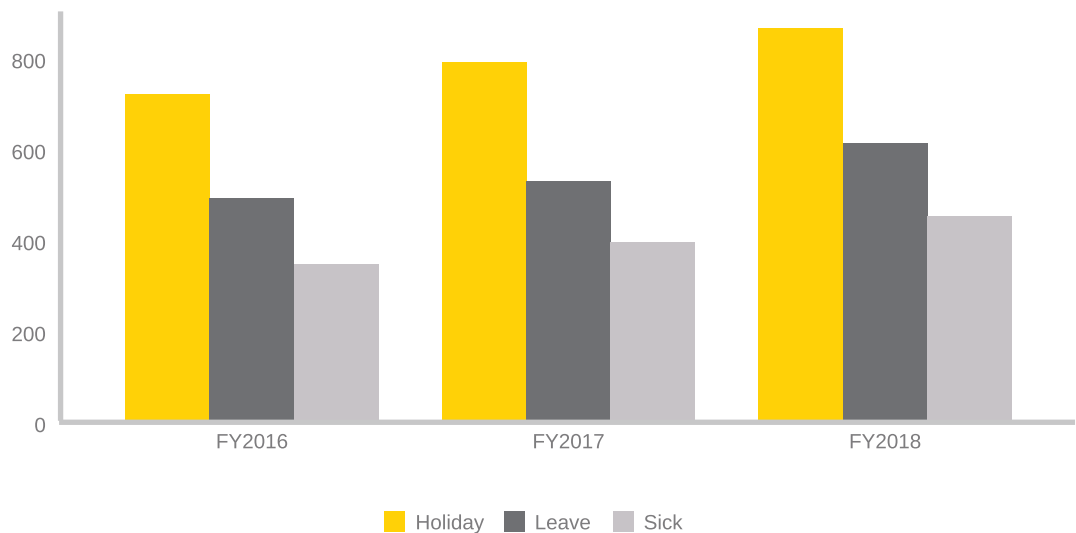
13th Cheque applications received:

- Total number of employers – 3 387
- Total number of employees – 112 794

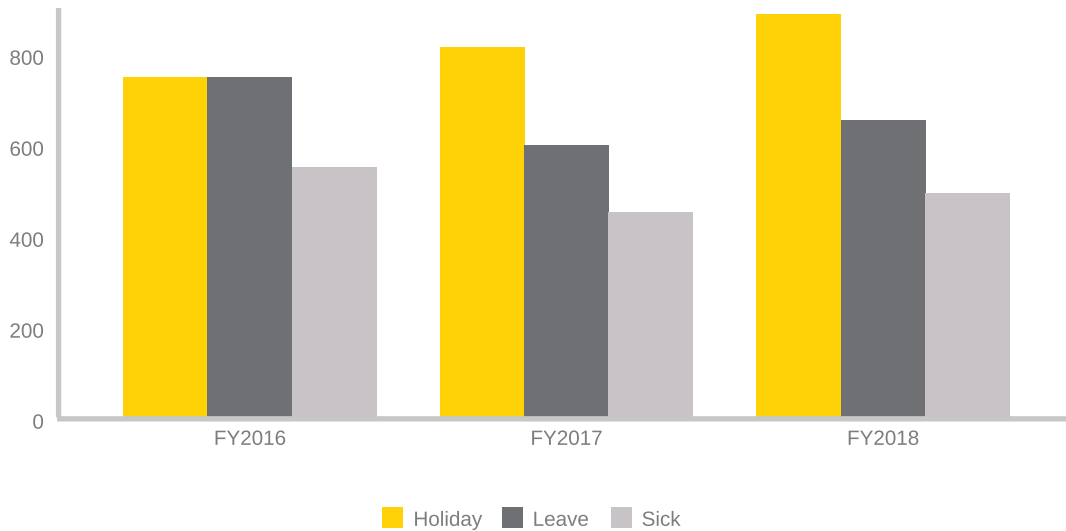
APPLICATIONS PROCESSED COMPARISON 2016 – 2018



FUNDS DISBURSED COMPARISON 2016 – 2018



FUNDS COLLECTED COMPARISON 2016 – 2018



WELLNESS FUND HEALTH PLAN

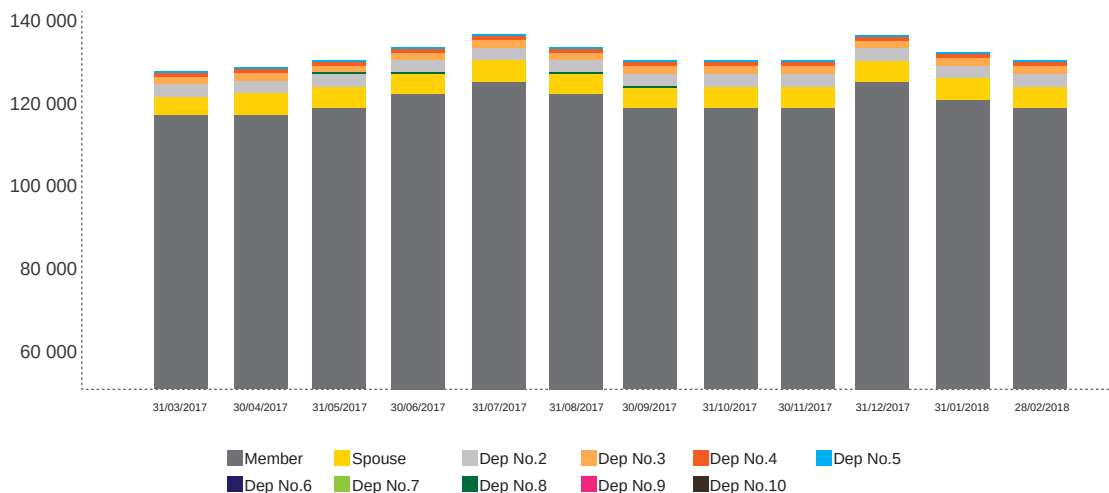
The Wellness Fund Health Plan protects the wellbeing of employees within the Road Freight and Logistics Industry. It is available to all active NBCRFLI members who are contributing to the Wellness Fund and meet the stipulated eligibility criteria. The Council, together with its Health Plan service provider, announced the refinement of the Health Plan in terms of the benefits provided. The Council and the service provider work hand in hand to identify members' specific needs annually. This makes the plan more focused on what our industry members' requirements are; resulting in a tailor-made solution.

The 2017/18 benefits for the Wellness Fund Health Plan included:

- Unlimited network GP consultations, however preauthorisation was required from the sixth consultation in a year.
- Unlimited telephonic consultations and over-the counter medications.
- Chronic medicine according to the formulary at network pharmacies.
- Basic radiology and pathology, as referred by a GP.
- Emergency transportation services.
- Acute medication up to (R1 000) per member per annum.
- Hospital accident benefit due to an accident with a maximum of (R75 000) per incident.
- Funeral assistance benefit of (R10 000) for eligible members.
- There has been one benefit change to the Wellness Fund Health Plan, namely the Medical society.

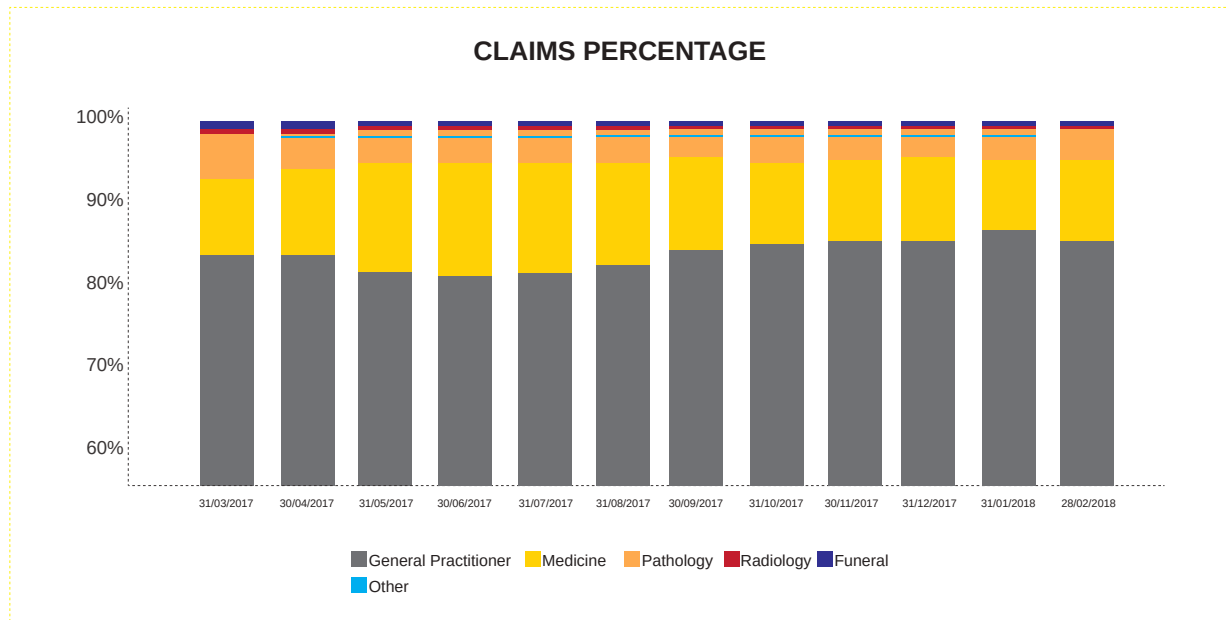
Data and graphs for the following (pertaining to the year in review):

REGISTERED MEMBERS PER MONTH



CLAIMS PERCENTAGE

DATE	GENERAL PRACTICE	MEDICINE	PATHOLOGY	RADIOLOGY	FUNERAL	OTHER
31 March 2017	65.35%	19.44%	11.98%	0.84%	0.06%	2.33%
30 April 2017	64.34%	22.06%	10.44%	0.79%	0.09%	2.28%
31 May 2017	60.59%	27.44%	10.14%	0.49%	0.08%	1.26%
30 June 2017	9.07%	28.46%	10.24%	0.70%	0.07%	1.47%
31 July 2017	60.05%	28.25%	9.94%	0.63%	0.11%	1.02%
31 August 2017	64.24%	24.21%	9.34%	0.72%	0.08%	1.40%
30 September 2017	66.32%	23.40%	8.32%	0.82%	0.09%	1.05%
31 October 2017	66.90%	21.86%	9.05%	0.68%	0.09%	1.40%
30 November 2017	67.08%	22.21%	8.94%	0.57%	0.08%	1.11%
31 December 2017	66.33%	23.32%	8.44%	0.67%	0.10%	1.14%
31 January 2018	69.88%	19.27%	8.75%	0.74%	0.12%	1.23%
28 February 2018	66.12%	22.00%	9.44%	0.84%	0.06%	1.54%



TRUCKING WELLNESS PROGRAMME

The Trucking Wellness Programme is an initiative of the National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI).

Since its launch in 1999, the Programme has grown exponentially as a result of combining a wide range of free primary healthcare services. These services are offered via the Programme's 21 Trucking Wellness Roadside Centres, which are situated at truck stops across major routes in South Africa and supported by a reliable fleet of sophisticated Mobile Clinics.

The incorporation of the Mobile Clinics is an innovative way of improving our service offering to our members in the road freight and logistics industry. We now operate on a system where we can book a vehicle for ten days at a time for a single specific area which enables us to service many companies within that region.

This has greatly improved our ability to serve more members than ever before and work towards a healthier and more vibrant trucking industry.

We are proud to declare that since the establishment of the Trucking Wellness Programme, there has been a remarkable increase in the number of people who now have access to primary healthcare, counselling and testing for HIV infection.

Furthermore, we have intensified our efforts to educate and motivate those within the trucking industry to adopt and live healthier lifestyles in general thus building a more productive labour force.

Everything considered, it is worth mentioning that the introduction of more mobile clinics has not only been successful, but also resulted in savings of just over R600 000.

Mobile HCT cost Comparison

- 2017 – R 2, 378 948.133
- 2018 – R 1, 749 712.44

Achievements for the year in review:

- Trucking Wellness Programme introduced a Cloud Based Capturing System to the Mobile Wellness Centres servicing depots. The system started generating reports at the end of September 2017.

Use of Roadside Wellness Clinics

PERIOD	PATIENTS TESTED FOR HIV	HIV+ PATIENTS	% INFECTION RATE
1 Mar 2016 to 28 Feb 2017	11 005	531	4,83%
1 Mar 2017 to 28 Feb 2018	13 046	570	4,37%
<i>Variation</i>	2 041	39	0,46%
%	18,55%	7,34%	

PERIOD	TOTAL HCT	% FROM TREATMENT SEEKING PATIENTS
1 Mar 2016 to 28 Feb 2017	11 005	33,09%
1 Mar 2017 to 28 Feb 2018	13 046	37,93%

PERIOD	PATIENTS	AWARENESS TRAINING	STI'S TREATED	CONDOMS DISTRIBUTED
1 Mar 2016 to 28 Feb 2017	33 262	30 496	1 797	1 266 526
1 Mar 2017 to 28 Feb 2018	34 399	33 736	1 666	1 398 196
Difference	1 137	3 240	-131	131 670
%	3,42%	10,62%	-7,29%	10,40%

b.) Southern African AIDS Conference attendance

Trucking Wellness Programme attended the 8th Southern African Aids Conference which was held in Durban from 13 to 15 June 2017. The focus of the conference was on prevention, themed - The Long Walk To Prevention: Every Voice Counts.

There was a unanimous agreement that an integrated approach which includes a combination of interventions should be followed. These should include:

- Health information including violence against woman and girls & alcohol and drug use
- HIV counselling and testing services
- Sexual and reproductive health services
- Pre-Exposure Prophylaxes (Prep)
- Female and male condom distribution
- Medical male circumcision
- Treatments as prevention (adherence importance)
- Stigma and discrimination reduction interventions
- Psychosocial support services.

Research confirmed that the most successful results with the biggest social impact are those programmes / projects which are imbedded in the communities and strengthening the current structures and resources.

Monitoring and evaluation followed by research still remains vital for the appropriateness and innovation of all HIV prevention, testing, treatment and care programmes.

We are buoyed by the above in that it endorses the importance and appropriateness of the Trucking Wellness Programme.

The following conclusions were derived from the above statistics between the two reporting periods:

1 March 2016 to 28 February 2017 and 1 March 2017 to 28 February 2018.

- There was an 18,55% increase in HCT uptake.
- The infection rate based on testing has decreased by 0,46% for the reporting period between 2016 and 2017.
- An increase is noticed from 33,09% to 37,93% HCT uptake when seeking treatment indicates a successful up-scaling of HCT services.
- The statistics above reflects an increase in patients seeking treatment, awareness training and condoms distributed in the Wellness Centres.

- A decrease in STI treated new episode is noticed which also correlates with the 10,40% increase in condom distribution.
- There was a 3,42% increase in patients seeking treatment, and a 10,62% increase in patients that received awareness training.

This is a very positive trend taking into account that condom distribution at the Trucking Wellness Clinics includes information and education with research indicating that for every 500 condoms distributed – one HIV infection is prevented.

Roadside Wellness Centres HCT

1 MAR 2017 TO 28 FEB 2018	TOTAL HIV	HIV+	HIV-	INDETERMINATE	PREVALENCE
	13 046	570	12 476	0	4,3%

Roadside Wellness Centres

1 MAR 2017 TO 28 FEB 2018	AWARENESS EDUCATION	PATIENTS	STI TREATMENTS	MALE CONDOM DISTRIBUTION	FEMALE CONDOM DISTRIBUTION
	33 736	34 399	1 666	1 383 354	14 842

Mobile Wellness Centres HCT

1 MAR 2017 TO 28 FEB 2018	TOTAL HIV	HIV+	HIV-	PREVALENCE
	9 109	261	8 848	2,87%

OTHER HIGHLIGHTS OF TRUCKING WELLNESS PROGRAMME

- An estimated 22,5 million condoms have been distributed since 2002. The Trucking Wellness Programme aims to keep the wheels of the Road Freight and Logistics Industry turning by providing primary healthcare services to long distance truck drivers and community members. Since the Programme's inception, 805 635 truck drivers and women at risk have been reached through training and education; a total of 458 121 have been treated and 81 759 have been treated for sexually transmitted diseases.
- Mr GS Ngubeni started at the Trucking Wellness Programme as a Clinic Coordinator at Harrismith Wellness Clinic since 2001. The Trucking Wellness Programme inspired him to study further to become a Professional Nurse. He is in the process of finalising his nursing diploma.
- The Botswana Department of Health together with the North West Department of Health visited the Zeerust Trucking Wellness Clinic to learn how Trucking Wellness looks after the well-being of the trucking industry in South Africa.

TRUCKING WELLNESS PROGRAMME FOCUS FOR 2019

Trucking Wellness Programme main focus for 2019 is to implement the Cloud Based Patient Information Capturing System at all 21 Roadside Wellness Clinics. It will improve the quality of service where all nurses will have access to patients that visited the clinics. It will also improve the monitoring and evaluation process between Trucking Wellness Programme and CareWorks with regards to the referral of HIV Positive clients.

Donations

Trucking Wellness Programme extends its heartfelt gratitude to the following donors for their support during the year under review:

- National Bargaining Council for the Road Freight and Logistics Industry.
- Mercedes Benz South Africa Commercial
- Reef Tankers
- Imperial Logistics
- N3TC
- All provincial Departments of Health
- Mrs. Ria Schoeman from the Foundation for Professional Development (FPD) donated the Cloud Based Capturing software to the Trucking Wellness programme which was valued over R3 000 000.00.

We are also grateful to all the Truck Stop owners for allowing Trucking Wellness to operate in their premises at no cost.

ARV PROGRAMME

The partnership between the Council's Trucking Wellness Programme and CareWorks continues to achieve success in delivering sustainable HIV solutions. This has been done through managing HIV/AIDS in the workplace and treating HIV-positive people. Our experienced Trucking Wellness counsellors support and educate patients and their families about HIV, and related diseases. They also provide HIV/AIDS counselling and refer HIV infected employee members of the NBCRFLI to CareWorks for ARV treatment.

The NBCRFLI is committed to combating the spread of HIV/AIDS by:

- Encouraging those who test HIV negative to remain HIV negative.
- Encouraging those who test HIV positive to stay healthy and productive.
- Positively influencing attitudes towards breaking down the stigma around HIV/AIDS.

The Council fully supports the National Department of Health (NDoH) for adopting the World Health Organisation's ambitious treatment 90-90-90 target to help end the AIDS epidemic. In 2014, the Joint United Nations Programme on HIV/AIDS (UNAIDS) and partners launched the 90-90-90 targets; the aim was to diagnose 90% of all HIV-positive persons, provide antiretroviral therapy (ART) for 90% of those diagnosed, and achieve viral suppression for 90% of those treated by 2020. Achieving these targets will translate into an AIDS free generation by 2030. For the NBCRFLI to maximise healthy outcomes in the workplace, requires stepping up intensive case finding, linking to care and treatment as well as maintaining optimal adherence to ARV treatment.

CATEGORY	DESCRIPTION	FEB-18	FEB-17	% CHANGE
TREATING	Active members enrolled on CareWorks Programme	3 963	3 562	11.3%
	Spouses of active members enrolled	773	637	21.4%
	On ART (antiretroviral therapy)	2 765	2 344	18.0%
	Pre-ART monitoring	928	1 218	-23.8%
	Adherence (on CareWorks ART > 1yr) - target is 90%	91%	90%	



LINKING CARE AND TREATMENT

Linking care and treatment involves continued HIV education and close psychosocial monitoring and support for HIV positive members. Without linking care to treatment we would only have between 20 to 30% of our members gaining access to treatment. Through this link, and our partnership with CareWorks, we have been able to achieve the 90% target of linking members to the CareWorks Treatment Programme. This has been achieved for the past 5 years.

TREATMENT ADHERENCE

The number of new people starting on ARVs has increased by 13% in the year under review. The ARV programme has achieved and maintained a viral suppression rate of over 90% in a field which is 82% male dominated.

HIGHLIGHTS

- The Human Sciences Research Council's 5th South African HIV Prevalence, Incidence, Behaviour and Communication Survey 2017, reports that South Africa has achieved 85/90, 71/90 and 86/90 towards UNAIDS 90-90-90 target. The ARV Programme has achieved 92/90 and 91/90 in the second and third 90 respectively; this is a hard-won achievement that is worthy of being applauded and celebrated.
- There is an overall reduction in the influx into the treatment programme (-5.1%).
- Referrals from Trucking Wellness increased by 59% over this year.
- The introduction of the Cloud Based Capturing System has improved the quality of service provided to the clients rather than the focus on the quantity of clients being tested. Monitoring and evaluation has also improved and Trucking Wellness Programme is now able to provide more detailed reports to the companies where clients have been tested.

FINDINGS

The real challenge in achieving true return on investment for all stakeholders lies in the maximisation of the industry member numbers. Finding and enrolling the "missing 80%" on the treatment programme (through intensive case finding) presents the REAL opportunity to maximise this investment within the industry to the benefit of all stakeholders and members. Through public education and awareness campaigns, and ensuring that our stakeholders understand more about their benefits; we will be commissioning an independent survey on the services of the Wellness Trucking Clinics. The findings of this survey will enable us to further improve our services and ensure that they are maximally utilised by our members.

CONCLUSION

Through our marketing team, we will formulate executable strategies to create greater awareness for and promotion of our HIV wellness benefits. The benefits are remarkable but the utilisation remains low. With a membership of more than 100 000 and an estimated HIV infection rate of 16%, this means that nearly 80% of the HIV positive members CONTINUE NOT TO make use of the programme. This cost continues to burden the industry through absenteeism/ loss of productivity/ staff replacement and high staff turnover costs / death & disability claims, etc.). There is, therefore a need to increase our vigilance in ensuring that members are aware of their benefits and use them accordingly.



HUMAN RESOURCES

The Human Resource Department performs a critical role in advancing organisational development, enhancing the health and wellness of Council employees, and also ensuring legislative compliance.

HUMAN RESOURCES AT COUNCIL

The Council's administrative organisational structure remains unchanged.

HIGHLIGHTS AND ACCOMPLISHMENTS

The main accomplishments or highlights that the HR department achieved during the year under review:

- The focus during the period has been on formulating a new HR strategy, recruitment, employee relations matters, addressing audit queries, policy reviews and implementation of succession planning.
- The appointment of a Human Resources General Manager is an important development when taking into account that the role provides a comprehensive HR service function to the Council; namely, co-ordinating, managing and strategically directing the human resources activities of the Council.
- The appointment of a Financial Manager, who works together with the General Manager Finance, will provide critical input in the development of a finance strategy for the Department and Council thus ensuring a healthy and sustainable financial position for the NBCRFLI. The Financial Manager will also make certain that there is provision of strong financial control and guidance to all departments.
- An Administration and Facilities Manager was appointed to see to it that all facilities, including cleaning services, security services, building management, reception services, lease agreements, office refurbishment and maintenance are attended to and adherence to health and safety regulations are maintained at all times.

POLICIES

The following policies and guidelines were reviewed and submissions duly made to the relevant governance structures for approval.

- Selection and Recruitment Policy
- Disciplinary Policy
- Incapacity Policy
- Recruitment Standard Operating Procedure (SOP)
- Absence Management Guidelines
- Psychometric Assessment Guidelines
- Succession Planning Framework

STRATEGIC FUNCTION

The overall outcome of the strategic function that was assigned to the Department was approved in 2016. This was a necessary move in that the Human Resources Department was all along part of Corporate Services. This necessitated that the Department establishes its strategy and review its capacity. With the appointment of a General Manager in March, the Department's strategy was approved in August 2017.

JOB GRADING

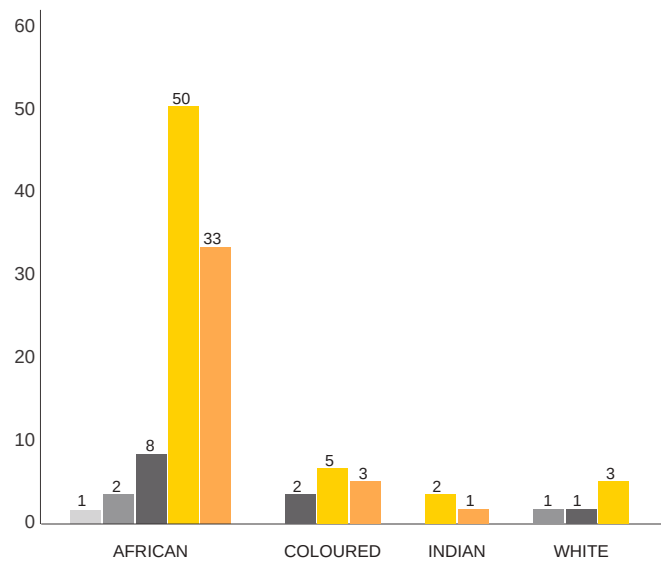
The job grading exercise was finalised for the year in review.

The benefits of this exercise will ensure:

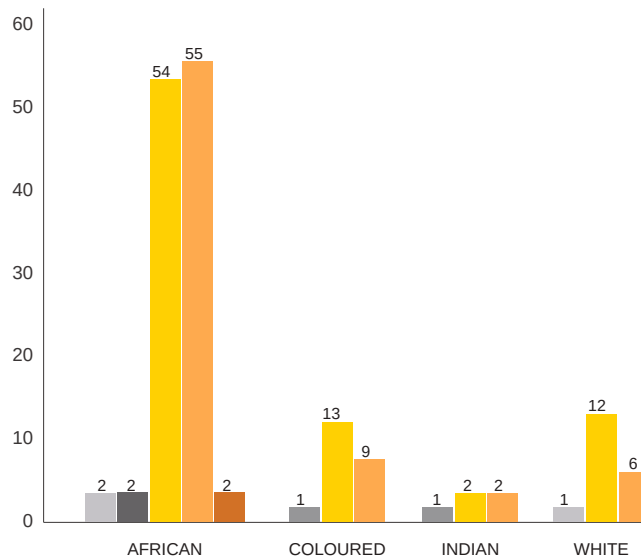
- That employees are paid well.
- That employees are paid within their approved salary scale.
- That employees are paid in line with their job grades.
- That there is redress for employees who fell below the minimum requirements.

OCCUPATIONAL LEVELS	MALE				FEMALE				FOREIGN NATIONALS		TOTAL
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top management	1	0	0	0	0	0	0	0	0	0	1
Senior management	2	0	0	1	2	1	1	0	0	0	7
Professional qualified and experienced specialists and mid- management.	8	2	0	1	2	0	0	1	0	0	14
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	50	5	2	3	54	13	2	12	0	0	141
Semi- skilled and discretionary decision making.	33	3	1	0	55	9	2	6	0	0	109
Unskilled and discretionary decision making.	0	0	0	0	2	0	0	0	0	0	2
TOTAL PERMANENT	94	10	3	5	115	23	5	19	0	0	274
Temporary employees	1	0	0	1	3	0	0	0	0	0	5
GRAND TOTAL	95	10	3	6	118	23	5	19	0	0	279

OVERALL MALE STATISTICS

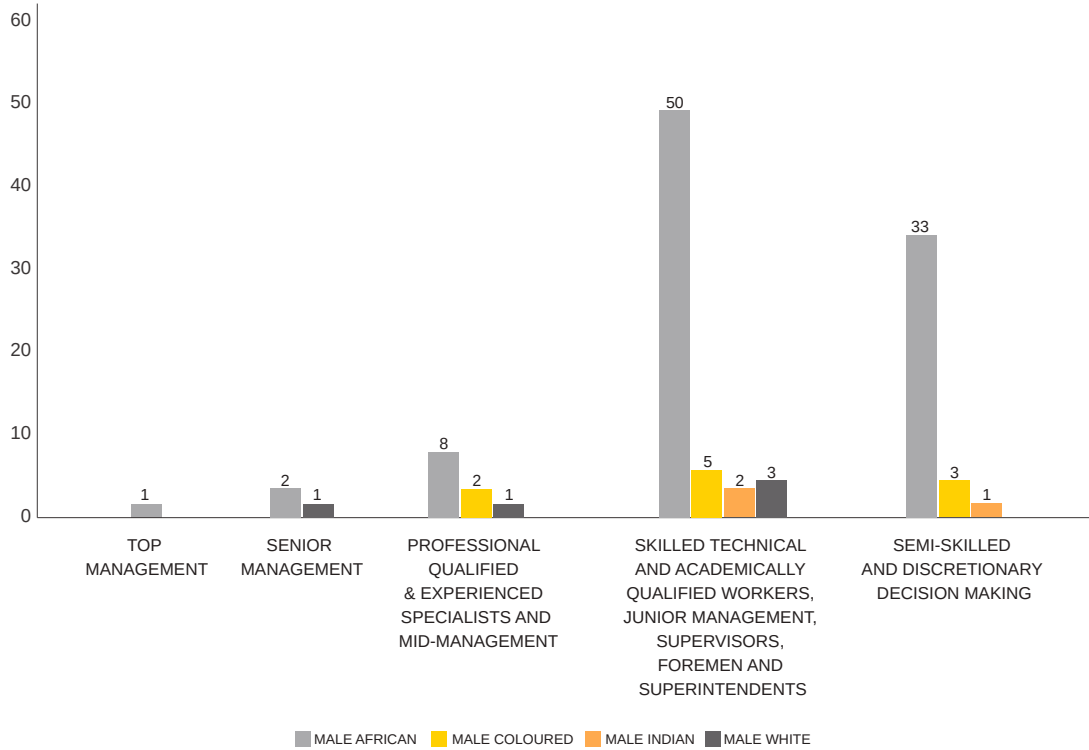


OVERALL FEMALE STATISTICS

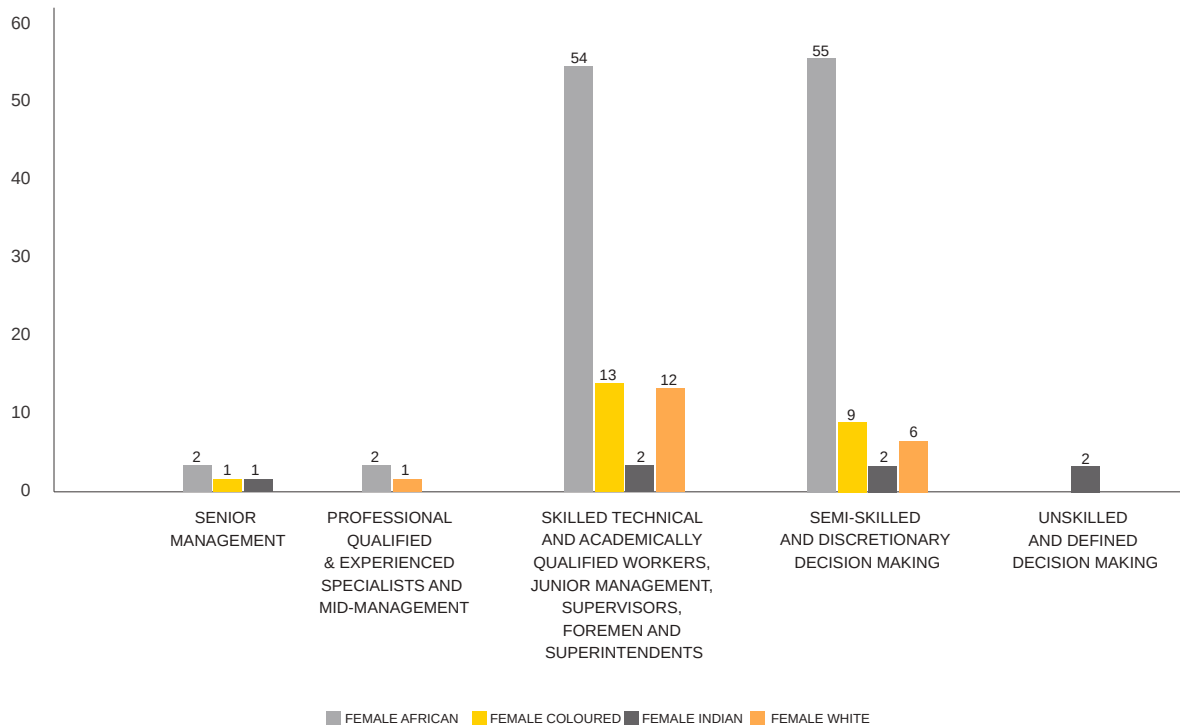


■ TOP MANAGEMENT ■ SENIOR MANAGEMENT ■ PROFESSIONAL QUALIFIED AND EXPERIENCED SPECIALISTS AND MID-MANAGEMENT
 ■ SKILLED TECHNICAL AND ACADEMICALLY QUALIFIED WORKERS, JUNIOR MANAGEMENT, SUPERVISORS, FOREMEN AND SUPERINTENDENTS
 ■ SEMI-SKILLED AND DISCRETIONARY DECISION MAKING ■ UNSKILLED AND DEFINED DECISION MAKING

PERMANENT MALES



PERMANENT FEMALES



STAFF DEVELOPMENT

The Council is committed to creating opportunities for skills development and implementing measures to retain skills, as per its Skills Development Plan. During the year in review, Council employees were sent on a number of training courses in accordance with their individual learning plans.

LEARNERSHIPS/PROGRAMMES

Agents In-house Programme

- The agents In-house programme will be launched in October 2018. The purpose of this programme is to empower the agents with broad understanding of the key knowledge and skills that underpin the role of an agent as a Compliance Officer.

Compliance Certificate Level 6

- All senior agents are currently on Compliance Officer Certificate Level 6 learnership which ends in November 2019. The objective of this structured programme is to support senior agents to encourage and promote Compliance. This is achieved by aligning to best practice standards throughout the Industry.

Leadership Development Programmes

- The Leadership Development Programmes are designed to produce well rounded and confident leaders with a solid understanding of the various business processes with NBCRFLI. A number of staff and senior management were enrolled for postgraduate courses as well as MBA funded by the Council

TRAINING INTERVENTIONS

The following training took place in the year in review:

INTERVENTIONS

- MS Word & Excel 2000
- Job Evaluation & Grading Training
- High Trust Client Relationships
- Executive Secretaries Course
- The PA and Executive Master Class
- Interpersonal Skills & Emotional Intelligence
- Telephone Excellence
- Office Administration
- Time Management, Assertiveness & Personal Productivity
- Customer Services
- The High Performance Administrator
- Mastering Business Communications
- Advance Problems Solving
- Professional Report Writing
- Coaching & Mentoring
- Strategic Thinking & Planning
- Coaching Session Executives
- Certificate in Procurement
- Post-graduate in Labour Law
- Diploma in Office Management
- Diploma in Financial Accounting
- Bachelor of Business Administration
- Advance Certificate in Management Practice
- BCOM in Human Resources
- Post-graduate in Financial Accounting
- Masters in Business Administration
- Conducting Conciliation & Arbitration

- Enforcement Training
- Diploma Advanced Labour Law
- Programme in Industrial & Organisational Psychology
- Labour Law Seminar

BURSARIES

The value of the bursaries that were awarded to Council employees during the 2017/2018 financial year is as follows:-

- Budget available R 907 609.80
- Budget spent R 425 739
- 20 employees were awarded bursaries

NBCRFLI PERFORMANCE MANAGEMENT POLICY (PMP)

We are delighted to make known that we adhered to the PMP and were able to constantly assess and ensure optimal performance. New performance management contracts were signed for the current year. The Council benefitted immensely from this. The motive behind this exercise was to make sure that the Council achieved its objectives of high performance by driving a performance culture and a stretch performance.

HEALTH AND WELLBEING

The Council has an unwavering commitment towards supporting the health and wellbeing of its employees. We continue to engage in numerous activities and programmes as part of this commitment.

The partnership which NBCRFLI with Independent Counselling and Advisory Services (ICAS), an industry leader in employee wellness programmes is still in existence.

ICAS has designed a solution specifically aligned with NBCRFLI employee wellness needs. The goal of the programme is to maintain a healthy, dedicated, responsive and productive workforce at the NBCRFLI. ICAS offers employees a range of core services such as:

- Psychological counseling services
- Life management services
- eCare online services
- Account management and service promotion
- Reporting and in-depth analysis
- Critical incident and trauma management
- HIV/AIDS support services
- Managerial consulting services

Listed below are the reviews by ICAS:

Individual utilisation (cases only): The individual utilisation decreased year on year and remain lower than the industry average.

Frequent awareness sessions and marketing should be conducted.

eCare: A total of 43 members of staff completed personal profiles as part of the eCare service. This is equivalent to 15.0% of the total staff eligible to use the EWP and compares to an average profiling rate of 8.7% among other organisations in similar industry sectors.

The most and frequently downloaded articles were:

- Health information tailored just for you
- Food that puts you in a better mood
- The art of balance
- Work life balance
- Do you have a nutrient deficiency?

Managerial utilisation: Even though the managerial utilisation increased from the previous period, it still remains below the industry average.

It is, however, worth noting that these members of staff made emboldening use of the Referral and Managerial Consultancy services during the same period.

Presenting problems:

- Relationship issues remain the top presenting problems cluster and correlates with the same trend as other companies in the same industry. These issues include conflict with partner, spouse, family member, divorce, separation and interpersonal conflict. Callers were provided with supportive telephone counselling and face-to-face counselling where necessary.
- Stress issues increased and were higher than the industry average. These issues were of a work and personal nature and include co-presenting issues such as relationship difficulties, substance abuse, disciplinary, work conflict, and bereavement and communication skills. Counselling focused on problem solving skills and coping mechanisms. Stress topic/themed talks should be conducted.
- Four HR issues were reporting during the review year. These involved performance management and disciplinary. Callers were provided with emotional support and referred to HR Department, as additional assistance from ICAS would cause a conflict of interest.

COUNCIL'S EMPLOYEE WELLNESS PROGRAMME

The NBCRFLI values the immense and critical contribution that all employees make to the success of Council. As part of its commitment, the NBCRFLI recognises the need to provide adequate support for employees from a personal and or work related point of view. Yearly wellness days were conducted in all regions, in line with our Wellness Objective Policy. The Employee Assistance Programme (EAP) is another programme through which the NBCRFLI maintains and enhances the health, well-being and performance of its employees.

WORKFORCE METRICS

The section below highlights key employee statistical data and indicators translated from the attached quarterly dashboard report.

BUDGETED HEADCOUNT VERSUS ACTUAL HEAD COUNT

The table below shows that the current employee headcount as 255 versus the budgeted positions of 296 resulting in 41 vacant positions.

Budgeted Head Count	Current Head Count	Number of Vacant Positions
296	255	41

RECRUITMENT

There were 31 permanent appointments made during this period, 24 of which were external appointments and 7 internal appointments. The table below reflects the number of vacancies per organisational level.

Level	No. of Vacancies
General Management	1
Management	2
Bargaining Unit Employees	34
Total Permanent	37
Fixed Term Contractors	4
Grand total	41



FINANCIAL REVIEW

PERFORMANCE OVERVIEW

- The Council's financial performance for the period under review was remarkable, taking into consideration the challenges faced by NBCRFLI. The Council recorded a surplus of R85 412 249 (FY2017: R88 239 222). Operational expenditure was R422 588 153 (FY2017: R375 446 029) which is an increase of 12.5% year on year.
- The Main Council expenditure increased by 13.5% compared to the previous year. We managed to operate well below the budgeted expenditure while ensuring improved service delivery to our stakeholders.
- Income generated for the period under review was R508 000 402 (FY2017: R463 685 251) which is an increase of 9.6% year on year.
- The Council's return on investments (interest earned) was R197 066 567 (FY2017: R181 256 551) which is an increase of 8.7% compared to prior year.
- Levies for the year under review were R87 922 110 (FY2017: R78 973 216) which is a year on year increase of 11.3%.
- Main Council income for the year was R288 526 369 (FY2017: R264 493 118) which is an increase of 9.1% compared to prior year.

INVESTMENT FIGURES/ REVENUE AND INCOME

- The overall investment balance was R1.9b (FY2017: R1.9b).
- Main Council investment balance was R334m (FY2017: R309m).
- Average return on investments was 8.02% (FY2017: 7.0%).
- CCMA subsidy income for the period totalled R993.860 (FY2017: R911 528).

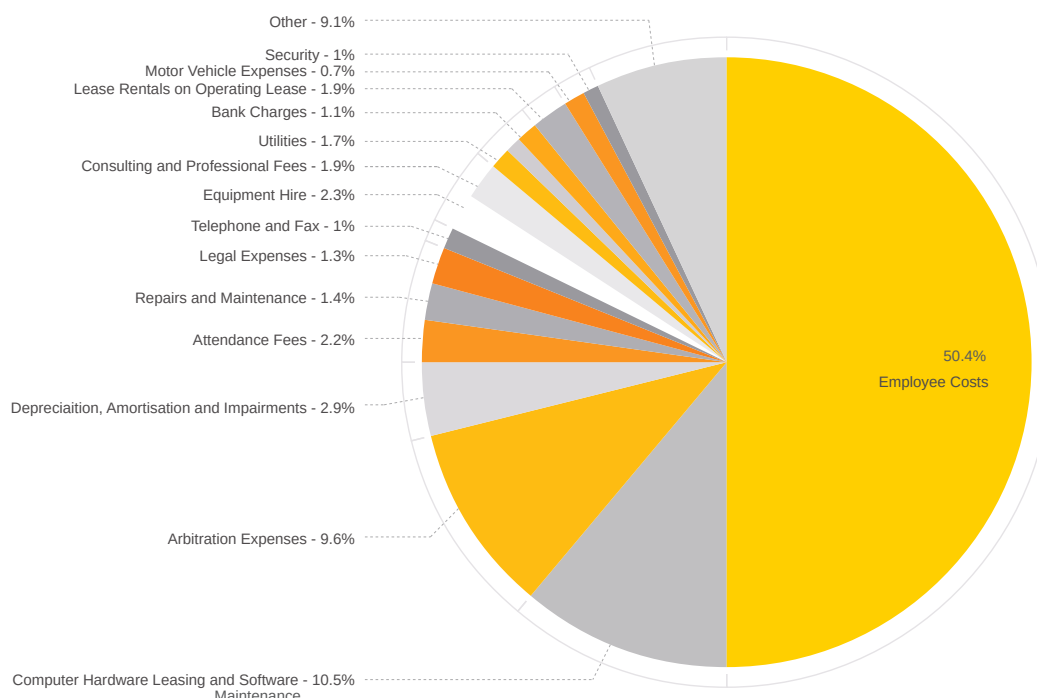
EXPENDITURE

The operational expenditure for the year was 11.4% below budget.

Employee Costs	50.4%
Computer Hardware Leasing and Software Maintenance	10.5%
Arbitration Expenses	9.6%
Depreciation, Amortisation and Impairments	2.9%
Attendance Fees	2.2%
Repairs and Maintenance	1.4%
Utilities	1.7%
Legal Expenses	1.3%
Lease Rentals on Operating Lease	1.9%
Equipment Hire	2.3%
Advertising	1.0%
Bank Charges	1.1%
Telephone and Fax	1.0%
Consulting and Professional Fees	1.9%
Security	1.0%
Motor Vehicle Expenses	0.7%
Other	9.1%

The Council continues to investigate ways to reduce costs and the further implementation of cost saving initiatives. Improved efficiencies of our procurement processes continue to bear fruits.

- NBCRFLI revenue = R508 000 402
- Main Council revenue. = R288 526 369
- NBCRFL operating surplus. = R85 412 249
- Main Council operating surplus.= R86 369 236
- Capital expenditure.= R5 592 481
- Property value. = R30 600 000
- NBCRFLI operating expenditure. R422 588 153
- Main Council operating expenditure = R202 157 133

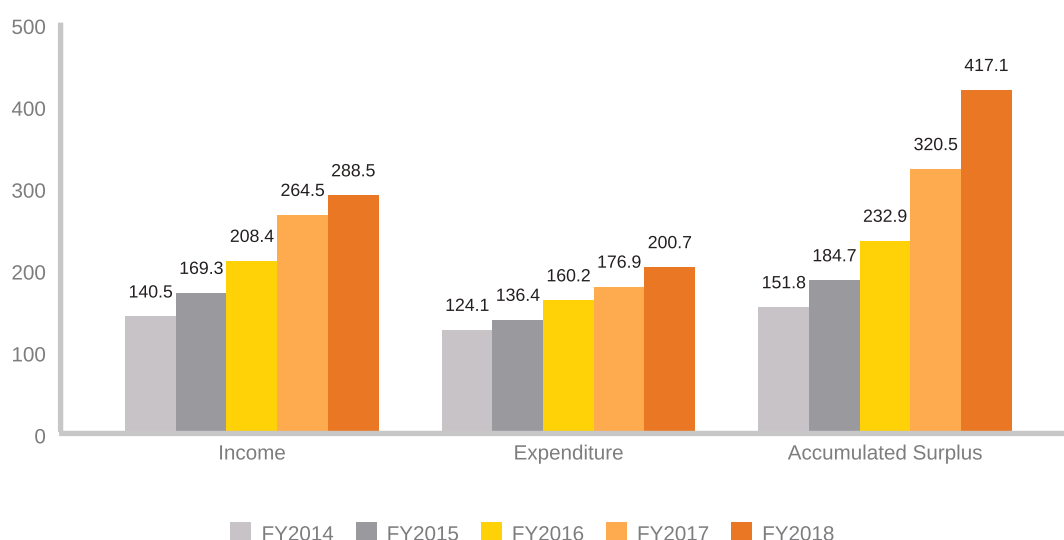


NBCRFLI GROUP REVENUE ANALYSIS

Group revenue (FY2017 vs FY2018) for Main Council, Holiday Pay Fund, Leave Pay Fund, Sick Pay Fund and Wellness Fund, Total.

Rm	Main Council	Holiday Pay Fund	Leave Pay Fund	Sick Pay Fund	Wellness Fund	Total
FY2017	109.0	46.4	42.5	61.0	197.4	456.2
FY2018	128.5	49.7	45.7	64.5	219.4	508.0

MAIN COUNCIL 5 YEAR PERFORMANCE



BALANCE SHEET AND CASH FLOW

CAPITAL EXPENDITURE

The Council's capital expenditure increased by 7.3% to R 5 592 481 (FY2017: R5 214 200) in the year under review.

FINANCIAL ASSETS

The Main Council and trust funds investments are held with major banks in South Africa. The investments yielded returns of 7.00% and 8.02% (2017: 7.00% and 8.03%). The market value of the Main Council investments was R334 434 898 (2017: R309 068 335), a growth of 8.21% from 2017.

The consolidated market value of the Holiday Pay Fund, Leave Pay Fund and Sick Pay Fund was R1 910 560 468 (2017: R1 996 299 777). The balances of the investments decreased by 4.29% and this is primarily attributable to lower interest yielded during the period.

TRADE AND OTHER RECEIVABLES

The trade and other receivables of the Main Council increased by 9.16% The total receivables were R4 204 107 (FY2017: R3 851 263)

CASHFLOW

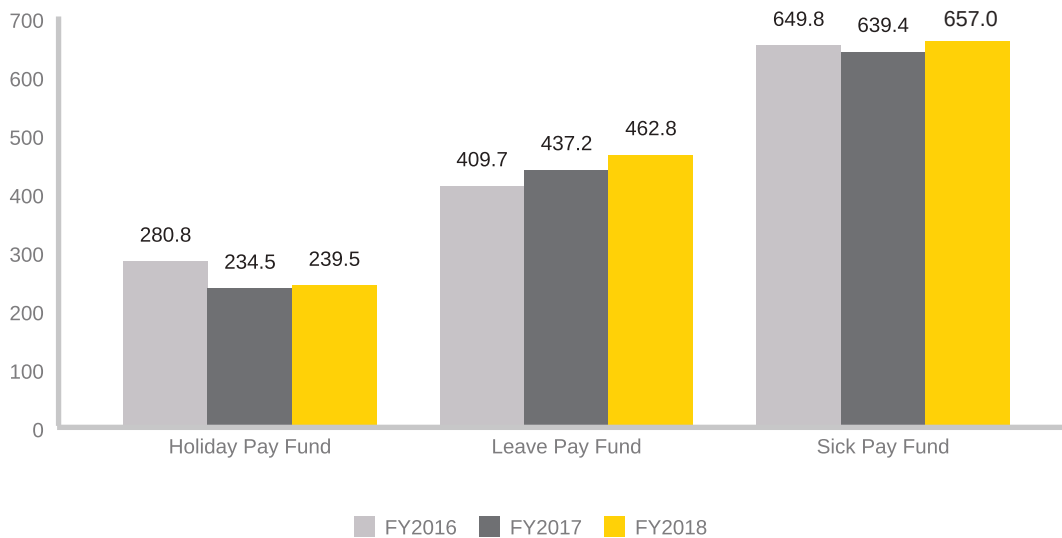
The total bank balance at year end was R330 298 808. The majority of the balance was made up of the funds that were in the process of being invested.

TRUST FUND LIABILITIES

Below are the figures for the movement and balances in the trust fund liabilities for the period 2016-2018.

Trust Fund Liabilities (Rm)	Holiday Pay Fund			Leave Pay Fund			Sick Pay Fund		
	FY2016	FY2017	FY2018	FY2016	FY2017	FY2018	FY2016	FY2017	FY2018
Accumulated Funds - beginning of the year	268.3	280.8	234.5	357.9	409.7	437.2	593.1	649.8	639.4
Contributions Received	747.0	813.0	887.5	550.2	598.6	654.4	417.0	451.6	492.3
Total Payments	-718.2	-775.0	-863.4	-489.0	-524.3	-611.4	-343.8	-390.7	-450.6
Forfeiture Adjustment	-16.3	-84.3	-19.1	-9.4	-46.8	-17.4	-16.5	-71.3	-24.1
CLOSING BALANCE	280.8	234.5	239.5	409.7	437.2	462.8	649.8	639.4	657.0

TRUST FUND LIABILITIES

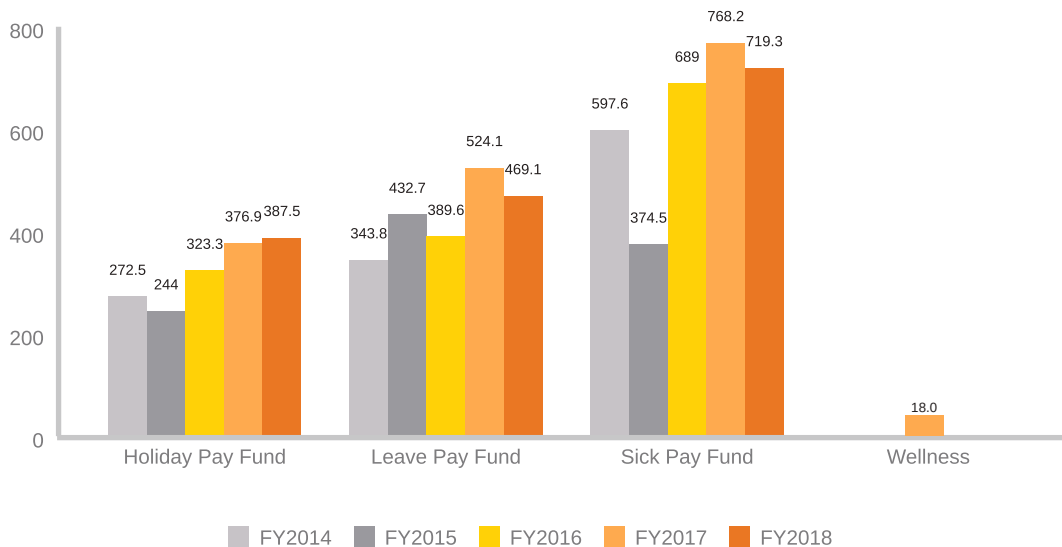


TRUST FUND INVESTMENTS

Below are the figures for the trust fund investments for the period 2014-2018 (Holiday Pay, Leave Pay, and Sick Pay Funds).

	HOLIDAY PAY FUND	LEAVE PAY FUND	SICK PAY FUND	WELLNESS FUND
FY2014	272.5	343.8	597.6	0.0
FY2015	244.0	432.7	374.5	0.0
FY2016	323.3	389.6	689.0	0.0
FY2017	376.9	524.1	768.2	18.0
FY2018	387.5	469.1	719.3	0.0

TRUST FUND INVESTMENT



BUDGET

A total operational budget of R205.1m Main Council was approved for the period ending 28 February 2018.

FACILITIES AND ADMINISTRATION MANAGEMENT

PREVENTATIVE MAINTENANCE PLAN

The Facilities & Administration Management Unit has developed a preventative maintenance plan to help circumvent and eliminate the occurrence of major failures. This will be achieved by the early detection and correction of minor problems within the Unit's systems.

The objective of the plan is to deliver scheduled activities that will be executed during the current financial year. This will ensure that the Unit remains committed to improved delivery of quality services in administration, maintenance and operations. Included in the maintenance plan are critical units such as the HVAC and generator to name a few.

HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The NBCRFLI is subject to and bound by the provisions of the Occupational Health and Safety Act No. 85 of 1993 (the Act), which requires employers to provide and maintain, as far as is reasonably feasible, a workplace that is safe and without risk to the health of its employees, stakeholders and suppliers.

The NBCRFLI is tasked with the responsibility of providing a safe and healthy work environment for its employees, stakeholders and suppliers. It is a responsibility to which we are morally and legally committed. This commitment also extends to making sure that all our operations and activities do not expose local communities or the environment to risks of injury, illness or damage.

In order to comply with the standards of the Occupational Health and Safety Act No. 85 of 1993, the NBCRFLI appointed Section 16(2) Health and Safety representatives. This was done to ensure the proper functioning of the health and safety committee and to improve the overall responsibility of providing a safe workplace and environmental sustainability. The Health and Safety Committee has also developed an OHS Policy for the organisation, which is awaiting approval from the relevant governance structures.

CONTRACTS/SLA MANAGEMENT UNIT

This Unit which is located within the Facilities Unit is assigned with the task of managing the various suppliers that provide services with focus on the general improvement of the NBCRFLI's service facilities. The Facilities & Administration Management Unit monitors and coordinates the overall contractual activities such as cleaning, hygiene, document management, security management and courier services.

DOCUMENT MANAGEMENT

We are in the process of establishing a Document Management Policy. This is a governance tool that will enable the organisation to implement a clear process flow of documentation management and equally remaining compliant with the set regulations of the Protection of Personal Information (POPI Act). A committee whose duty will be to oversee the recommendations of this policy has been elected from the respective departments.



PROCUREMENT AND PAYROLL

PROCUREMENT INTRODUCTION

The Procurement Section is an integrated function that operates within the Finance Department. Its continued existence is propelled by its key objectives that include supporting the operational requirements; managing the procurement process and supply base effectively and efficiently; developing and maintaining strong relationships with all departments; and developing cohesive strategies that reinforce the organisation's overall strategy, goals and objectives. To effectively carry out its mandate, the Procurement Section is sharpening its focus on the continuous adoption of best practices and adherence to all established regulations.

LEGISLATIVE REQUIREMENTS

Even though the NBCRFLI is not a state owned entity, its existence is driven and influenced by the requirements of the Labour Relations Act and its activities are governed under the Department of Labour, and ultimately the Minister of Labour. It is for these reasons that the NBCRFLI, in terms of its operations, will always be informed by best practices in both the public and private sectors: this in order for the Council to serve its stakeholders efficiently.

PROCUREMENT ACTIVITIES

Key procurement activities include:

- Stock management.
- Supplier database management.
- Tender management.
- Service level agreement management.
- Insurance /risk covers.
- Daily processing of orders through SAP.
- Regular review of risk and strategy.
- Regular review of policy and procedures.

OTHER ACTIVITIES

The Procurement Section has successfully completed a Project Charter to address the concerns of appropriately accruing for expenses. The Project Charter is currently in the implementation stage and will be diligently monitored.

PAYROLL INTRODUCTION

The primary mission of the Payroll Section is to ensure that all employees and other stakeholders are paid accurately and timeously with the correct withholdings and deductions; and to ensure that such withholdings and deductions are remitted in good time. This includes salary payments, tax withholdings, and deductions from earnings. The Payroll Section's mission is achieved through working with all other departments within the NBCRFLI, including the Human Resources Department.

LEGISLATIVE REQUIREMENTS

The Payroll Section is under obligation to comply with the following legislative requirements:

- Employee Tax Incentive (ETI).
- SARS requirements (EMP201 and EMP501).
- BCEA.
- Department of Labour requirements (UIF, Maternity).
- StatsSA.
- Workman's Compensation.
- Pension Fund Act.

CONCLUSION

We look forward to the 2019 financial year to continue executing on the Council strategy and the objectives that we have set ourselves to achieve.



NBCRFLI Internal Audit Department reports functionally to the Audit and Risk Committee, with an administrative reporting line to the National Secretary. These reporting lines were maintained throughout the financial year and Internal Audit Department was able to discharge its responsibilities in line with its approved Charter.

In line with King IV Report on Corporate Governance requirements, Internal Audit provides management and Council with independent assurance by evaluation and improving effectiveness of risk management, internal controls and governance. This is achieved by means of a risk-based audit coverage plan to determine the priorities of internal audit activity consistent with Council goals.

Council's internal audit function appoints in-house staff members and Grant Thornton as the co-source partner to execute its mandate. Internal Audit has the mandate to effectively discharge its responsibilities in contributing to the achievement of Council objectives in the following manner:

Internal Audit assist the Council in determining whether the Council's risk management, governance and internal control systems and processes, as designed and implemented by management, are adequate and operating as intended to ensure that:

- The Council has an effective enterprise wide risk management process in place.
- Governance processes and structures are sufficiently designed, communicated and complied with across the Council.
- Significant financial, operational and management information is reported, and analysed accurately, reliably and timeously.
- Policies and procedures as well as statutory and contracted requirements are complied with at all times.
- Economic and effective management and safeguarding of financial, human, and other resources.
- Quality and continuous improvement are integral to the Council's internal control processes.
- Significant legislative or regulatory issues affecting the Council are recognised, addressed, and reported on.

Internal Audit is further specifically responsible for ensuring that:

- The annual audit plan is implemented, including, as appropriate, any special tasks or projects requested by the General Manager Internal Audit, the Audit and Risk Committee and the General Management.
- Integrated assurance is provided as to the adequacy, effectiveness and efficiency of internal controls over risk as identified in conjunction with management, and other assurance providers.
- Senior Management follow-up and monitor all internal and external audit deficiencies to ensure that the necessary management actions have been implemented or that management has accepted the risk for not taking action, and that management have effectively documented the criteria for such risk acceptance.

- The Department will implement the approved combined assurance and the internal control frameworks, while continuously auditing projects and working closely with forensic auditors to ensure Council's compliance with all laws and regulations.

The Internal Audit Department works closely with the Council's external auditors to ensure effective and efficient coordination of efforts to ensure an effective combined assurance model.

In order to ensure progress on implementation of previously agreed management corrective actions a Finding Tracking Register is maintained for follow up purposes.

Professional positioning and recognition

Internal Audit has been subjected to 1 independent external quality assessment reviews (QAR), in 2014 and a QAR is scheduled for 2019. Internal Audit function with the guidance of the Audit and Risk Committee aspire to be a leading professional activity, characterised by innovation, wide integration of global best practice and unequivocally demonstrating a commitment to upholding the Standards."

Independence and authority

The independence of Internal Audit is formally considered by the General Manager Internal Audit and the Audit and Risk Committee on an annual basis, or as and when changes to the organisational positioning occur. It has been determined and confirmed that Internal Audit has remained independent of all operational functions, and that the functional reporting to the Audit and Risk Committee and administrative reporting to the National Secretary have enabled appropriate organisational positioning. Internal Audit has access to the Chairman of the Council, and Audit and Risk Committee as well as free and unrestricted access to all areas within NBCRFLI. In order to facilitate strategic positioning and alignment of Internal Audit, it has had a standing invitation to Governance and Investment Committee meetings.

Compliance Governance

Council Administration is in the process of developing a Compliance Framework & Policy and a regulatory universe. Council is responsible for ensuring that the entity complies with applicable laws and regulations, best practice codes, standards and directives. Compliance is the basis for the management of ethical conduct across all spheres of NBCRFLI activities and interaction with internal and external stakeholders. To this end, NBCRFLI has prioritised compliance as a key focus area.

Our governing legislation in the Labour relations Act, all our Collective Agreements and procedures are reviewed on an ongoing basis for alignment to LRA. Considering the amount of personal information that Council deals with, Council Administration has embarked on journey to comply with Protection of Personal Information Act. We have conducted a gap analysis and formulated a road map to work toward POPI compliance.



CORPORATE GOVERNANCE MATTERS

Financial Governance

The Council is in a financially stable position with a considerable amount of reserves. The Council utilises Nexia SAB & T as its external auditors. For the year under review, the Council obtained an unqualified audit.

To ensure that the Council's expenditure is spent appropriately and is in line with the approved budget, the Council Administration must follow the Delegation and Limit of Authority as approved by Council. Furthermore, all goods/services must be procured according to the approved Supply Chain Policy.

Information Technology Governance

The IT Steering Committee will monitor amongst all IT risks and the Council's IT major projects. The Council Administration has formulated and obtained approval of all IT related policies and frameworks to meet governance requirements. IT best practices and frameworks like Cobit 5, ITIL, ISO 38500 and ISO 27000 have been adopted to improve and mature the overall Governance and Control landscape.

The Council has appointed an independent IT specialist at the Audit and Risk Committee to strengthen IT Governance matters within the Council.

Remuneration of Council Members and Council Administration

The Council, through its Remuneration Committee, oversees the Council's remuneration structure and makes decisions regarding the remuneration of councillors, general managers, committee members and Council administration staff members.

Council Governance Framework

The Council has approved the Council Governance Framework, which is guided by the Principles of Good Governance. Furthermore, the Council has put in place the Delegation of Authority which prescribes powers and responsibilities of Council Governance Structures and Council Administration respectively. Its purpose is to give defined authority to Council Governance Structures and Council Administration.



AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee (the Committee) of NBCRFLI is pleased to present its report for the financial year ended 28th February 2018. The Committee complies with relevant legislation, regulation and governance practices.

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee, hereinafter referred to as "the Committee" of the NBCRFLI is pleased to present its report for the 2017/2018 financial year. The Committee complies with all relevant legislation, regulation and good governance practices.

AUDIT AND RISK COMMITTEE MANDATE

The Committee is governed by a formal audit and risk charter which incorporates the relevant requirements of the Companies Act of South Africa, Act No 71 of 2008. This charter serves as a significant guide for the Committee in terms of carrying out its objectives, its authority and responsibilities, both statutory and those assigned to it by the Council.

The Committee fully comprehends the importance of its role as part of the risk management and corporate governance processes and procedures within the Council and its duties as stipulated in the charter.

COMMITTEE COMPOSITION AND ATTENDANCE AT MEETINGS

The Committee is made up of two non-executive members (Councillors) and three independent non-executive members including the Chairperson of the Committee. The Chairperson is an independent member and is not the Chairperson of the Council. The following members served on the Committee during the year under review:

Committee Member	Capacity	Meeting Attendance
G Sibiyi*	Chairperson and Independent Member	1/1
O. Mokgoantle***	Acting Chairperson and Independent Member	3/3
M. Ramataboe	Independent Member	3/3
J. Gamede****	Councillor	2/2
T Ramakgolo**	Councillor	1/1
T. d'Almeida	Councillor	3/3

- * Appointed to the Committee as a Chairperson with effect from 21 August 2017
- ** Appointed to the Committee with effect from December 2017
- *** Acting Chairperson for March to June 2017
- **** Served as a Committee Member until June 2017

From the table above Council can confirm a 100% Committee meeting attendance rate.

During the year under review, three Audit and Risk Committee meetings were held in accordance with the requirements of the Committee's charter. The Committee works according to a set standard programme of work. Accordingly, these meetings were spread evenly throughout the year to ensure that its core work and reports were produced at the appropriate time to coincide with the Council's reporting cycles.

It is also worth noting that the chairperson of the Committee has an open invitation to attend meetings of the Council. The Chairperson also attends the Annual General Meetings of the Council to give an account of the committee's activities and provide clarity where it is required.

COMMITTEE EVALUATION

The effectiveness of the Committee is appraised as part of the annual Council and Committee self-evaluation process. In the previous financial year, the Audit and Risk Committee developed specific key performance indicators (KPIs), in addition to aspects dealt with in the annual plan. This was done in order to map out clear and measurable objectives for the Committee and internal audit function to assist management in achieving Council's overall strategic imperatives.

The Committee set the following KPIs for 2018:

- Greater oversight on information technology governance (IT) and its maturity.
- Greater oversight on implementation of the combined assurance model.
- Improved use of the strategic dashboard to manage and monitor the risks and associated internal controls (including internal financial controls).
- Greater oversight on the implementation of the risk management policy and internal control framework.

EFFECTIVENESS OF INTERNAL CONTROLS

Based on the assessment of the system of internal financial controls conducted by Internal Audit Department, as well as information and clarification provided by management and discussions held with the external auditor on the results of their audit, the Committee is of the opinion that the NBCRFLI's system of internal financial controls is effective and forms the basis for the preparation of reliable financial statements in respect of the year under review.

EXTERNAL AUDIT

NBCRFLI's external auditor is Nexia SAB & T. Their plan for the annual audit of the NBCRFLI's financial statements, which incorporated the identification of significant risks and how they are to be addressed during the audit, is presented and approved at a meeting of the Committee before the commencement of audit.

The external auditor has unrestricted access to NBCRFLI's records and management. The external auditor furnishes a written report to the Committee on significant findings, if any, arising from the annual audit and is able to raise matters of concern directly with the Chairman of the Committee.

INTERNAL AUDIT

The Committee was satisfied that Internal Audit had properly discharged its functions and responsibilities during the year under review. The capacity of Internal Audit has been enhanced by a co-sourced arrangement with Grant Thornton SA.

AUDITOR INDEPENDENCE

The Committee is satisfied that Nexia SAB & T and the designated audit partner are independent from the NBCRFLI and management, and are therefore able to express an independent opinion on NBCRFLI's annual financial statements.

The Committee resolved to limit the provision of non-audit services by the external auditors. For the period under review, fees totalling R 637 403.12 were paid to external auditors as outlined in the table below. This amount includes non-audit service fees of R 15 000.00 which is 2.35% of the total spent.

FEES	STATUTORY AUDIT	NON-AUDIT SERVICES
External audit	R 622,403.12	-
Non-audit service fees	-	R 15 000.00
Total	R 622,403.12	R 15 000.00

WHISTLE BLOWING

During the year under review, the Committee reviewed the whistle-blowing programme and reports resulting from the programme. We have ensured that, where appropriate, management instituted independent investigations based on the reports received and took appropriate corrective action.

LEGAL AND REGULATORY REQUIREMENTS

The Audit and Risk Committee reviewed, together with management, all legal matters that could have material impact on NBCRFLI.

RISK MANAGEMENT

NBCRFLI is still in the process of formalising the risk governance processes and structures. For the year under review:

- The Risk Management Committee was established;
- Operational risk assessments were conducted across all NBCRFLI departments,
- Implementation of risk mitigations was closely monitored;
- Effective functioning of IT Steering Committee to monitor IT governance and capital projects.
- Development of Compliance Framework and Regulator Universe.

Plans by the NBCRFLI are afoot to finalise the Risk Management framework and related policy as well as risk tolerance levels in the new financial year. The NBCRFLI also intends to finalise the risk governance process.

APPROVAL OF THE REPORT

Following the review by the Audit and Risk Committee of the annual financial statements for the year ended 28th February 2018 and the opinion of the External Auditor, the Audit and Risk Committee is of the view that they fairly present in all material respects, the financial position of Council. The Audit and Risk Committee has satisfied itself on the integrity of the remainder of the annual report.

The Audit and Risk Committee has recommended the annual financial statement and the remainder of the annual report for the year ended 28 February 2018 for approval to Council.

On behalf of the Audit Committee



G Sibiya
Chairperson of the Audit and Risk Committee
July 2018

INTRODUCTION

A comprehensive IT strategic plan will be developed in the financial year 2020 and recommended to the Council for consideration and approval. The Committee will monitor comprehensive risk analysis and business requirements prioritisation exercises will inform the contents of the IT strategy, risk register and the governance work plan, and progress against this.

MEMBERS OF THE IT STEERING COMMITTEE

The Committee consists of the senior management team as well as an independent IT risk specialist appointed by the ARC.

COMMITTEE MEETINGS

The Committee held five meetings during the year under review. The focus of the meetings was to:

- Monitor the implementation of the IT infrastructure strategy based on outsourcing the Council's core IT infrastructure as an integrated IT infrastructure managed services.
- Evaluate, award and monitor the implementation of a tender for Integrated IT infrastructure services to an IT strategic partner.
- Draft and approve a comprehensive IT Governance Framework that includes IT management framework, core IT processes, security policies and other general IT policies.
- Evaluate the business case for and implementation of the consolidation of NBCRFLI's payroll system onto a single platform.
- Monitor the implementation of business systems development and implementation.

FUNCTIONS OF THE IT STEERING COMMITTEE

The Committee is a sub-committee of the ARC and is responsible for:

- Governance of NBCRFLI's IT operation;
- Strategic alignment of IT with the business;
- Value delivery of IT concentrating on optimising expenditure and proving the value of IT;
- Risk management addressing the identification, assessment, monitoring and tracking of IT projects and organisational risks;
- IT resource management and setting of priorities; and
- Disaster Recovery (DR) plans formulated and validated through testing (in progress).

IT governance forms an integral part of NBCRFLI's business. Achievement of IT governance objectives is monitored through the Committee meetings chaired by the National Secretary and attended by representatives of all internal stakeholders having a part in NBCRFLI's IT environment and as well as independent IT risk specialist. The monitoring and achievement of IT governance objectives is facilitated through this forum where appropriate IT risks and related business objectives are attended to. To enhance IT governance within the Council, an IT internal Audit service exists. The Council has co-sourced the IT audit function and is assisted by Grant Thornton in this regard.

IT audits were conducted as part of the 2016 internal audit and IT risk assessment in 2017. The IT audit included IT governance, IT general controls assessment, logical access and IT management framework reviews. The application controls are covered as an integral part of business process audit engagements.

The audit service addressed a number of focus areas, which were identified during the IT audits, amongst others the following:

- SLAs were formulated and agreed with all significant IT service providers.
- A project management methodology and processes were developed and approved by Council.
- The IT governance framework was reviewed, updated and approved by Council.
- IT risk management strategy was included and integrated into the enterprise risk management framework.
- A comprehensive IT infrastructure strategy was developed that included a detailed analysis of IT services required by business, feasibility study for sourcing of IT services, engagement model and service charter.
- A comprehensive set of IT policy and processes were developed and approved by Council. This included a IT.

- A comprehensive set of IT policy and processes were developed and approved by Council. This included a IT management framework, IT security policies, service management processes and policies.
- Enhanced service management and reporting.

All the findings and recommendation in the reports have been addressed.

The update of the NBCRFLI's IT governance and management framework and alignment of IT Governance, IT strategy with business governance and strategy has been completed. This was the results of a detailed IT Governance Framework review conducted by NBCRFLI's IT and Internal Audit Departments in consultation with senior management team. The implementation of the IT Governance Framework is a long-term project receiving appropriate and prioritised attention from Executive Management.

Apart from the normal IT information security activities that are currently addressed in the respective policies above, NBCRFLI will introduce a focused cyber security risk management initiative in the next financial year.

ASSESSMENT

The ARC and IT Steering Committee is satisfied that it has fulfilled all its duties during the year under review and has made significant progress in formalising all relevant policies and implementing identified plans. The Committee is not aware of any major IT risks as evaluated by the Committee of sufficient severity, which warrants inclusion in the Annual Report. Additionally, the Committee has had no reason to believe that information provided through the Council's IT infrastructure is not complete, timely, relevant or accurate.

STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 28 FEBRUARY 2018

Figures in Rand	Note(s)	2018	2017 Restated *
Assets			
Non-Current Assets			
Property, plant and equipment	2	40 986 972	37 681 172
Intangible assets	3	7 141 619	7 039 430
		48 128 591	44 720 602
Current Assets			
Inventories	6	141 978	96 811
Trade and other receivables	5	4 204 107	3 851 263
Other financial assets	4	1 910 560 466	1 996 299 776
Cash and cash equivalents	7	330 298 808	46 451 637
		2 245 205 359	2 046 699 487
Total Assets		2 293 333 950	2 091 420 089
Equity and Liabilities			
Equity			
Reserves		8 494 136	3 894 136
Surplus funds		454 935 808	369 523 559
		463 429 944	373 417 695
Liabilities			
Current Liabilities			
Trade and other payables	9	34 744 043	33 908 019
Industry trust liability	10	1 359 244 835	1 311 086 158
Forfeitures liability	11	422 268 911	361 678 072
Provisions	12	13 646 217	11 330 145
		1 829 904 006	1 718 002 394
Total Equity and Liabilities		2 293 333 950	2 091 420 089

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 28 FEBRUARY 2018

Figures in Rand	Note(s)	2018	2017 Restated *
Revenue	13	502 649 220	456 185 209
Other income	14	5 351 182	7 500 042
Operating expenses	25	(422 588 153)	(375 446 029)
Surplus for the year		85 412 249	88 239 222
Other comprehensive income:			
Items that will not be reclassified to surplus			
Gains on revaluation of land and buildings		4 600 000	-
Other comprehensive income for the year		4 600 000	-
Total comprehensive income for the year		90 012 249	88 239 222

STATEMENT OF CHANGES IN FUNDS FOR THE PERIOD ENDED 28 FEBRUARY 2018

Figures in Rand	Revaluation Reserve	Accumulated Surplus	Total Funds
Restated* Balance at 01 March 2016	3 894 136	281 284 337	285 178 473
Surplus for the year	-	88 239 222	88 239 222
Total comprehensive income for the year	-	88 239 222	88 239 222
Restated* Balance at 01 March 2017	3 894 136	369 523 559	373 417 695
Surplus for the year	-	85 412 249	85 412 249
Gain on revaluation of land and buildings	4 600 000	-	4 600 000
Total comprehensive income for the year	4 600 000	85 412 249	90 012 249
Balance at 28 February 2018	8 494 136	454 935 808	463 429 944

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 28 FEBRUARY 2018

Figures in Rand	Note(s)	2018	2017 Restated *
Cash flows from operating activities			
Cash generated from operations	17	94 877 930	100 383 997
Cash flows to investing activities			
Purchase of property, plant and equipment	2	(3 790 110)	(3 757 795)
Proceeds from disposal of assets	2	113 302	124 615
Purchase of intangible assets	3	(1 842 777)	(1 456 405)
Outflow of other financial assets		(1 910 560 467)	(1 996 299 777)
Inflow of other financial assets		1 996 299 777	1 552 010 307
Net cash from/in investing activities		80 219 725	(449 379 055)
Cash flows from financing activities			
Inflow of industry trust liability		2 034 187 076	1 863 334 716
Outflow of industry trust liability		(1 925 437 560)	(1 690 008 026)
Increase in other financial liabilities		-	692 800
Net cash from financing activities		108 749 516	174 019 490
Total cash movement for the year		283 847 171	(174 975 568)
Cash at the beginning of the year		46 451 637	221 427 207
Total cash at end of the year	7	330 298 808	46 451 639

Accounting Policies

General information

The National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI) is an organisation registered as a bargaining council in terms of section 29 (15)(a) of the Labour Relation Act 1995. The Act allows for registered employer and employee organisations to establish a bargaining council for an industry. The Council facilitates collective bargaining whereby unions and employer organisations, which are Party to Council, are able to negotiate matters of mutual interest in the Road Freight and Logistics Industry. The Agreement concluded between the Parties to Council is called the Collective Agreement. The Agreement is applicable and binding to the Parties to Council who concluded the agreement as well as to non-parties, if the agreement has, in terms of provisions of section 32 of Labour Relations Act 1995, been extended to non-parties in the industry by the Minister of Labour.

1. Basis of preparation and summary of significant accounting policies

The financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, issued by International Accounting Standards Board. The financial statements have been prepared on the historical cost basis, except for biological assets at fair value less point of sale costs, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

Key sources of estimation uncertainty

Useful lives of property, plant and equipment

The Council reviews the estimated useful lives of property, plant and equipment when changing circumstances indicate that they may have changed since the most recent reporting date. The residual values and useful lives of property, plant and equipment are based on management estimates.

Impairment testing

The Council reviews and tests the carrying value of property, plant and equipment and intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosures of these estimates of provisions are included in note 12 - Provisions.

Trade and other receivables

The Council assesses its trade and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the Council markets judgements as to whether there

is observable data indicating a measurable decrease in the estimated future cashflows from a financial asset.

The impairment of trade and loans and receivables is calculated on a portfolio basis, based on historical deficit 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 deficit ratios are applied to loan balances in the portfolio and scaled to the estimated deficit emergence period.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the Council holds for its own use or for rental to others and which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost.

Cost includes 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.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, except for land and buildings which are stated at revalued amounts based on elimination method.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, the gross carrying amount is adjusted consistently with the carrying amount. The accumulated depreciation at that date is adjusted to equal the difference between the gross carrying amount and the net revalued carrying amount.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation surplus in equity. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. Any remaining decrease in excess of such credit is recognised in surplus or deficit in the current year.

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

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Council.

Land is not depreciated.

Accounting Policies

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

Item	Depreciation method	Average useful life
Buildings	Straight line	50
Motor vehicles	Straight line	5
Office equipment	Straight line	5
Furniture and fixtures	Straight line	5
IT equipment	Straight line	3

1.2 Property, plant and equipment (continued)

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount.

Where major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to the components and they are depreciated separately over each component's useful life.

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in deficit or deficit when the item is derecognised.

1.3 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are initially recognised at cost and subsequently at cost less accumulated amortisation and accumulated impairment losses.

Research and development costs are recognised as an expense in the period incurred. Amortisation is provided to write down the intangible assets, on a straight-line basis, as follows:

Item	Useful life
Computer software	3

1.4 Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell, on the first-in, first-out (FIFO) basis and subsequently at amortised cost.

1.5 Trade and 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 estimate irrecoverable amounts are recognised in the surplus or deficit when there is objective evidence that the asset is impaired.

1.6 Trade and other payables

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

1.7 Industry trust accounts

The provisions of the agreement made and entered into by the parties to the Council, promulgated under Government notice 15 January 1971 sub clause of Holiday Pay Bonus, Leave Pay Fund and Sick Fund Pay Fund made the following provisions on the administration of benefits trust funds.

All the money paid into any of the benefits funds referred to in clause 24, must be deposited in a special bank account to be operated for and in the name of that benefit fund.

Income earned on invested money accrues to the Council.

Any money in a benefit fund that it is not required for immediate use may be invested by the Council from time to time in terms of Section 53 (5) of the Act.

Any contribution paid to a benefit fund which is not claimed or otherwise legally disposed off within five years of receipt of that contribution will be forfeited to the forfeitures liability account.

These are initially recognised at fair value and subsequently at amortised cost.

1.8 Forfeiture liability

Contributions not claimed or otherwise disposed off within 5 years after the date of receipt were forfeited to the general funds of the NBCRFLI in terms of the Main Collective Agreement. This policy was changed as of 1 March 2006 to transfer such receipts forfeited to forfeitures liability account in this fund and will be applied prospectively.

Forfeiture liability is initially measured at fair value and subsequently at amortised cost.

1.9 Financial instruments initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through surplus or deficit) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Accounting Policies

Financial instruments at amortised cost

These include other financial assets, cash and cash equivalents, industry trust liability, forfeitures liability, trade receivables and trade payables. At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

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

1.11 Impairment of assets

The Council assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in surplus or deficit.

1.12 Provisions

Provisions are recognised when the Council has an obligation at the reporting date as a result of a past event; it is probable that the Council will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are not recognised for future operating losses.

1.13 Employee benefits

Short-term employee benefits

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

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.14 Revenue

Revenue is recognised to the extent that the Council has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the Council. Revenue is measured at the fair value of the consideration received or receivable.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.15 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits, other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to significant risks of changes in value. These are initially recognised at fair value and subsequently at amortised cost.

1.16 Other financial assets

These financial assets are initially recognised at fair value and subsequently at amortised cost.

Notes to Financial Statements

Figures in Rand

2018

2017

Property, plant and equipment

	2018			2017		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land and buildings	30 600 000	-	30 600 000	26 000 000	-	26 000 000
Furniture and fixtures	15 176 671	(12 821 669)	2 355 002	14 335 265	(11 851 633)	2 483 632
Motor vehicles	4 004 692	(1 946 830)	2 057 862	3 558 264	(1 386 557)	2 171 707
Office equipment	3 944 256	(3 540 810)	403 446	3 908 782	(3 319 284)	589 498
IT equipment	17 658 554	(13 117 543)	4 541 011	16 966 709	(11 911 268)	5 055 441
Containers	2 347 669	(1 318 018)	1 029 651	2 347 669	(966 775)	1 380 894
Total	73 731 842	(32 744 870)	40 986 972	67 116 689	(29 435 517)	37 681 172

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Closing balance
Land and buildings	26 000 000	-	-	4 600 000	-	30 600 000
Furniture and fixtures	2 483 632	750 343	-	-	(878 973)	2 355 002
Motor vehicles	2 171 707	566 730	-	-	(680 575)	2 057 862
Office equipment	589 498	300 210	-	-	(486 262)	403 446
IT equipment	5 055 441	2 172 827	(113 302)	-	(2 573 955)	4 541 011
Containers	1 380 894	-	-	-	(351 243)	1 029 651
Total	37 681 172	3 790 110	(113 302)	4 600 000	(4 971 008)	40 986 972

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Closing balance
Land and buildings	26 000 000	-	-	-	-	26 000 000
Furniture and fixtures	1 592 584	593 945	-	1 822 885	(1 525 782)	2 483 632
Motor vehicles	2 217 090	530 050	(72 610)	-	(502 823)	2 171 707
Office equipment	493 486	3 825	-	512 646	(420 459)	589 498
IT equipment	3 919 741	1 807 883	(52 005)	2 453 259	(3 073 437)	5 055 441
Containers	773 160	822 092	-	128 778	(343 136)	1 380 894
Total	34 996 061	3 757 795	(124 615)	4 917 568	(5 865 637)	37 681 172

Changes in estimates

The useful life of some assets was revised based on the indication that they will bring future economic benefits to the entity. The assessment was done on property, plant and equipment. Depreciation would have been more by R2 702 442 had there been no change in estimate.

Notes to Financial Statements

Figures in Rand	2018	2017
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2. Property, plant and equipment (continued)

Revaluations

The Council's land and buildings are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed every 3 years and in intervening years if the carrying amount of the land and buildings differs materially from their fair value. Revaluation on the land and buildings was performed as at 28 February 2018 (The previous revaluation was performed as at 28 February 2015). The Revaluation on the land and buildings is performed by an Independent Valuer Mr Grant Fraser who is not related to the Council. The valuation stated for the current period was on the basis that the properties will be sold on the assumption of vacant possession.

The carrying value of the revalued assets is as follows:

Erf 2915 Johannesburg 31 De Korte Street Braamfontein	13 400 000	11 500 000
Erf 2914 Johannesburg 29 De Korte Street Braamfontein	11 000 000	9 400 000
Erf 7498 Parrow 141 Voortrekker Road Parrow	6 200 000	5 100 000
	30 600 000	26 000 000

Details of properties according to cost model

Erf 2914 29 De Korte Street Johannesburg

- Purchase price: 28 February 2006	10 752 259	10 752 259
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Erf 2915 31 De Korte Johannesburg

- Purchase price: 28 February 2006	12 863 529	12 863 529
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Erf 7498 Parrow 141 Voortreker Road

- Purchase price: 26 June 2010	5 984 212	5 984 212
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3. Intangible assets

	2018			2017		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	24 155 686	(17 014 067)	7 141 619	22 345 322	(15 305 892)	7 039 430

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Amortisation	Total
Computer software	7 039 430	1 842 777	(1 740 588)	7 141 619

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Revaluations	Amortisation	Total
Computer software	4 288 765	1 456 405	4 093 726	(2 799 466)	7 039 430

Notes to Financial Statements

Figures in Rand	2018	2017
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4. Other financial assets

At amortised cost

Wellness Fund Investment	-	18 004 147
Main Council Investment	334 434 898	309 068 335
Holiday Pay Fund Investment	387 541 800	376 889 050
Leave Pay Fund Investment	469 197 169	524 112 669
Sick Pay Fund Investment	719 386 599	768 225 575
	1 910 560 466	1 996 299 776

The investments are held at a variety of financial institutions. These Investments bear interest between 7% and 8.02% (2017:7% and 8.03% per annum.)

Current assets

At amortised cost	1 910 560 466	1 996 299 776
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5. Trade and other receivables

Deposits	395 188	356 218
Sundry Debtors	3 668 457	1 331 958
Wellness Accrued Income	-	2 000 000
Prepaid Expenses	140 462	163 087
	4 204 107	3 851 263

6. Inventories

Consumables	141 978	96 811
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7. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank Balances	330 298 808	46 451 637
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8. Revaluation

Opening Balance	3 894 136	3 894 136
Gain on Revaluation of Land and building	4 600 000	-
	8 494 136	3 894 136

9. Trade and other payables

Trade payables	23 932 421	22 517 207
Employee cost accruals	865 229	1 185 013
VAT	2 015 481	2 013 984
Leave Pay Accrual	2 815 828	2 327 759
Industry Trade Unions and subscription fees	-	1 500 523
Trust account	5 115 084	4 363 533
	34 744 043	33 908 019

Trust account relates to the enforcement cases lodged by the industry employees against the employer. The funds paid by the employers after the settlement of the cases are allocated to this trust account.

Notes to Financial Statements

Figures in Rand	2018	2017
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10. Industry Trust Liability

Balance at the beginning of the period

Holiday Pay Fund	234 385 273	280 644 092
Leave Pay Fund	437 275 928	409 631 570
Sick Pay Fund	639 424 957	649 768 667
	1 311 086 158	1 340 044 329

Contributions received

Holiday Pay Fund	887 464 000	813 025 853
Leave Pay Fund	654 417 567	598 656 276
Sick Pay Fund	492 305 509	451 652 587
	2 034 187 076	1 863 334 716

Less:

Payouts for the year

Holiday Pay Fund	(863 351 981)	(775 018 872)
Leave Pay Fund	(611 452 884)	(524 259 767)
Sick Pay Fund	(450 632 695)	(390 729 387)
	(1 925 437 560)	(1 690 008 026)

Less:

Forfeiture adjustment

Holiday Pay Fund	(19 106 926)	(84 265 800)
Leave Pay Fund	(17 413 080)	(46 752 151)
Sick Pay Fund	(24 070 833)	(71 266 910)
	(60 590 839)	(202 284 861)

Closing balance at the end of the period

Holiday Pay Fund	239 390 367	234 385 273
Leave Pay Fund	462 827 531	437 275 928
Sick Pay Fund	657 026 937	639 424 957
	1 359 244 835	1 311 086 158

The provisions of the agreement made and entered into by Parties to Council, promulgated under government notice dated 15 January 1971 sub clause of Holiday Pay Fund, Leave Pay Fund, Sick Pay Fund made the provisions on the administration of benefit funds that all monies paid into any of these benefit funds must be deposited in a special bank account to be operated for and in the name of the fund. Any contribution paid to a benefit fund, which is not claimed or otherwise legally disposed off within 5 years of receipt of that contribution will transferred to forfeitures account.

Current Liabilities

At amortised cost	1 359 244 835	1 311 086 158
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11. Forfeitures Liability

Forfeiture liability	422 268 911	361 678 072
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Notes to Financial Statements

Figures in Rand

2018

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12. Provisions

Reconciliation of provisions - 2018

	Opening balance	Additions	Utilised during the year	Total
Provision Incentive Bonus	11 330 145	13 646 217	(11 330 145)	13 646 217

Reconciliation of provisions - 2017

	Opening balance	Additions	Utilised during the year	Total
Incentive Bonus Provisions	8 930 421	11 330 145	(8 930 421)	11 330 145

13. Revenue

Interest Received	197 066 567	181 256 551
Wellness Fund Contribution	217 660 543	195 955 442
Levies Received	87 922 110	78 973 216
	502 649 220	456 185 209

14. Other income

CCMA Subsidy Income	993 860	911 528
Legal Fees Recovered	13 876	23 328
Services Seta Income	273 275	64 642
Rental Income	395 362	439 597
Sheriff Fees Legal Arbitration	79 788	56 328
Income Arbitration Costs	1 750 458	1 799 654
Sundry Income	-	398 389
Sundry Income-Wellness	-	2 000 000
Profit on Sale of Fixed Assets	107 570	78 389
Income -Arbitrations Penalties	1 736 993	1 728 187
	5 351 182	7 500 042

15. Taxation

No provision has been made for taxation as the fund is currently exempt from income taxation in terms of Section 10(1) (cA) (i) of the Income Tax Act (the Act); (confirmed on 17 February 2003.)

16. Auditor's remuneration

External Audit Fees	816 687	735 918
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Notes to Financial Statements

Figures in Rand	2018	2017
17. Cash generated from operations		
Profit before taxation	85 412 249	88 239 222
Adjustments for:		
Depreciation and amortisation	6 711 596	8 665 103
Movements in provisions	2 316 072	2 399 725
Changes in working capital:		
Inventories	(45 167)	(257)
Trade and other receivables	(352 844)	(2 702 587)
Trade and other payables	836 024	3 782 791
	94 877 930	100 383 997

18. Commitments

Operating leases – as lessee (expense)

Minimum lease payments due		
- within one year	3 864 806	2 816 429
- in second to fifth year inclusive	1 036 534	-
	4 901 340	2 816 429

Operating lease payments represent rentals payable by the Council for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

19. Key Executive Management Remuneration

Council Members and Senior Management

2018

	Remuneration	Total
Council Members and Senior Management Remuneration	5 766 404	5 766 404

2017

	Remuneration	Total
Council Members and Senior Management Remuneration	4 912 151	4 912 151

Key management personnel include twenty four Council members who serve on the Council Board and various sub committees and the National Secretary who is the head of Council administration.

20. Prior period errors

In the prior year there was re-assessment of useful life for all assets with a carrying value of zero; adjustments were incorrectly made to revaluation reserve.

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position

Opening retained earnings	-	(9 011 294)
Revaluation Reserve	-	9 011 294

21. Comparative figures

Certain comparative figures have been reclassified due to the fact that assets and liabilities are payable on demand with no required notice periods.

Notes to Financial Statements

Figures in Rand	2018	2017
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21. Comparative figures (continued)

The effects of the reclassification are as follows:

Statement of Financial Position Prior Year Disclosure

Non Current Assets - Other Financial Assets	-	1 996 299 776
Non Current Liabilities - Industry Trust Liability	-	1 311 086 158
Reserves - Forfeitures	-	359 698 932
Revaluation Reserve	-	9 011 294
Property, Plant & Equipment - Computer Software	-	7 039 430

Statement of Financial Position Current Year Disclosure

Current Assets - Other Financial Assets	-	1 996 299 776
Current Liabilities - Industry Trust Liability	-	1 311 086 158
Current Liability - Forfeitures	-	359 698 932
Accumulated Surplus	-	9 011 294
Intangible Assets - Computer Software	-	7 039 430

Notes to Financial Statements

22. Categories of financial instruments

Categories of financial instruments - 2018

Assets

Non-Current Assets

Property, plant and equipment
Intangible assets

Note(s)	Assets at amortised cost	Financial liabilities at amortised cost	Equity and non- financial assets and liabilities	Total
2	-	-	40 986 972	40 986 972
3	-	-	7 141 619	7 141 619
	-	-	48 128 591	48 128 591

Current Assets

Inventories
Other financial assets
Trade and other receivables
Cash and cash equivalents

6	-	-	141 978	141 978
4	1 910 560 466	-	-	1 910 560 466
5	4 063 645	-	140 462	4 204 107
7	330 298 808	-	-	330 298 808
	2 244 922 919	-	282 440	2 245 205 359
	2 244 922 919	-	48 411 031	2 293 333 950

Total Assets

Equity and Liabilities

Equity

Reserves
Accumulated surplus

-	-	8 494 136	8 494 136
-	-	454 935 808	454 935 808

Total Equity

Liabilities

-	-	463 429 944	463 429 944
-	-	463 429 944	463 429 944

Notes to Financial Statements

22. Categories of financial instruments (continued)

	Note(s)	Assets at amortised cost	Financial liabilities at amortised cost	Equity and non- financial assets and liabilities	Total
Current Liabilities					
Other financial liabilities	10	-	1 359 244 835	-	1 359 244 835
Trade and other payables	9	-	32 728 566	2 015 477	34 744 043
Forfeitures liability	11	-	422 268 911	-	422 268 911
Provisions	12	-	-	13 646 217	13 646 217
			- 1 814 242 312	15 661 694	1 829 904 006
Total Liabilities			- 1 814 242 312	15 661 694	1 829 904 006
Total Equity and Liabilities			- 1 814 242 312	479 091 638	2 293 333 950
Categories of financial instruments - 2017					
Assets					
Non-Current Assets					
Property, plant and equipment	2	-	-	37 681 172	37 681 172
Intangible assets	3	-	-	7 039 430	7 039 430
			-	44 720 602	44 720 602
Current Assets					
Inventories	6	-	-	96 811	96 811
Other financial assets	4	1 996 299 776	-	-	1 996 299 776
Trade and other receivables	5	3 688 176	-	163 087	3 851 263
Cash and cash equivalents	7	46 451 637	-	-	46 451 637
		2 046 439 589	-	259 898	2 046 699 487
Total Assets		2 046 439 589	-	44 980 500	2 091 420 089
Equity and Liabilities					

Notes to Financial Statements

22. Categories of financial instruments (continued)

	Note(s)	Assets at amortised cost	Financial liabilities at amortised cost	Equity and non- financial assets and liabilities	Total
Equity					
Reserves		-	-	3 894 136	3 894 136
Accumulated surplus		-	-	369 523 559	369 523 559
Total Equity		-	-	373 417 695	373 417 695
Liabilities					
Current Liabilities					
Industry trust liability	10	-	1 311 086 158	-	1 311 086 158
Trade and other payables	9	-	33 908 019	-	33 908 019
Forfeitures liabilities	11	-	-	361 678 072	361 678 072
Provisions	12	-	-	11 330 145	11 330 145
Total Liabilities		- 1 344 994 177	373 008 217	1 718 002 394	373 008 217
Total Equity and Liabilities		- 1 344 994 177	373 008 217	1 718 002 394	373 008 217
23. Going concern		- 1 344 994 177	746 425 912	2 091 420 089	2 091 420 089

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that 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.

The Council has reviewed the cash flow forecast and, in light of this review and the current financial position, they are satisfied that the Council has access to adequate resources to continue in operational existence for the foreseeable future.

Notes to the Financial Statements

Figures in Rand

2018

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24. Events after the reporting period

There are no material subsequent events to report on.

25. Operating Expenses

Included in operating expenses is the following:

Amortisation of intangible asset	1 740 588	2 799 466
Depreciation on property, plant and equipment	4 971 008	5 865 637
Employee costs	112 060 370	94 811 445
Pension fund contribution	3 732 385	2 992 745
	122 504 351	106 469 293

Detailed Income Statement

Figures in Rand	Note(s)	2018	2017 Restated *
Revenue			
Interest received		197 066 567	181 256 551
Wellness Fund contribution		217 660 543	195 955 442
Levies received		87 922 110	78 973 216
	13	502 649 220	456 185 209
Other income			
CCMA subsidy income		993 860	911 528
Legal fees recovered		13 876	23 328
Services Seta income		273 275	64 642
Rental income		395 362	439 597
Sheriff fees arbitration		79 788	56 328
Income arbitration costs		1 750 458	1 799 654
Sundry income		-	398 389
Sundry income		-	2 000 000
Profit on sale of assets		107 570	78 389
Income - arbitrations penalties		1 736 993	1 728 187
		5 351 182	7 500 042
Expenses (Refer to page 26)		(422 588 153)	(375 446 029)
Surplus for the year		85 412 249	88 239 222

Detailed Income Statement

Figures in Rand	Note(s)	2018	2017 Restated *
Operating expenses			
Advertising		(8 635 762)	(3 285 886)
Auditor's remuneration	16	(816 687)	(735 918)
Bad debts written off		-	(992 721)
Bank charges		(2 168 302)	(2 364 173)
Computer hardware leasing and software maintenance		(21 225 847)	(20 171 200)
Consulting and professional fees		(4 238 541)	(3 293 121)
Depreciation, amortisation and impairments		(6 711 596)	(8 665 103)
Employee costs		(115 792 755)	(97 478 098)
Paycard		(324 059)	(534 489)
Trucking Wellness funding		(12 168 768)	(11 865 655)
Arbitration expense		(19 396 569)	(16 894 071)
Attendance fees		(1 341 388)	(1 581 398)
Bursary expense		(547 919)	(911 744)
Equipment hire		(3 068 225)	(2 709 261)
Exemption body expense		(847 445)	(703 548)
Lease rentals on operating lease		(3 864 806)	(2 816 429)
Loss on scrapped assets		(27 784)	(124 515)
Penalties and interest		(114)	(1 611)
Treatment Program costs		(30 377 378)	(30 868 059)
Insurance		(1 001 002)	(861 092)
Legal expenses		(2 926 227)	(2 697 996)
Medical expenses		(167 075 640)	(146 065 790)
Motor vehicle expenses		(1 760 661)	(1 544 380)
Management fee - Wellness		(530 100)	(486 780)
Negotiation paradigm		-	(349 095)
Postage		(469 129)	(347 887)
Printing and stationery		(2 061 571)	(1 854 726)
Seminars		(250 920)	(400 580)
Repairs and maintenance		(2 851 817)	(2 729 142)
Security		(2 072 195)	(1 953 780)
Staff welfare		(1 691 776)	(1 651 503)
Utilities		(3 396 837)	(3 813 840)
Telephone and fax		(2 062 520)	(1 921 549)
Staff training		(1 107 351)	(1 141 096)
Training - Councillors		(138 599)	(185 034)
Travel - local		(1 637 863)	(1 444 759)
		(422 588 153)	(375 446 029)

COUNCIL BOARD RESPONSIBILITIES AND APPROVAL

The Council board members are required to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Council as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Council board members acknowledge that they are ultimately responsible for the system of internal financial control established by the Council and place considerable importance on maintaining a strong control environment. To enable the Council board to meet these responsibilities, the Council board members sets standards for internal control aimed at reducing the risk of error or loss 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 Council and all employees are required to maintain the highest ethical standards in ensuring the Council's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Council is on identifying, assessing, managing and monitoring all known forms of risk across the Council. While operating risk cannot be fully eliminated, the Council endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Council board 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Council board members have reviewed the Council's cash flow forecast and, in the light of this review and the current financial position, they are satisfied that the Council has access to adequate resources to continue in operational existence in the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Council's financial statements. The financial statements have been examined by the Council's external auditors and their report is presented on page 80 to 81.

The financial statements set out on page 59 to 78, which have been prepared on the going concern basis, were approved by the Council board members on 27 August 2018 and were signed on its behalf by:

Approval of financial statements



Mr Musawenkosi Ndlovu
National Secretary



Mr Tabudi A Ramakgolo
Chairperson



SIGNED INDEPENDENT AUDIT REPORT

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE NATIONAL BARGAINING COUNCIL FOR THE ROAD FREIGHT AND LOGISTICS INDUSTRY

TO THE MEMBERS OF THE COUNCIL

Report on the Audit of the Financial Statements Opinion

We have audited the financial statements of National Bargaining Council for Road Freight and Logistic Industry, which comprise the statement of financial position as at 28 February 2018, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at 28 February 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the requirements in terms of section 29(15) (a) Labour Relations Act of 1995.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the council in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The council board members are responsible for the other information. The other information comprises the Council Board Member's Report. The other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our 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 our 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We 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 our 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council Board Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nexia SAB&T

Nexia SAB&T
Per: A Darmalingam Director
Registered Auditor 27 August 2018



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ACKNOWLEDGEMENTS

The NBCRFLI is incredibly grateful to all internal and external strategic partnerships for their individual contributions in helping it achieve success during the year under review. A big thank you goes to all the NBCRFLI staff members, managers and Committees for their hard work, as well as to the Council's strategic partners for their unconditional support. This includes all Council employees, councillors, industry employers and employees, Deloitte and Touché, the Department of Labour and Department of Health, the CCMA and the Registrar's of the Labour Courts.

It is important to note that the Trucking Wellness' achievements would not have been possible without the support of its stakeholders, donors and partners.





