

ANNUAL REPORT | 2014



NBCRFLI

National Bargaining Council for the Road Freight and Logistics Industry

Your Road Freight Partner.

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NBCRFLI

Annual Report

2014



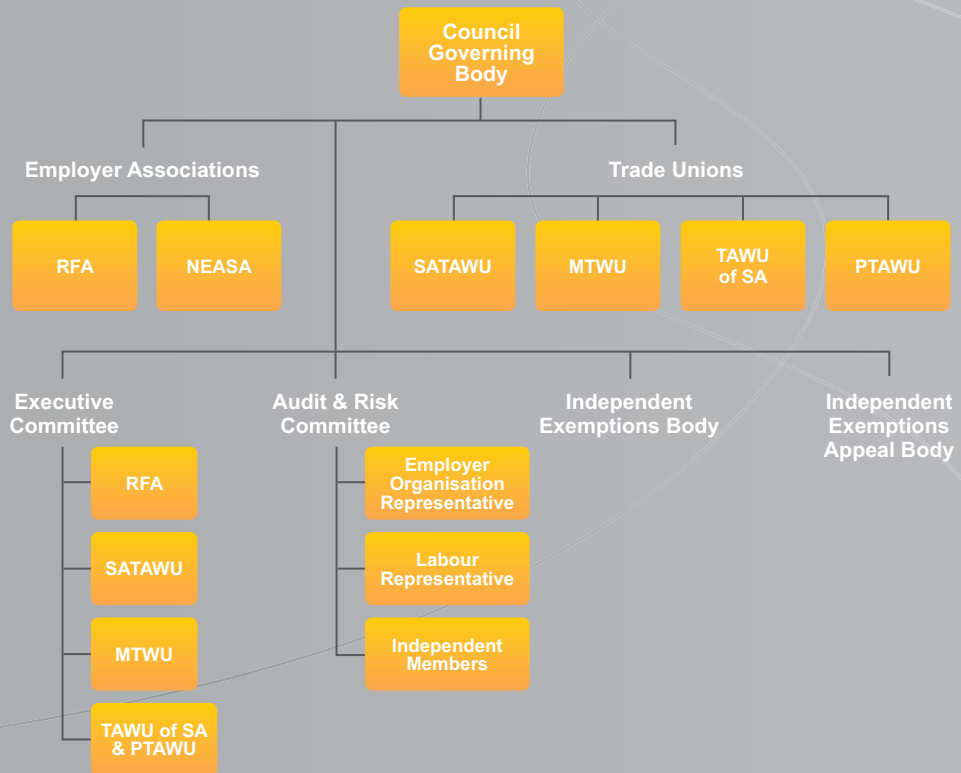
Organisational Profile

The National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI), established in 1946, manages the conditions of employment between employers and employees within the Road Freight and Logistics Industry. This is done to help ensure that industry members are united which helps to contribute to stability in the industry. Working together with the parties to Council, we aim to achieve this through the following value-add services which are offered via our 18 offices countrywide:

- Facilitation and mediation of Industry Collective Agreements.
- Setting minimum standards and conditions of employment between employers and employees within the Road Freight and Logistics Industry.
- Ensuring all employers and employees who fall into the scope of the NBCRFLI adhere to the Collective Agreements through education and enforcement.
- Managing the industry's annual leave, sick leave and holiday bonus funds.
- Provision of Wellness services, comprising Trucking Wellness and the Health Plan.
- Provision of disputes resolution for the Industry.

The organisation is comprised of a Council governing body made up of employer and employee parties. The Council is headed by the Chairperson, assisted by the Deputy Chairperson, as well as the National Secretary. The Council administration has a national footprint with 18 offices based countrywide.

Council Governance Structure



NBCRFLI Governing Body

The main purpose of the NBCRFLI's Governing Body is to oversee and provide strategic direction to the Council's management and administration staff in order for them to provide an excellent service to the Industry. This is achieved through the adoption of strategic plans, and determining policies and processes to ensure the integrity of the Council's management and internal controls.

The Governing Body, made up of employer and employee parties, the Board of Councillors, consists of 24 members, and ensures awareness of and compliance to laws, rules, codes and standards by calling all Council employees to adhere to a compliance matrix, which resides with the Committee Secretary.

The Council's Chief Operations Officer (COO), Chief Benefits Officer (CBO) and Chief Financial Officer (CFO) as well as the Committee Secretary were also invited to attend all meetings of the Council and its sub-committees. The Governing Body is headed by the Chairperson and the Deputy Chairperson.

Councillors are nominated by parties to the Council and are thereafter appointed at the Council's AGM. This process, as stipulated by the Constitution of the Council, occurs annually.

Parties to Council

The Parties to Council include the 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 Employers' Association (RFA) and the National Employers Association of South Africa (NEASA).

As of January 2014, the National Employers Association of South Africa (NEASA) was admitted as a party to the NBCRFLI.

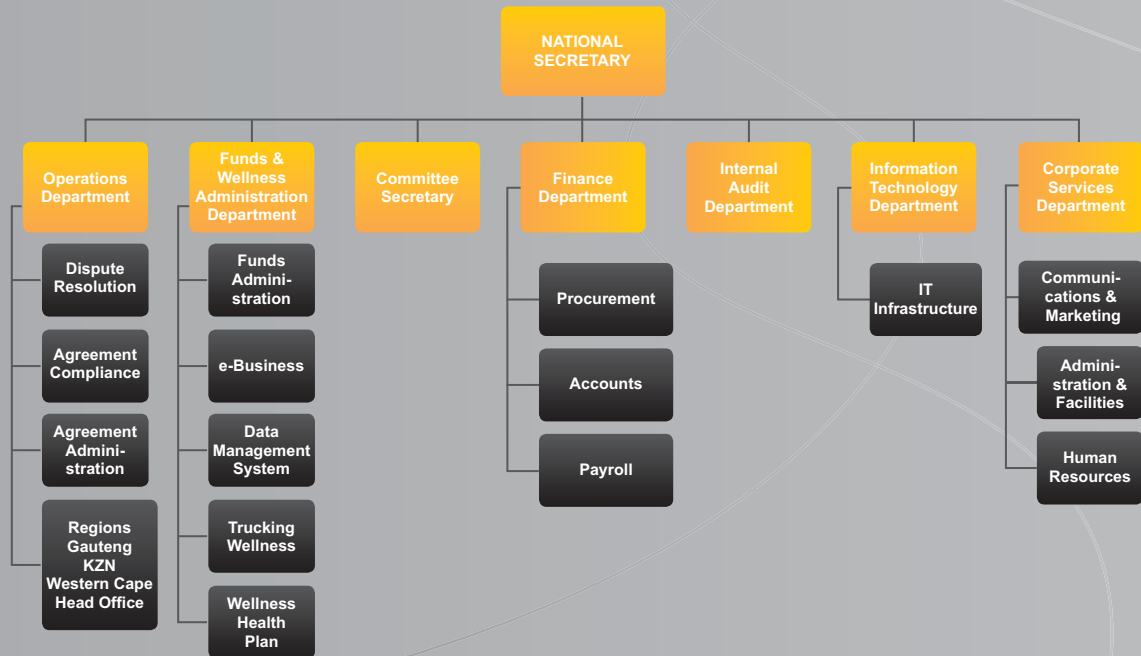
The addition of NEASA as a party to the Council has assisted in maintaining orderly collective bargaining.

The number of representatives each party has to Council is as follows:

SATAWU	8
MTWU	3
TAWU of SA & PTAWU (acting jointly)	1
RFA	11
NEASA	1

Party contact details can be found on the last page of the Annual Report.

Administrative Organisational Structure



Chairman's Report



June Dube
Chairman

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“Despite the continued turmoil of the South African economy, the Council experienced a remarkably good financial year.”

During the year in review, as the National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI), we have celebrated some tremendous accomplishments while also facing some obstacles. With a strong team in place, steered by an experienced and knowledgeable Governing Body, I am proud to reflect on yet another successful year at the Council.

Despite the continued turmoil of the South African economy, the Council experienced a remarkably good financial year.

I am further pleased with the progress that the Council has made towards developing and driving an organisation-wide cost-saving culture. Various cost saving initiatives have been undertaken by various departments across the organisation and stringent cost control measures have been built around the Council's systems and processes.

A key core function that we continue to offer to the industry is collective bargaining on a national level. The value-add for individual employers is not having to spend time and resources on this activity. It also helps to level the playing field in the industry by standardizing a minimum wage and other matters of mutual interest.

Due to the three year wage agreement concluded in 2012, wage negotiations will only begin in 2015. No wage negotiations are planned for 2014. This three year agreement, the first of its kind in the industry, enhances stability in the Road Freight and Logistics Industry. Such stability not only benefits our members but also benefits the South African economy as a whole.

Another highlight for us was the prestigious accreditation we received from the Commission for Conciliation, Mediation and Arbitration (CCMA) in June 2013. With the accreditation, we are able to conduct conciliations and arbitrations, including pre-dismissal arbitrations, from 1 June 2013 to 29 February 2016. This decision was taken following the high quality of dispute resolution services we have provided over the years.

In December 2013 we admitted the National Employers Association of South Africa (NEASA), who is registered in terms of the Labour Relations Act, as a new party to the Council. NEASA is one of South Africa's employer associations, which represents some employers within the Road Freight and Logistics Industry. We welcome NEASA as a new party to the Council and trust that their input and knowledge will promote orderly collective bargaining.



Chairman's Report

We are proud of the continued contribution that the Trucking Wellness programme has made not only to the fight against the plight of HIV/AIDS in South Africa, but also to the primary healthcare needs of our truck drivers. For over 15 years, the programme has made a remarkable difference in the lives of individuals within the Road Freight and Logistics Industry through education and treatment initiatives. The 22 Trucking Wellness Centres have a strong presence at numerous truck stops across major routes in South Africa, including its borders. These Centres focus on the well-being of trucking staff and reach into the surrounding community. The Trucking Wellness Centres are supported by 5 mobile wellness clinics that reach industry employees who do not have access to the Centres. During 2013, more than 33 000 truck drivers and women at risk were examined at the wellness centres and more than 1.3 million condoms were distributed.

The health and well-being of our employee members continues to be of importance to us; during 2013 we introduced exciting new changes to the Wellness Fund Health Plan benefits. The Plan now entitles principal members, together with one spouse, to a range of improved benefits, such as emergency medical treatment in a private hospital.

The benefits of healthy employees are numerous for both the employer and the employee, which is why we are continuously looking at ways to improve the Health Plan benefits for our employee members. We are currently engaged in an open tender process to explore any other opportunities that may allow us to improve the Wellness Fund benefits at a reduced cost. This process should be implemented by January 2015.

Despite our successes, we have also experienced our fair share of challenges which we are striving to overcome. One of the greatest challenges faced by the Council during 2013 was the Free Market Foundation court challenge. Through a court application brought before the North Gauteng High Court last year, The Free Market Foundation seeks to impugn the constitutionality of section 32 of the LRA. This challenge, which is still on the table, challenges the very core of the existence of the bargaining council system as we know it. The Council is opposing the matter.

We have gone to great lengths to ensure that Council members, as well as the public at large, are aware of the differences between the Road Freight and Logistics Industry Provident Fund and the National Bargaining Council for the Road Freight and Logistics Industry. The Road Freight and Logistics Industry Provident Fund is a separate legal entity and is not owned by any stakeholder or party, such as the Council, an employer organisation or trade

union. Further, all Provident Fund contributions are made directly to the Fund and not via the Council. In fact, the Council has not been involved with front office duties of the Provident Fund since 22 May 2013. The Council, in the year under review, was still responsible for the enforcement of non-payment of Fund contributions by virtue of the provisions of the Provident Fund Collective Agreement.

As a trusted partner in the Road Freight and Logistics Industry, I am especially proud of the way in which the Council subscribes to good governance principles by conducting its affairs with integrity and accountability. This is evident through our annual audit by external auditors. All audited figures can be viewed in our annual reports which are available on our website. Regular Council, EXCO and Audit & Risk Committee meetings are also held to ensure that all Council activities are closely managed and kept within strict ethical boundaries. The Council also has strict risk and control policies in place which are based upon the guidelines of the King III Report.

At the Council, we are deeply aware that commercial crime negatively impacts on the profits, salaries and infrastructure of the Road Freight and Logistics Industry. As members of this industry, we need to work together to prevent this crime, which includes unlawful, dishonest and unethical behaviour such as fraud and non-compliance. We have thus launched the "Be Heard" disclosure service whereby industry members can report any crime that they see or suspect in the workplace. We are constantly urging all industry members to join in the fight against fraud and corruption in our industry by contacting our "Be Heard" to report any form of non-compliance.

Looking to the year ahead, one of our top priorities is to ensure the financial sustainability of the Council in the long term. We plan to achieve this through a number of initiatives including the continued drive to creating an organisation-wide cost saving culture, avoiding fruitless and irregular expenditure, developing further avenues of income generation and ensuring that spending occurs within regulated/approved parameters.

We realise that the development and maintenance of steadfast relationships with our customers and stakeholders, including the parties to Council, is key to the Council's success. We plan to invest in these relationships during the year ahead through promoting our various communication channels, including our various newsletters, the mobile application, the translated versions of the Main Collective Agreement which will help improve compliance levels, and various bi-annual stakeholder conferences in the various regions.

“We are proud of the continued contribution that the Trucking Wellness programme has made not only to the fight against the plight of HIV/AIDS in South Africa, but also to the primary healthcare needs of our truck drivers.”

We are continually working on our Internal Business Systems to ensure they are beyond repute, modernised, compliant with legislation and have integrity. During the year ahead, we will develop and implement an Enforcement system aligned to the Enforcement Plan.

Our other main priorities for the new financial year include training and development of the Council's staff members and the strategic promotion of the NBCRFLI's offerings to the Industry and all stakeholders via effective branding and communication.

A successful year is always only possible due to the valued contribution of our industry partners. A sincere word of thanks therefore goes out to the Departments of Labour, Health and Transport, the Commission for Conciliation, Mediation and Arbitration (CCMA), The Registrar of the Labour Court and the representatives of labour and employers organisations. Your support and partnership have yet again helped us to effectively serve the Road Freight and Logistics Industry.

With our goals set firmly on the horizon, and our plans in place to reach them, I look forward to steering the Council to new and exciting destinations during the year ahead. And with an experienced and reliable crew on board, we are definitely set for victory!

Regards

Mr June Dube

Chairperson

Acting National Secretary's Report



Tersia Ströh
**Acting National
Secretary**

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“Our commitment to strengthening relationships with our stakeholders remains unchanged.”

This is the second annual report of the National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI) that I have the honour to present.

As an organisation we can look back on the 2014 Financial Year pleased with the knowledge that we have achieved our goals. Our accomplishments in the past year solidified our position as a valued partner within the Road Freight and Logistics Industry with the support of our Governing Body and dedicated team of staff.

The Council plays an important role in ensuring that our industry members adhere to the NBCRFLI's Collective Agreements, as negotiated between the parties to Council, via educational inspections and compliance enforcement.

Enforcement compliance of Collective Agreements, through conciliation and arbitration, is a key function of the Council which is carried out by our designated agents. One of their key roles includes the investigation of complaints and enquiries as well as conducting educational inspections in the Industry. They also ensure that all employer members within its scope of jurisdiction are registered with the NBCRFLI.

We realise that a major part of ensuring compliance through educational inspections entails enhancing the understanding of the Collective Agreements and what they mean. We have therefore developed innovative ways to meet the information needs of our stakeholders.

In a move to increase the communication channels between our members and Council, we decided to launch our first ever-mobile application during this past year. The application, which contains similar information to the NBCRFLI website, ensures our members are kept up to date with Council news and requirements, from anywhere, at any time. We look forward to seeing the positive impact it will make in the industry, particularly as members are able to more easily keep up to date with decisions and changes within the industry.

With the ever changing communication trends, we decided to revamp Tseleng, our employer publication, into a thought provoking, bi-annual e-magazine that covers all aspects of the Road Freight and Logistics Industry, including international transport trends, in order to meet our employer members' information needs.

At the NBCRFLI we recognise the important role that the human resource and payroll personnel play in helping employers comply with the Collective Agreements. They also assist us



Acting National Secretary's Report

in communicating Council-related information to employee members. In an effort to make their jobs easier, in June 2013 we began distributing a monthly electronic newsletter – called NBCRFLI News – to highlight specific Council-related issues and decisions that impact directly on them.

Another achievement that I am particularly proud of is the launch of our first ever employee publication – Ziwaphi on the Road – which is a newspaper designed specifically to meet the information needs of our employee members. We have received a remarkably positive response to the newspaper since its launch and hope our employee members will continue to use Ziwaphi as a source of all NBCRFLI and industry related news.

Enhancing the understanding of the Council and its operations is a top priority for us. Thus we made a decision last year to have the existing Main Collective Agreement translated into 4 of the 11 official languages; namely Afrikaans, isiXhosa, isiZulu and seSotho. The Main Collective Agreement, which has up until this point only been available in English, regulates the terms and conditions of employment or any other matters of mutual interest concluded between employee and employer representatives in the Road Freight and Logistics Industry. The English version will remain the official version. In the long term, the Council plans to translate the Main Collective Agreement into the other official languages, which will go a long way to ensuring that all our members are aware of the conditions set out in the Main Collective Agreement.

Our website has continued to develop and grow during the year in review, particularly with the addition of specific service area contact telephone numbers, our online service query function, valuable current information for new members, an in-depth explanation of Agreement Compliance, and all the latest newsletters in electronic format. This is yet another example of our commitment to keep our members informed about important developments within the Road Freight and Logistics Industry.

One of our continuous service offerings for our employer members is our free training program, developed to guide our members on how to use the online service effectively. We developed this training program after it became mandatory for all employers to submit all returns on our business online returns site in July 2012. I am pleased to report that the program has helped to ensure that employers are able to confidently navigate and utilize the online system effectively.

Our commitment to strengthening relationships with our stakeholders remains unchanged. During the year under review, we developed a campaign to encourage Council members to update their banking details online. This has helped to make the payouts procedures run more efficiently for our Funds Administration department, thereby contributing to harmony in the industry.

In the year under review the NBCRFLI again delivered a good financial performance despite the volatile economic environment

we operated under. We generated surpluses on both Group and Main Council, our cash flows remained solid, and Council was financially stable as we continue to increase reserves.

Council's surplus for the period under review grew by 117% (Group: 123%) and reserves grew by 16%. This is attributable to very strict financial discipline and tight performance targets set by Council during the year.

We expanded and improved on our business services relating to Fund Administration. Our E-Business portal has proven to be beyond repute and provides a hassle-free service to stakeholders. The annual 13th cheque payment in December 2013 was the most successful yet.

13th Cheque Payouts Statistics

Details	Sick Bonus and Leave Pay		13th Cheque	
	Employer Levy No's	Employees	Employer Levy No's	Employees
	1 107	29 102	3 080	101 041

Amounts Payout from Mar 2013 to Dec 2013 in R million

Sick Leave	212,8
Holiday Bonus	581,0
Leave	369,1
Total	1 162,9

Over the years, the Trucking Wellness Program has evolved into providing a holistic approach to health and wellness amongst our long distance truck drivers, commercial sex workers and those at risk, such as driver spouses and partners, encompassing a wide range of free primary health care service. Since the establishment of the Wellness Centres, there has been a remarkable increase in the number of people gaining access to primary health care and being tested for HIV. In fact, over 254 000 patients have been consulted and have received treatment and care, while over 16 million condoms have been distributed over the past 15 years.

In the interest of the well-being of the road freight workforce, the NBCRFLI is proud to announce the improved benefits for the NBCRFLI Wellness Fund Health Plan from 1 July 2013.

The Health Plan now entitles principal members, together with one spouse, to the following improved benefits:

- Accident Casualty Benefit where emergency treatment limit increased from R7 500 to R10 000 per injury per person per annum.
- The number of GP Consultations has increased from 4 to 5 consultations per person per annum.
- The Hospital Cash Back Plan of R250 per day hospitalisation

“Our website has continued to develop and grow during the year in review, particularly with the addition of specific service area contact telephone numbers, our online service query function, valuable current information for new members, an in-depth explanation of Agreement Compliance, and all the latest newsletters in electronic format.”

has been upgraded to the Hospital Benefit where:

- in-patient costs are covered to a maximum of R50 000 per incident where the injury sustained is due to an accident.
- in the event of an unavoidable private hospital stabilisation due to an emergency before transfer to a public hospital, the benefit is limited to R15 000 per incident.
- Benefits on optometric examinations, acute medication, chronic medication, basic radiology, basic pathology and dentistry remain unchanged.

With the prestigious CCMA accreditation mentioned in the Chairman's report, our Dispute Resolution service has heard 5007 matters in the year under review. In addition, the NBCRFLI offers this service in all 18 offices throughout the country, priding ourselves in our commitment to bringing this service to the industry.

The National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI) subscribes to Good Governance and upholds the highest standards of integrity, compliance and ethics. Our Audit and Risk Committee is fully functional and through the Governance Task Team we are continuously improving our governance framework as per the recommendations proposed in King III.

The technological backbone of the NBCRFLI is undergoing constant improvement. In the year under review, the NBCRFLI appointed a General Manager: Information Technology who has undertaken to move towards utilising specialised external technical services to provide an enhanced IT environment and to formulate an IT strategy and governance framework that aligns with business requirements.

I would like to express my gratitude to our Office Bearers, Mr Dube and Meier and our Board Members for their continued support and professionalism over the past year, which contributed to the overall success of the NBCRFLI. I would also like to recognize our employees who rose to the challenge and played a pivotal role in contributing greatly to the NBCRFLI successes.

Moving ahead, I look forward to seeing all our stakeholders and partners working together to take the industry to even greater heights in the coming year.

Regards

Mrs Tersia Ströh

Acting National Secretary of the NBCRFLI

Agreement Administration

Collective Bargaining and Agreement Administration and Compliance

During the year in review, no collective bargaining took place. Due to the three year wage agreement concluded in 2012, wage negotiations will only begin in 2015. This three year agreement, the first of its kind in the Industry, is enhancing stability in the Road Freight and Logistics Industry. Such stability not only benefits the Council's members in helping their businesses run optimally, but also benefits the South African economy as a whole as goods are moved seamlessly around the country, without any national employee relations issues becoming an economic stumbling block.

During the reporting period, amendments were made to the Main Collective Agreement as well as the Exemptions & Dispute Resolution Agreement, as detailed below.

Main Collective Agreement

The Minister of Labour approved two amendments to the provisions of the Main Collective Agreement. The first amendment was in respect of clause 26, which deals with the general provisions on the administration of benefit funds, and the second amendment was in respect of clause 54 trade union subscriptions. The amendments were published in Government Gazette No. 37263 dated 31 January 2014.

The amendment to clause 26 was an administrative amendment which provides that any contribution paid to a benefit fund which is not claimed or otherwise legally disposed of within five years of receipt thereof, will be forfeited to the reserve funds of the benefit fund concerned. The amendment to clause 54 deals with the manner in which industry trade union deductions should be dealt with. Trade Union subscriptions deducted from 1 February 2014, from the wages of party union members, must be paid directly from the employer to the respective trade unions. Trade Unions will in future collect membership subscriptions on the 7th of each month in respect of the previous month.

Translation of the Main Collective Agreement

The Main Collective Agreement, which regulates the terms and conditions of employment or any other matters of mutual interest concluded between employee and employer representatives in the Road Freight and Logistics Industry, was translated into 4 of the 11 official languages; namely Afrikaans, isiXhosa, isiZulu and seSotho. The translated versions of the Main Collective Agreement were made available to our stakeholders towards the end of June 2014.

In the long term, we plan to translate the Main Collective Agreement into the other official languages, which will go a long way to ensuring that all our members are aware of the conditions set out in the main Collective Agreement. The English version remains the official version in the event of dispute or interpretation issues.

Exemptions & Dispute Resolution Agreement

The Minister of Labour extended the provisions of the Exemptions and Dispute Resolution Agreement to 28 February 2016. This agreement deals with the manner in which exemption applications and dispute resolution processes should be dealt with in the industry. The Agreement only prescribes administrative processes and contains no monetary provisions, which would have an impact on employers and their employees in the Industry. The purpose of the extension is to inter-alia align the Agreement to the period of accreditation granted by the CCMA as published in Government Gazette No.36533 of 5 June 2013.

Provident Fund Agreement

The Council was responsible for the enforcement of non-payment of Provident Fund contributions up to 28 February 2014 when the Provident Fund Collective Agreement expired.

Alignment of Collective Agreements to the proposed amendments of labour legislation

Following the proposed changes to the LRA, the Council is in the process of investigating the possibility of aligning its Collective Agreements accordingly to ensure that it is prepared once these changes are promulgated.

The proposed amendments to the Labour Relations Act, 1995 resulted in discussions and workshops during the year in review. From the Council's point of view the proposed amendments, when promulgated, will mostly influence temporary employment services and its employees. The proposed amendment inter-alia provides that an employee placed at a client by a Temporary Employment Services will be deemed to be an employee of the client after three months under certain conditions. The effect of this specific proposed amendment will only be clear within the next year or two after promulgation.

The proposed amendments to the Labour Relations Act, 1995 will open up a range of "new" types of disputes. These disputes will mainly be dealt with as disputes between employer(s) and employee(s) by the CCMA. As the Council is accredited by the CCMA to deal with these types of disputes in the Industry, it is foreseen that the number of disputes will increase once the provisions of the Act have been implemented.

Council agents will receive training on the proposed new legislation, with a specific aim to distinguish between the different types of disputes.

General Compliance Management and Enforcement

No new challenges were experienced during the year in review. Enforcement numbers were up as a result of the Provident Fund enforcements, but it could be managed together with the normal enforcement workload.

Agents of the Council

The Council's duty, in terms of the Labour Relations Act, is to ensure that the provisions of the Council's Agreements are complied with by all stakeholders in the Road Freight and Logistics Industry. The Designated Agents, who are appointed by the Minister of Labour at the request of a Bargaining Council, play a vital role in ensuring this. In other words, they help to promote, monitor and enforce compliance with any Collective Agreement negotiated by the Parties to Council and which has been published in the Government Gazette. They achieve this by inter-alia conducting regular educational inspections which helps to decrease the number of complaints and non-payment of returns as well as ensure that all who fall under the Council's jurisdiction are registered. Thereby, enforcement disputes are reduced and enforcement issues are able to be dealt with early before the case goes to arbitration.

Designated Agents receive training on an ongoing basis and they are evaluated on a regular basis. Training includes inter-alia the interpretation of Council's Collective Agreements, as well as the applicable provisions of the Labour Relations Act, 1995. During the year under review, the respective regions averaged the following totals during evaluation sessions:

Gauteng Region:	89.85%
Western Cape Region:	93.00%
KwaZulu-Natal Region:	94.20%
Head Office Region:	91.00%

Provident Fund Enforcement

All Provident Fund contributions are made directly to the Provident Fund and are not paid via the Council. The Council was only responsible until 28 February 2014 to enforce the payment of Provident Fund contributions, when the Provident Fund Collective Agreement expired.

Automation of Enforcement processes

The Council has resolved to automate its enforcements processes and this process began during the year under review. The process was kick-started by the amendment of the enforcement plan. This strategy plan was debated by the Council's Compliance Review Committee and the Committee resolved to recommend to the Council to adopt the revised plan. The purpose of the plan is to ensure conformity by all Council agents when performing Council duties and to ensure that the same procedures are applied throughout the Council.

The Enforcement Plan was developed in compliance with Section 33A of the Labour Relations Act, 1995 that provides that a



Agreement Administration

bargaining council may monitor and enforce compliance with its collective agreements concluded by the parties to the Council.

The following Enforcement Services are rendered by Council:

- To register all unregistered employers within the industry.
- To train industry stakeholders on Collective Agreements and to promote compliance.
- To verify the correctness of educational inspections.
- To ensure full implementation of Collective Agreements.
- To ensure enforcement of all non-compliance in terms of Collective Agreements and Rules.
- To ensure litigation of all post arbitration matters.
- Manage demarcations and liquidations.
- To ensure that exemption applications comply with the provisions of the Collective Agreements and Rules.
- Improvement on the collection of Funds.
- To assist new and registered stakeholders within Council's scope in terms of compliance assistance and available training programs, business rescue, training and exemption applications.
- To issue letters of Good Standing (Compliance Certificates).

The automation of enforcement processes will include the following:

- Registration of new employers, which will include a quarterly registration drive country wide.
- Investigation of cases.
- Enforcement of Agreements (arbitration process).
- Completion of instructions.
- Conducting of inspections. In this regard, Senior Agents will be conducting so-called "follow-up" inspections on a regular basis to ensure quality of inspections conducted by Agents.
- Reporting on workflow.

New registrations

At 28 February 2014, 4 662 employers were registered with Council. Of those employers 2 660 are owner drivers meaning an employer who is the owner or part-owner or leaseholder or renter of one or more vehicles used in transporting goods for hire or reward and who drives any such motor vehicle for the purposes of transporting goods.

Other Key Statistics Falling Under the Council's Enforcement Role Included the Following:

Number of employers that ceased to operate:	636
Number of employers under liquidation:	8
Number of complainant cases received:	1 658
Number of complainant cases settled:	728
Number of cases referred to arbitration:	1 414
Number of cases where the Council had no jurisdiction:	135

Returns Control

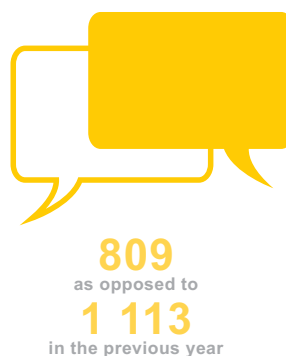
The Returns Control section maintains strict control over non-compliance of monthly levy contributions.

Arbitration

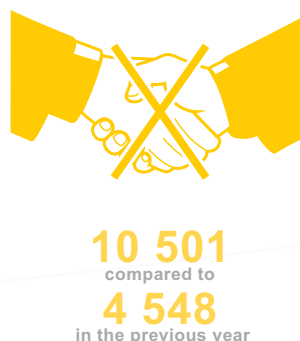
The Arbitration section of the Council deals with the arbitrations of agreement contraventions, such as the enforcement of invoices and late payments per levy number.

During the year in review, the Council dealt with less arbitration complainant cases. On the other hand, the Council heard substantially more Levy cases. This was due to the fact that Provident Fund prosecutions were included in the year under review, whereas in the previous year, this was not the case.

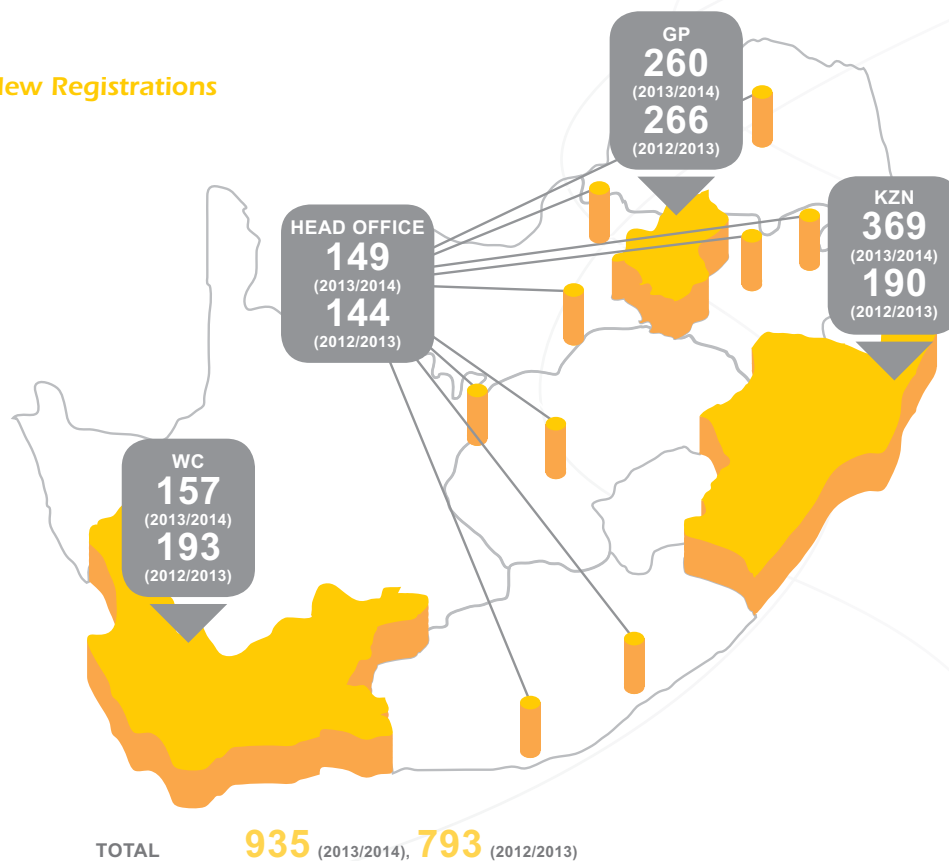
During the past financial year, the Council dealt with less Arbitration Complainant Cases.



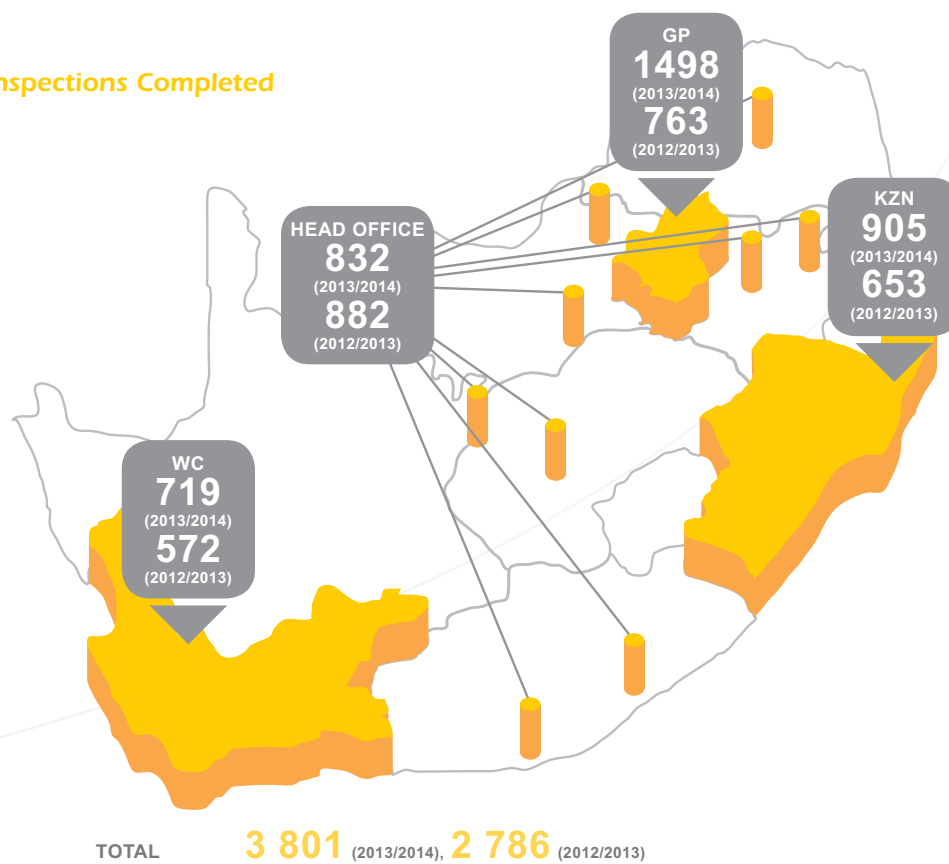
The number of Agreement Contravention Cases doubled in the past financial year.



New Registrations



Inspections Completed



Disputes Resolution

Legal Processes

Free Market Foundation

The Free Market Foundation has lodged an application in the North Gauteng High Court in Pretoria against the Minister of Labour, Minister of Justice and Constitutional Development and registered bargaining councils (including the NBCRFLI). The Free Market Foundation, in its application, seeks to impugn the constitutionality of section 32 of the Labour Relations Act, 1995. Section 32 of the Act provides that the Minister of Labour may, under certain conditions, extend the provisions of collective agreements negotiated between parties to bargaining councils to non-parties operating within the scope of a specific bargaining council. The NBCRFLI has immediately informed the applicant of its intention to oppose the matter and its answering affidavit was filed on 18 October 2013. The Congress of South African Trade Unions (COSATU), who is also opposing the application, as well as the Metal Industries Bargaining Council have also filed their respective answering affidavits.

Demarcation matters

Section 62 of the Labour Relations Act, 1995 provides for disputes about demarcations between sectors and areas. A demarcation is a process whereby a CCMA Commissioner (Bargaining Councils may not perform this function) determine:

- Whether any employee, employer, class of employees or class of employers is or was engaged in a sector or 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 my employee, employer, class of employees or class of employers.

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

Gauteng

Number of demarcations involving Council:	1
Ruled in favour of Council:	0
Not in favour of Council:	0
Withdrawn:	0
Settled:	0
Under consideration:	1
Postponed:	0
On Appeal:	0

Western Cape

Number of demarcations involving Council:	1
Ruled in favour of Council:	0
Not in favour of Council:	0
Withdrawn:	0
Settled:	1
Under consideration:	0
Postponed:	0
On Appeal:	0

KwaZulu-Natal

Number of demarcations involving Council:	4
Ruled in favour of Council:	1
Not in favour of Council:	0
Withdrawn:	2
Settled:	0
Under consideration:	1
Postponed:	0
On Appeal:	0

Head Office

Number of demarcations involving Council:	8
Ruled in favour of Council:	1
Not in favour of Council:	0
Withdrawn:	0
Settled:	0
Under consideration:	0
Postponed:	7
On Appeal:	0



Disputes Resolution

Exemptions

A total of 107 exemption applications, pertaining to parties and non-parties, were heard by the Independent Exemptions Body from 01 March 2013 to 28 February 2014, double the amount compared to the previous year.

Number of applications for exemption by parties to the Council:

Number of exemption applications granted:	14
Number of exemption applications refused:	0
Number of exemption applications withdrawn:	2
Number of exemption applications placed under consideration:	5
Number of exemption applications postponed:	0

Number of applications for exemption by non-parties:

Number of exemption applications granted:	28
Number of exemption applications refused:	15
Number of exemption applications withdrawn:	31
Number of exemption applications placed under consideration:	12
Number of exemption applications postponed:	0

The types of exemptions applied for by both parties and non-parties included social benefits, wages and conditions of employment.

No exemption licenses were revoked during the year under review.

Exemption appeals

No exemption appeals were received during the year under review.

CCMA Accreditation

In June 2013, the Council received the prestigious accreditation from the Commission for Conciliation, Mediation and Arbitration (CCMA) Body to conduct conciliations and arbitrations (including pre-dismissal arbitrations), subject to the agreed terms, from 1 June 2013 to 29 February 2016. The accreditation was awarded to the Council following the high quality of dispute resolution services rendered over the years that are in line with the CCMA's requirements.

Subsidies

The Council continued to receive a subsidy of R520 for every closed case from the CCMA, as per the previous financial year. This subsidy is claimed on a monthly basis. The amount received from the Commission for Conciliation, Mediation and Arbitration (CCMA) for the period under review was R507 574.26, as compared to the R 474 112.79 received during the previous year.

Case Management System

The Case Management System of the Commission for Conciliation, Mediation and Arbitration (CCMA) efficiently supplies monthly statistical reports, case numbers and information such as the length of service, monthly earning (i.e. lower, middle and higher

group) and age group of the applicant. Following the accreditation of the Council by the CCMA as a conciliation, mediation and arbitration body, the CCMA uses the Case Management System to objectively measure the Council's efficiency.

Council administrators across all Council offices use the Case Management System to assist members with the progress of their cases. This system is highly effective and user friendly, thus enabling the Council to provide a high level of service to its members.

Referrals

During the 2013/2014 financial year, the Council received a total number of 5 007 conciliation referrals.

Conciliations Heard

A total of 3 601 conciliation hearings were conducted during the year in review. The Council also embarked on a communications campaign to encourage members to settle disputes at conciliation level. A dispute brochure was developed to educate the Council's stakeholders about the importance of attending and settling matters at the initial stage of conciliation. During the year ahead, the Council plans to continue educating its stakeholders about dispute resolution.

Arbitrations Heard

The total number of arbitration hearings conducted during the year in review was 3 693, a slight increase from the previous financial year.

Settlement Rate

The settlement rate at conciliation hearings was 86% for the year in review, a remarkable improvement from 72% in the previous year.

Referrals by Issue

Unfair dismissal disputes continued to account for the largest percentage of issues of dispute. During the year under review, these disputes amounted to 86% of the total caseload.

Litigation

The Litigation section keeps a strict control over non-compliance in general. This includes reviewing post arbitration agreement contravention cases.

The statistics around litigation processes are as follows:

- Total number of Section 143 applications sent to the CCMA for certification. 2082 (2013/2014); 2 976 (2012/2013)
- Number of writs of execution to sheriffs. 2523 (2013/2014); 1 725 (2012/2013)
- Number of queries to tracing agents. 807 (2013/2014); 573 (2012/2013)
- Number of writs of execution to Labour Court. 3268 (2013/2014); 2 858 (2012/2013)
- Number of matters referred to the Council's attorneys. 2096 (2013/2014); 1 594 (2012/2013)
- Number of Nulla Bona (Section 65) matters. 4464 (2013/2014); 4 572 (2012/2013)

Referrals

REGIONS	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPT	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	TOTAL
GAUTENG	228	213	219	198	225	205	172	190	201	149	185	172	2357
W CAPE	64	74	43	49	58	72	60	98	54	32	53	87	744
KZ-NATAL	86	54	48	82	75	70	87	97	52	29	64	77	821
H-OFFICE	81	63	108	81	148	79	74	104	106	27	111	103	1085
	459	404	418	410	506	426	393	489	413	237	413	439	5007

Conciliations Heard

REGIONS	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPT	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	TOTAL
GAUTENG	183	200	167	134	195	160	135	156	161	150	184	168	1993
W CAPE	32	35	22	25	25	32	77	21	36	70	80	35	490
KZ-NATAL	52	57	22	45	53	48	51	88	48	16	41	75	596
H-OFFICE	21	33	72	25	25	82	42	39	51	50	43	39	522
	288	325	283	229	298	322	305	304	296	286	348	317	3601

Arbitrations Heard

REGIONS	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPT	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	TOTAL
GAUTENG	150	172	194	195	200	186	142	197	166	36	108	132	1878
W CAPE	39	23	51	51	32	23	42	33	50	13	27	27	411
KZ-NATAL	56	53	63	56	68	55	66	65	61	28	42	52	665
H-OFFICE	42	62	54	62	49	83	72	81	88	29	67	50	739
	287	310	362	364	349	347	322	376	365	106	244	261	3693

Settlement Rate

REGIONS	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPT	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	TOTAL
GAUTENG	85	73	87	87	89	86	86	85	84	74	82	77	83%
W CAPE	67	80	74	86	93	94	84	84	85	78	75	71	81%
KZ-NATAL	83	87	100	100	97	100	97	86	87	100	96	92	94%
H-OFFICE	78	90	85	88	88	90	89	83	84	94	81	90	87%
	78%	83%	87%	90%	92%	93%	89%	85%	85%	87%	84%	83%	86%

Referrals by Issue

REGIONS	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPT	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	TOTAL
UNFAIR DISMISSALS	401	345	381	363	430	376	355	422	357	203	364	371	86%
ULP	38	46	33	29	50	35	29	45	40	17	36	52	9%
MUTUAL INTEREST	20	13	20	13	18	13	6	17	11	15	11	11	5%
NON JURISDICTIONAL	0	0	0	1	2	0	1	0	0	0	0	0	0%
COLLECTIVE BARGAINING	0	1	3	1	1	1	0	2	1	0	0	2	0%
OTHER	1	1	3	4	7	3	3	6	5	3	3	3	0%
%	460	406	440	411	508	428	394	492	414	238	414	439	

Funds Administration

The Funds and Wellness Administration department administers all industry funds, as stipulated in the NBCRFLI Main Collective Agreement in an effective and efficient manner.

E-business Online

Since the launch of the online returns system, the Funds Administration Department has made huge strides towards optimising its technology functionality. The department has seen an increase in the usage and submission of returns and applications since it became mandatory to submit returns online in January 2012.

During the year in review, the Funds Administration Department intensified its focus on improving the functionality of the online returns system, based on feedback received from some of its employer members. The system has been upgraded to make it more user-friendly. The upgrades have resulted in faster search options and uploading of data, particularly following the introduction of the facility which allows for the bulk upload of employee banking details. This greatly assists in the efficiency of the payouts processing procedures.

The department has made improvements to the individual application process to prevent duplicate applications and over lapping of sick and leave dates. These improvements, thanks to the newly implemented Funds Administration System, have resulted in more accurate calculations and timeous pay-outs. Provisions have also been made for separate sick bonus applications and occasional leave to be submitted.

In the year ahead, the Department will focus on streamlining its internal processes and standard operating procedures to improve the efficiency of the income allocation and payouts processing procedures and to ultimately ensure stability within the Department.

Payouts process

The year under review was an outstanding one for payouts processing, especially in comparison to 2012 and previous years. However, despite the success of the payouts procedure, the Funds Administration Department faced major challenges verifying employee's banking details, particularly those of foreign nationals. Many employees tend to change their banking details very close to the closing date for payouts, which increases the chances of payments going to incorrect accounts. Getting employers to confirm calculations, once finalised, was yet another challenge faced by the Department. In order to try overcome this problem, the Council is continuously communicating the importance of submitting the correct banking details through a number of

channels, and particularly in its monthly NBCRFLI newsletter that is distributed to all its member HR personnel.

Leave and Sick applications received:	1 107 Employers	29 102 Employees
13 th Cheque applications received:	3 080 Employers	101 041 Employees

Party Trade Union & Employer Organisation Members

In the year under review, the Council runs a section that administratively supports trade unions, as well as employer's associations. Representivity of parties to Council still remains a challenge. The requirement for representivity is 50+1% for both trade unions and employer's associations.

These numbers are regulated by the Constitution, and the representation by unions is based on their membership.

Membership figures of the parties to Council as at 28 February 2014 are as follows:

SATAWU	27 239
MTWU	8 876
TAWU of SA & PTAWU	5 086

Employer's Associations

Number of RFA members in the industry	504
Number of employees employed by RFA members	48 146
Number of trade union members employed by RFA members	19 644
Number of NEASA members in the industry	352
Number of employees employed by NEASA members	5 655
Number of trade union members employed by NEASA members	1 642

Mobi App

In the past financial year, the NBCRFLI proudly launched its first-ever mobi app. The user-friendly app is aimed at strengthening communication channels between the NBCRFLI and its members. It includes similar information to the NBCRFLI website, which means users have access to comprehensive, Council-related information from anywhere, at any time. It is helping to ensure that the Council's members are kept up to date with Council news and requirements, forming part of the support and high level of service that the Council strives to offer.

E-business Online



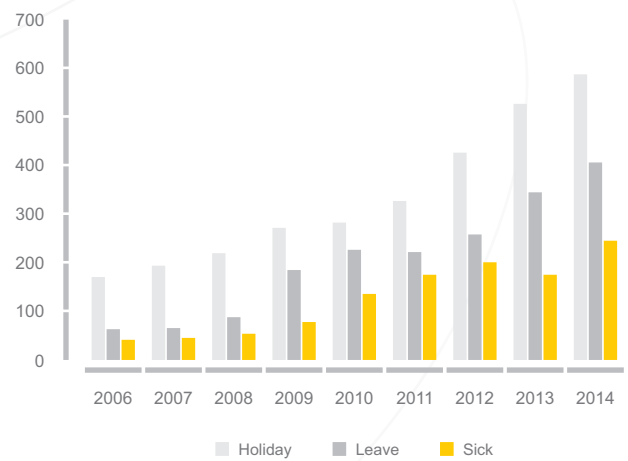
Applications Processed Comparison 2006 - 2014



Party Trade Union and RFA Members



Funds Disbursed Comparison 2006 - 2014



Funds Collected Comparison 2006 - 2014



Wellness Administration

Trucking Wellness

Background

Since 1999, the Trucking Wellness Programme has worked in collaboration with industry partners, local government and various health departments to deliver high quality HIV/AIDS management services to long-distance truck drivers, commercial sex workers and those at risk, such as driver spouses and partners. Besides offering free HIV/AIDS management services mainly to members, it also offers free primary health care services mainly to our members, such as testing for TB and high blood pressure.

Since its inception, Trucking Wellness has evolved into providing a holistic approach to health and wellness. The highly trained nurses and counsellors are always on hand to provide a range of free primary health care services to clinic visitors, including TB and malaria awareness, education, screening and referrals for treatment and care as well as screening tests for blood pressure, blood sugar, cholesterol and body mass index. Other services include education; training and testing for HIV/AIDS and sexually transmitted infections (STIs) as well as condom distribution, anti-retroviral (ARV) treatment, counselling and emotional support.

The year in review

The Council is proud of the continued contribution that the Trucking Wellness Programme has made to the fight against the plight of HIV/AIDS in South Africa. For over 15 years, the Programme has made a remarkable difference in the lives of individuals within the Road Freight and Logistics Industry through education and treatment initiatives.

Numerous studies have shown that long distance truck drivers are amongst the major contributors to the spread of HIV/AIDS in Sub-Saharan Africa. This is often driven by the vulnerability of truck drivers who seek comfort from sex workers while transporting essential goods along major transportation routes over long periods of time. On the other end of the scale, sex workers are often led into prostitution as a result of extreme poverty which often encourages high risk behaviour such as unprotected sex which escalates the spread of HIV/AIDS within the industry.

The 22 Trucking Wellness Centres have a strong presence at numerous truck stops across major routes in South Africa, including its borders. These centres are supported by 5 Mobile Wellness Centres that focus on the well-being of trucking support staff and reach beyond just the truck driver into the work place. This initiative also potentially extends beyond the trucking industry by spreading the message of wellness and information about HIV and AIDS into allied industries.

During 2013, more than 33 000 truck drivers and women at risk were examined at the Wellness Centres and more than 1.3 million condoms were distributed.

The Trucking Wellness programme continues to reach out to surrounding communities where Wellness Clinics are based, ensuring that basic health care services are offered.

The year ahead

Going into the year ahead, the Council pledges to continue supporting the Trucking Wellness Programme as it seeks to increase its efforts in combating the spread of HIV/AIDS and other diseases within the Road Freight and Logistics Industry. It plans to do this in a number of ways. Firstly, it aims to secure more funding and increase usage of the Programme via marketing. It also aims to improve its access to medication and supplies through building relations with additional Provincial Departments of Health. Lastly, it plans to increase the number of tests done on employee members. Through achieving these goals, the Council strongly believes that the Programme will continue to touch lives and encourage wellness within the Road Freight and Logistics Industry.

ARV Programme

Over the years, the Council's Trucking Wellness Programme has worked successfully together CareWorks to deliver sustainable HIV solutions by managing HIV/AIDS in the workplace and by treating HIV-positive people. The experienced Trucking Wellness counsellors support and educate patients and their families about HIV, and related diseases, provide HIV/AIDS counselling and, where necessary, ARV treatment to HIV-infected employee members of the NBCRFLI.

The NBCRFLI strives to combat the spread of HIV/AIDS effectively:

- By encouraging that those who test HIV negative remain negative.
- By keeping those who test HIV-positive healthy and productive for as long as possible.
- By positively influencing attitudes to breakdown stigma surrounding the disease.

It is estimated that approximately 20% of Road Freight and Logistics Industry employees are HIV-positive. From 2013 to 2014, the Council experienced a growth of 25% in the number of employees on ARVs. Further, 88% of those already on ARVs have been on them for over one year.

This high adherence rate to the treatment is an indication of the effectiveness of the programme. The target is to maintain adherence rates above 80%. Taking ARVs is a lifetime commitment. Therefore, once an employee is part of the NBCRFLI Treatment Programme, the Council goes to great lengths to ensure the employee continues their ARV treatment, even after retirement. Once an employee leaves the Industry, whether due

to retirement or a job change, the Council allows him/her to stay on the programme until he/she is placed in a government programme.

Statistics as at end of February 2014 were as follows:

- The total number of active ARV beneficiaries processed by the NBCRFLI Treatment Programme now totals 2 790.
- 1 395 members are in Pre-ART.
- Referrals to the NBCRFLI Treatment Programme come from the Health Plan and the Trucking Wellness Programme.
- Adherence by members on ARVs for more than one year is 88%.



Driving the well-being of the industry.

22 National Roadside Wellness Centres



Did you know

- Trucking Wellness has distributed approximately 161 million condoms to truck drivers, and women at risk, since 1999.
- The staff undergoes regular training.
- There are 22 Trucking Wellness Centres supported by 5 Mobile Wellness Centres.
- During 2013, more than 33 000 truck drivers and women at risk were examined at the Wellness Centres and more than 1.3 million condoms were distributed.



Wellness Administration

Roadside Wellness Centre HIV Counselling and Testing

2013	TOTAL	HIV +	HIV -	INDETERMINATE
January	582	31	499	1
February	631	41	590	0
March	767	48	719	0
April	774	62	710	2
May	552	45	507	0
June	565	56	509	0
July	763	63	699	1
August	597	48	549	0
September	733	64	667	2
October	822	64	752	6
November	885	68	805	12
December	494	36	454	4
	8165	626	7460	28
2014	TOTAL	HIV +	HIV -	INDETERMINATE
January	267	250	17	0
February	1202	1157	47	0
	1469	1407	64	0
TOTAL	9634	2033	7524	28

Mobile Wellness Centre HIV Counselling and Testing

2013	SITES VISITED	TOTAL TESTED HIV	TOTAL HIV -	TOTAL HIV +	HEALTH SCREENING - HIV	HEALTH SCREENING + HIV
January	35	942	894	48	183	1135
February	37	1146	1085	61	299	1451
March	15	612	569	43	165	777
April	10	530	492	38	147	677
May	25	607	556	51	186	845
June	17	641	566	75	236	877
July	28	803	751	52	201	1004
August	25	512	471	41	164	674
September	27	636	599	37	174	810
October	15	514	457	57	301	815
November	19	843	798	45	248	1094
December	25	712	654	58	185	897
	278	8498	7892	606	2489	11056
2014	SITES VISITED	TOTAL TESTED HIV	TOTAL HIV -	TOTAL HIV +	HEALTH SCREENING - HIV	HEALTH SCREENING + HIV
January	11	444	414	30	130	554
February	39	1201	1157	47	317	1519
	50	1645	1571	77	447	2073
TOTAL	328	10143	9463	683	2936	13129

Roadside Wellness Centre Primary Healthcare

2013	TRAINING	MALE PATIENTS	FEMALE PATIENTS	STI	CONDOMS DISTRIBUTED
January	4361	1918	425	190	110424
February	4504	2400	322	221	98135
March	5116	2226	409	233	89259
April	5714	2549	425	346	123104
May	4240	2135	337	212	79564
June	3903	2204	309	190	98856
July	6535	3208	424	285	145113
August	5218	2803	381	259	151799
September	5246	2851	444	250	122504
October	5671	3580	442	417	157794
November	5863	3142	574	347	149642
December	2871	147	222	125	73321
	59 242	29 163	4 714	3 075	1 399 515
2014	TRAINING	MALE PATIENTS	FEMALE PATIENTS	STI	CONDOMS DISTRIBUTED
January	4431	2511	382	874	105997
February	5906	3484	543	421	140585
TOTAL					246582

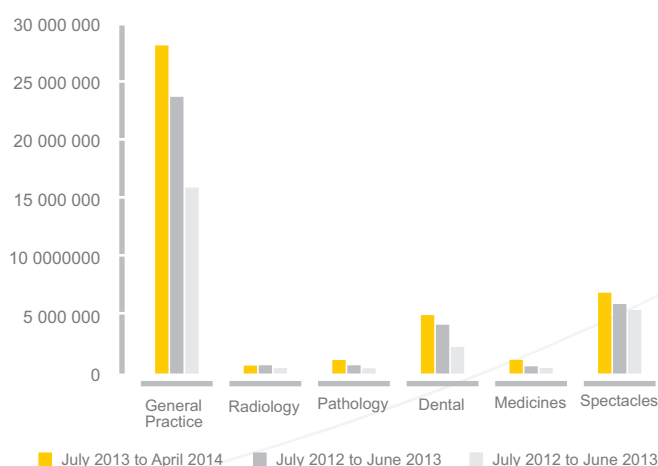
Wellness Health Fund

During the middle of 2013, the Council introduced exciting new additions to the Wellness Fund Health Plan benefits. The Health Plan commenced on 1 July 2011, as a way to give the NBCRFLI employee members access to basic primary healthcare benefits, including GP visits, dentistry, limited optometry, radiology and pathology.

From 1 July 2013, the Wellness Fund offering increased as follows:

- GP visits from four to five visits per annum.
- Accidental Injury Benefit emergency treatment limit has been increased from R7 500 to R10 000 per injury per person per annum.
- Dental limit has been increased to R1 000 per incident and R2 000 every two years for the principal member and registered spouse.
- The biggest change has been the upgrading of the Hospital Cash Back Plan to the new Hospital Benefit where:
 - In-patient costs are covered to a maximum of R50 000 per incident where the injury sustained is due to an accident.
 - In the event of an unavoidable private hospital stabilisation due to emergency before transfer to a public hospital, the benefit is covered to a maximum of R15 000 per incident.

Member usage of the Health Plan from July 2011 to April 2014



The Health Plan was established in July 2011, and therefore all year reports run from July to June the following year. However, the most recent statistics available for this annual report are until the end of April 2014.

Statistics as at end of April 2014 were as follows:

Active Registered Health Plan members: 93 304

Usage is up by 47%, better than the previous financial year

Claim comparison:

Feb 2013: R2 949 456 Feb 2014: R4 231 880

Claims paid per discipline, July 2013 to April 2014:

General Practice:	62.7%
Radiology:	1.7%
Pathology:	4.2%
Dental:	12.8%
Medicines:	2.9%
Spectacles:	15.7%

Part of the communication campaign involved informing members on how to access their Health Plan membership card if they didn't have one. Membership cards can be obtained from Universal on 0861 872 333, who will fax or email a membership certificate (in 24 work hours) to the employee's workplace. Doctor visits are immediately available. Members can also go to their local NBCRFLI office and staff will assist with obtaining a temporary membership certificate.

The Council is currently engaged in an open tender process to explore any other opportunities that may allow it to improve the Wellness Fund Benefits at a reduced cost. This process should be implemented by January 2015.

Stakeholder Relationship Management

One of the main priorities of the Council during the 2013/2014 financial year was to build strong stakeholder relationships. The Council is keenly aware that such relationships are key to the success of its overall mandate to provide a high level of service to the Road Freight and Logistics Industry, as well as an atmosphere of co-operation amongst all stakeholders.

Creating and driving stakeholder appetite by closer co-operation with all Stakeholders

Creating a mutually beneficial relationship between the Council and its stakeholders is an ongoing process. Over the past year, the Council administration worked in closer co-operation with Department of Labour to ensure that all Ministerial queries received from the Department of Labour were attended to and feedback provided. Following this process, there were no outstanding queries at the end of the financial year. Council administration also assisted a party trade union with a Provident Fund case by helping the union reach an agreement.

The focus of the Gauteng region has been on conducting qualitative educational inspections in order to check compliance of both employer and employee members. Although the number of inspections conducted has not been at targeted levels, compliance in the region has improved and query numbers have been reduced.

Stakeholder training was held in October 2013 to deal with Council year-end payments. The training was extremely successful, resulting in a high level of co-operation in the submission of applications and the processing of leave, sick and holiday bonuses. Workshops for the shop stewards were also conducted in October and November 2013.

In the year ahead, the Gauteng region will hold its first Regional Stakeholder Event in order to inform and educate stakeholders on the Council's functions and services, as well as the role that trade unions and employer organisations play in the negotiation process.

The KwaZulu-Natal region has established regular meetings with party trade unions to discuss issues of concern. It has also developed closer working relationship with the CCMA in Durban. For example, the Durban CCMA now sends emails regarding their workshops to the Council's member companies.

The Council's Western Cape region is also successfully nurturing its relationships with its various stakeholders by holding meetings with the various parties to Council, including member unions, the RFA and NEASA, employer members, the CCMA, DoL, Labour Court and attorneys, on continuous basis.

Customer Service Management

During 2013/2014, the annual Client Services Survey was completed by Council employer and employee stakeholders. The survey forms are completed monthly, on a voluntary basis and are available in the reception areas of the Council's offices so that whoever enters these offices, whether employers or employees, can fill them in.

The survey results were highly favourable, with 99.5% of answers falling under the Excellent/Good ratings, the same result as last year's Client Services Survey. The rest of the responses came under Fair/Poor/Unacceptable. The steadiness of the overall survey results prove that the Council's service centres and branches are continuing to provide a professional and efficient service to members, resulting in great customer satisfaction.



Survey: Client Services 2013/2014



Chairman of the Audit and Risk Committee Report

We are pleased to present our report for the financial year ended 28 February 2014.

Audit and Risk Committee members and attendance

The Audit and Risk Committee consists of the members listed

Mr Melusi Ntumba CA(SA)	Independent Chairman
Mr Johnson Gamede	Labour
Mr Anesh Soonder	Independent Member
Mr Penwell Lunga	RFA

The committee is chaired by Mr Melusi Ntumba; five meetings were held during 2013/14 Financial Year.

Audit and Risk Committee responsibility

The committee reports that it has complied with its responsibility arising from recommendations of the King Code on Corporate Governance Requirements. The committee also reports that it continued to regulate its affairs according to the audit and risk committee charter that it adopted at the beginning of the financial year 2013/14. All its affairs and responsibilities were performed in compliance with this charter.

The effectiveness of Internal Control and Risk Management

The system of control is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the Act and the King III Report on Corporate Governance requirements, and as a matter of principle, the Internal Audit and External Audit (combined assurance) provides the Council, the committee and management with the assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

Internal Audit

The committee is satisfied that the NBCRFLI key risks have been identified and are receiving adequate attention from management. The NBCRFLI has an in-house internal audit function, however the function is not properly resourced as a result of a co-source arrangement that is in place. All identified issues by internal audit were resolved by management, and we express our gratitude to both the internal audit unit and management. The Internal Audit Plan is risk-based.

External Audit

The committee is directly responsible for the appointment (subject to member ratification), compensation, retention and oversight of the independent auditors. The committee has satisfied itself, through enquiry, that the external auditors of the NBCRFLI are independent, as defined by the Act. The committee, in consultation with executive management, agreed to an audit fee for the 2013/14 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at that time.

The External Auditors are Deloitte and will be in office for the Financial Year 2014/15.

Risk

The NBCRFLI Risk Register is continuously updated and reviewed annually to ensure that management is addressing relevant issues. The committee is satisfied that the risks identified are receiving adequate attention from management.

Finance

The committee reviews the budget, management accounts, financial statements and other financial matters of the NBCRFLI and recommends them to the Council.

Annual Financial Statements

The committee has reviewed and recommended that the annual financial statements be included in the integrated report for approval to the Council. The Council has subsequently approved the financial statements, which will be open for discussion at the annual general meeting which is scheduled for 26 June 2014.

Melusi Ntumba CA (SA)
Chairman of the Audit and Risk Committee

Audit and Risk Governance

Internal Audit

It is the responsibility of the Internal Audit function to evaluate the adequacy and effectiveness of the internal controls and to make recommendations to management, when appropriate, to enhance the prevention and detection of fraud and error.

The actions of Internal Audit function are governed by the Internal Audit Charter which defines its function's mission, scope and responsibility, accountability, and authority as well as its organisational, operational and communication principles. This Charter is reviewed and updated annually by the Chief Internal Auditor and is subject to comments from the Chief Executive Officer as well as to the approval of the Audit and Risk Committee.

The Council follows a risk-based auditing approach. Internal Audit's objective is to assist managers in the corrective discharge of its responsibilities. To this end, Internal Audit delivers analysis, appraisals, recommendations, counsel and information concerning the processes reviewed, by objectively and independently adding value to the achievement of the Council's business strategy, objectives and operational initiatives.

The Internal Audit function works closely with the Council's external auditors to ensure effective and efficient coordination of efforts in terms of combined assurance. The Internal Audit function is managed by the Chief Internal Auditor who appoints a co-sourced partner for internal audit plan execution. For the year under review the appointed co-source partner was Sizwe Gobodo Ntsaluba.

To ensure independence and objectivity, the Chief Internal Auditor has a primary reporting responsibility to the Audit and Risk Committee, and administrative reporting responsibility to the Chief Executive Officer of the Council.

The Internal Audit function is authorised to:

- Have unrestricted access to the Council's business, functions and activities, strategic plans, minutes of meetings, charts of accounts, records, transactions, documents, correspondence, computer systems and data, property and personnel.
- Have full and free access to the Chairman of the Council Governing Body, Chairman of the Audit and Risk Committee, General Management and all Council Committees.

The internal audit department has performed well in terms of both assurance and consulting audit services in the year under review. A risk-based audit methodology still followed.

The areas of internal audit that were focused on in the year under review include:

- Finance department.
- Year-end pay-outs.

- Human resources.
- Supply chain management.
- Compliance audit.
- Enforcement of the main collective agreement.
- Business continuity review.

The findings of the audits revealed that the system of internal controls were acceptable, meaning that adequate control framework was in place. Improvements are however needed in certain key control activities to provide management with the required degree of assurance that risks are being managed effectively.

During the year ahead, Internal Audit will continue to focus on issues that threaten the Council's objectives, as well as on issues that will allow Internal Audit to add value. To ensure that the expected value-add is derived from the, audit function ongoing follow up on resolution of reported findings and implementation of audit recommendations is maintained. For the period under review, the completion rate was over 75%.

Fraud Management

The Council is strongly committed to fighting fraud in the industry, and encourages other organisations to do the same, in the name of good governance. The Council's Internal Audit function launched a new fraud and disclosure service known as the "Be Heard", in order to mitigate crime within the Road Freight and Logistics Industry. The fraud hot-line is completely independent and anonymous, with the goal of improving processes and procedures.

Crime negatively impacts on the profits, salaries and infrastructure of the Road Freight and Logistics Industry. We are deeply aware that crime negatively impacts on the profits, salaries and infrastructure of the Road Freight and Logistics Industry.

As members of this industry, we need to work together to prevent this crime which includes unlawful, dishonest and unethical behaviour such as fraud and non-compliance.

The "Be Heard" service promotes the anonymous reporting of fraud and corruption in our industry by urging members to contact our "Be Heard" disclosure service to report any crime that members see or suspect in the workplace. Members may also phone this hotline if there is any operator they know or suspect is NOT REGISTERED with the NBCRFLI or not doing what has been set out in the Collective Agreements:

Call us on 0800 000 904 (Toll Free)

Or SMS the on 44666

Or send us an email on nbcrlfi@beheard.co.za

Audit and Risk Governance

The response to the “Be Heard” disclosure service has been positive with 122 queries logged and 36 reports generated.

Query information received via:

Telephone	Email	Website	SMS	Facsimile	Total
115	3	0	0	4	122

Each disclosure report was investigated and feedback was provided to the complainant.

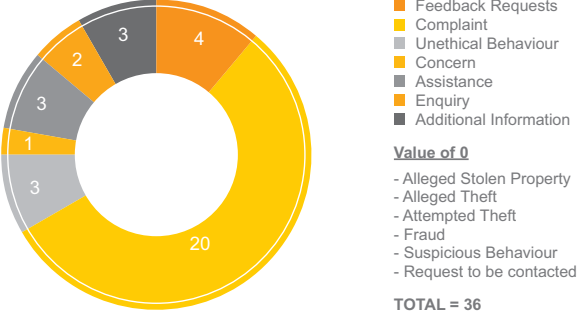
The predominant language used to log queries was English, followed by isiZulu and then isiXhosa.

During the year in review, the Council initiated an extensive awareness campaign to inform its members about the “Be Heard” disclosure service. Research revealed that the majority of those that logged calls heard about the service via their fellow employees, followed by notices on notice boards.

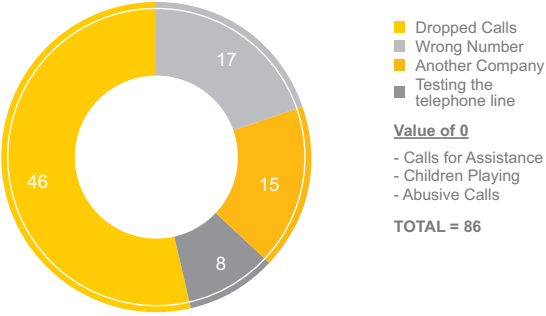
Since the Council has adopted a zero tolerance policy, fraud will remain the focus area for the year ahead, in a sense that where there are red flags for fraud, investigations will be prioritised. And internal audit will continue to facilitate investigations of all Be Heard reports.

For serious fraud matters, Internal Audit partners with an independent forensic investigation firm to ensure that the zero tolerance policy of the Council is adhered to. Where necessary, civil and/or criminal cases are opened with the SAPS and disciplinary actions, mostly in the form of dismissals (depending on the matter,) are taken.

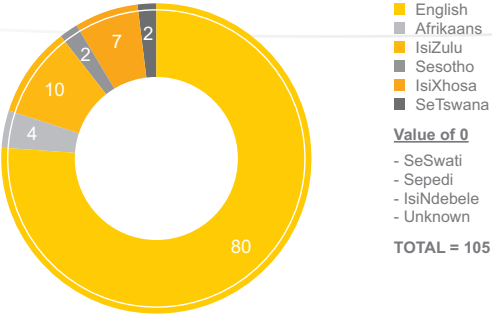
Profile of reports generated:



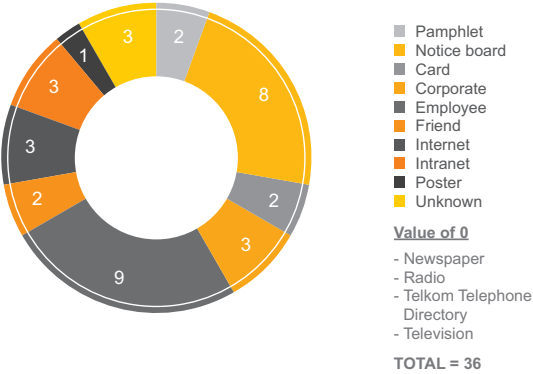
Other calls:



Languages used:



The caller became aware of the disclosure service through:



Risk Management

Risk Management provides a framework to identify, assess and manage potential risks and opportunities. It provides a way for management to make informed management decisions. Risk Management affects everyone in the Council.

The risk and control policies followed by the Council are based upon the guidelines of 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 the standing of the Council. The process of risk management and the system of internal control is regularly reviewed for effectiveness.

Not only are annual risk assessments conducted, but the Council's risk management strategy also encompasses on-going 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 their consequences. Strategic and operational risks are identified, objectively assessed and, where this is the appropriate response, 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. 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 plan built into its IT processes. It should be noted that the Council is in the process of formalising its business continuity processes.

For the period under review below are some of the top risks identified and managed:

Non-Compliance Status of Parties and Party Representation

- Amendments to the Collective Agreement have been submitted to the DOL for change in administration of trade union subscriptions. Trade unions have agreed to collect their own subscriptions and manage representivity.
- The verification exercise has been finalised. The Council has resolved to admit NEASA as a party to Council, and a confirmation letter has been sent to NEASA.

Party conflicts

The Governance Review Committee has been established to:

- To review the applicable LRA provisions regarding the purpose, establishment, powers and functions of Bargaining Councils and the Council Constitution.
- To identify the most appropriate practices from the applicable provisions in the new Companies Act (Act 71 of 2008), the King III Report and the Public Finance Management Act (Act 1 of 1999 as amended) that can be incorporated onto the Council's existing governance framework and structures.
- To make recommendations on the most appropriate practices and organisational structure that may be adopted by the Council in strengthening its governance framework and structures, bearing in mind that the Council is a creature of the Labour Relations Act 66 of 1995.

Differences in interpretation of certain clauses in the simplified Collective Agreement by stakeholders

- A compliance committee has been formed to address, amongst other things, agreement interpretation issues.
- Enforcement plan and the enforcement training process have been prepared and presented to the compliance committee.

Paper Document Management System Risks

- IT is investigating the possibility of combining the document management requirement with the Enforcement workflow requirements onto a single SharePoint / K2 document management and workflow platform.

Inadequate capacity or kill and undue reliance on key staff

- Plans are in place to conduct a work study on the Council's processes, people and strategy.
- Implementation of the Succession Planning Policy.

Risks due to the degree of changes in IT environment and systems negatively impacting on business

- A comprehensive IT risk assessment and a gap analysis have been conducted.
- The results of the abovementioned assessment have been presented to all relevant Board Committees.
- A Chief Information Officer has been appointed.

Staff unrest

The agreed upon action plans, with reference to the negotiation protocol and root cause analysis, are no longer necessary as the union membership figures have dropped to below 50%. This is an indication that staff issues are being addressed through monthly union meetings and the inclusion in HR policy development.

Audit and Risk Committee

The Audit and Risk Committee assists the Governing Body in ensuring that the Council maintains adequate accounting records, internal controls and systems. These are essential in providing reasonable assurance about the integrity and reliability of the Council's financial information as well as safeguarding Council assets.

The Audit and Risk Committee is constituted as a statutory committee of the NCRFLI and is a committee of the Council Governing Body. It performs the duties assigned to it by the Council's Governing Body. The primary role of the Audit and Risk Committee is to assist the Council's Governing Body in discharging its duties relating to:

- Safeguarding the organisation's assets.
- Ensuring the operation of adequate systems.
- Overseeing the control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards.

It achieves this by overseeing management's role in creating and maintaining an effective control environment in the organisation.

The Audit and Risk Committee responsibilities, as identified by the King Report are:

In respect of the external auditors and audit:

- Consider, and make recommendations to the Council Governing Body, on the appointment and retention of external auditors.
- Discuss and review, with the external auditor(s) before the audit commences the auditors engagement letter, the terms, nature and scope of the audit function and audit fee.
- Agree to the timing and nature of reports from the external auditors.
- Identify key matters arising in the current year's management letter and satisfy itself that they are being properly followed up.
- Obtain assurance from the external auditors that adequate accounting records are being maintained.
- Obtain annually from the external auditors a written statement that their independence has not been impaired.
- Evaluate the performance of the external auditors.

In respect of the financial statements:

- Examine and review the quality of draft annual financial statements, the interim reports, the accompanying reports to

Councillors, the preliminary announcements of results and any other announcements regarding the Council's results or other financial information to be made public, prior to submission to and approval by the Council Governing Body.

- Review the annual report and financial statements taken as a whole to ensure they present a balanced and understandable assessment of the financial position, performance and prospects of the Council.
- Consider the appropriateness of the accounting policies adopted and any changes thereto, the accounting treatment of significant unusual transactions or accounting judgments that could be contentious.
- Consider any problems identified in the going concern statement or the statement on the effectiveness of internal controls.
- Review any legal matters that could have significant impact on the financial statements.
- Assess the performance of the financial management of the organisation.

In respect of internal control and internal audit:

- Review the effectiveness of the organisation's systems of internal control, including internal financial control.
- Review and approve the internal audit charter and internal audit plans.
- Evaluate the independence, effectiveness and performance of the internal audit and compliance with its mandate as approved by the Committee.
- Assess the adequacy of available internal audit resources, including the qualifications of internal audit employees.
- Review significant matters reported by the internal audit function and the adequacy of corrective action taken in response to significant internal audit findings.
- Review significant differences of opinion, if any, between management and the internal audit function.
- Review significant difficulties in the completion of the audit plan, including any restrictions on the scope of work or access to required information.
- Review the co-ordination between the internal audit function and external auditors and deal with any issues of material significant dispute or concern.

- Ensure that the Head of internal audit has the right of direct access to the chairperson of the Committee.
- Review the Council's statement on internal control systems prior to endorsement by the Council Governing Body.
- Review the organisations policies and procedures for preventing or detecting fraud.
- Review the Council's processes for ensuring that it complies with relevant regulatory and legal requirements, and consider management's reaction to any transgressions detected.
- Monitor that proper and adequate accounting records are maintained.
- Obtain assurance from the internal auditors that adequate records are being maintained.

In respect of risk management:

- Review and ensure that the risk management process and procedures followed are adequate to ensure enterprise risks are identified and monitored.
- Review the status of tax risks and the management of these risks.
- Review the processes and procedures for identification and managing of technology risks.

In respect of organisational integrity/ethics:

- Review any statements on ethical standards or requirements for the organisation and the procedures or review system implemented to promote and enforce compliance.
- Review significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees or the company.

The Audit and Risk Committee is headed by an independent Committee Chairperson who is appointed by the Council's Governing Body. The Audit and Risk Committee operates according to formal terms of reference which are reviewed and updated annually. The Audit and Risk Committee is permitted to consult with specialists or consultants after following an agreed process.



Information and Technology

The Council's IT Department plays a crucial role in enabling the NBCRFLI to deliver an effective and efficient service to all its stakeholders. The Department does this by developing and maintaining a network, which includes perimeter security; hosting of core information technology systems, as well as virtual and physical servers. To reduce IT Risk and improve data security, a Live Vault online backup service was implemented for all critical (non-SAP) application servers. The backups of the SAP servers were not included since this service is supplied by an external service provider, as part of the SAP support service.

The stability of the infrastructure and fragmentation of IT services over a number of IT service providers remains a major challenge for the Council. The Council has however, embarked on a process to consolidate IT service providers and review their existing service-level agreements in order to ensure that the stability of the Council's IT infrastructure is consistent in its performance.

During the second half of the year in review, an external IT specialist organisation, performed an IT services evaluation on the NBCRFLI IT environment. The evaluation results highlighted a number of gaps within the Department and tabled recommendations to resolve some of the problems. The major recommendation from the evaluation findings was to implement a centralised service desk that will provide third party management. This recommendation, and subsequent proposal, was accepted for implementation during 2014.

The Department set out new strategic goals, which it began to adopt in January 2014. These include the following:

- Stabilise infrastructure and infrastructure services through:
- Consolidate IT service providers and review their SLAs
- Leverage and expand on existing SLA relationships
- Implement IT performance and Service Management structures and processes through the establishment of a Service Desk.



Human Resources

The HR section assists in organisational development, health and wellness of employees and ensures legislative compliance. Some of the major focus areas of HR during the year in review are explained below.

Employment Equity

Through consultation with the Council's Employment Equity Committee, the HR section was able to submit their Employment Equity Plan in time.

The NBCRFLI aims to implement affirmative action measures to redress the disadvantages in employment experienced by designated groups in order to ensure their equitable representation in all occupation categories and levels in the workforce.

Of the 15 vacancies that became available during the year under review, 12 were successfully filled. Eighty nine percent of the males employed were black and 11% were white, while 67% of the females employed were black and 33% coloured.

Sixty two percent of the Council's positions were held by females as at February 2014, compared to 58% in February 2013.

These figures align with the Council's Employment Equity Plan.

The Council continues to boast a high level of representivity with regards to Employment Equity as evidenced by the graphs on the right hand side.

Compensation and Benefits

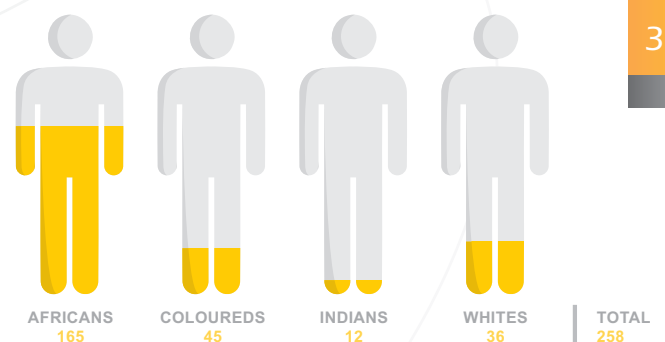
In January 2014, the Council began a process of ensuring equitable pay, where firstly, the pay scale was in the process of being updated. As a result of that exercise, which is to be finalised in the 2014/15 financial year, we expect to identify pay anomalies amongst employees and develop a strategy to address these pay anomalies, in line with the amendments of the Employment Equity Act.

Training & Development

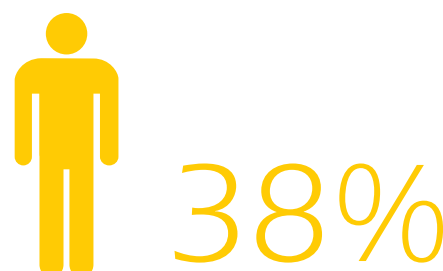
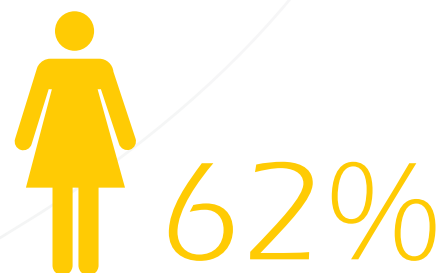
The Council is dedicated to creating opportunities for skills development as well as to developing and implementing measures to retain skills. It submitted its Skills Development Plan in time on 30 June 2013.

Staff members were sent on a number of training courses during the year under review, including training on disciplinary and grievance procedures, Employment Equity and compliance, as well as a payroll structuring workshop. This training enhanced employees' knowledge and skills, thereby enabling the NBCRFLI to meet its organisational goals and ensure alignment with the Skills Development Plan. It also enabled the Council to acquire its skills returns levy from Services Seta.

Racial Profiles of Permanent Employees as at February 2014



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Human Resources

Performance Management

The NBCRFLI Performance Management Policy was established to monitor and assist in the continuous improvement of organisational performance, from an individual to departmental and finally an organisational level. During the year in review, the policy was adhered to, where key performance contracts were developed and quarterly assessments were completed for each employee. The results of the organisational performance can be seen on page 52.

Cultivating and embedding an Ethical Culture at the NBCRFLI

The HR Section rolled out organisation wide presentations of Council HR Policies which have proven to be a powerful tool in this regard. The policies outline standard ways of organizational development and labour relations interaction in an ethical, equitable and fair manner.

The development of the Business Ethics and Code of Conduct Policy as well as the development of the draft Fraud Policy is a huge step forward in embedding an ethical culture. Approval, rollout of communication, and process implementation around these policies is an important next step.

The Council has also introduced "Be Heard" an independent disclosure service which is explained in the Audit and Risk Governance section of the Annual Report.

Staff Pension Fund

Yet another way in which the Council looks after its employees is through the Staff Pension Fund. All eligible permanent Council employees are required to join the Sanlam Umbrella Fund as a condition of their employment. For some employees, this Fund is their only retirement saving provision.

Participation in the Umbrella Fund means that the Council is able to offer employees a packaged and flexible retirement savings at a reduced cost. The Umbrella Fund makes the following benefits available to Council's eligible employees: retirement, death, accident, family funeral, burial repatriation, disability and trauma benefits, as well as spouse life cover.

The Fund is managed by a Board of six Trustees. Three of the Trustees are appointed by Sanlam, and three are elected by pension fund members from a panel of suitably qualified industry professionals – all independent of Sanlam, meaning they have not worked for Sanlam in the last ten years. The Trustees put the Fund structure in place, allowing the Council to select the most appropriate benefits and options for their members. The Trustees are ultimately responsible for the running of the Fund and must ensure that members' interests are protected at all times.

The Council has established a Joint Forum consisting of 50% members elected by employee Pension Fund members,

representing Council employees, and 50% members appointed by Council management, representing the employer. The Joint Forum attends to the Council members' needs and ensures they are kept informed about Fund-related issues. The Joint Forum ensured that there was ongoing communication distributed to members during the year under review.

Health and Wellbeing

The HR section is dedicated to looking after the health and wellbeing of the Council's employees as it is well aware that healthy employees are happy employees. And having happy employees allows the Council to deliver a high standard of service to the Industry.

The Council contributes 66.67% towards employees' medical aid, and also contributes the same when an employee is on retirement/pension, this ensures that employees have sufficient medical cover and well as contributes to becoming the employer of choice.

In 2011, the NBCRFLI entered into a partnership with ICAS, an award winning industry leader in employee wellness programmes. ICAS has designed a solution aligned with NBCRFLI employee wellness needs. The goal of the programme is to maintain a healthy, dedicated, responsive and productive workforce at the NBCRFLI through:

- Assisting employees and immediate family members to seek professional help in order to deal with the challenges that impact on their personal and interpersonal work relationships.
- Implementing an effective programme in all divisions.
- Improving employee morale in order to improve productivity and work efficiency.
- Providing life skills, awareness and education programmes to promote healthy lifestyle choices and coping skills.
- Integrating various ICAS' services into the existing National Bargaining Council EWP strategy and policy in a manner that complements the various support services.
- Increasing employees' awareness of healthy lifestyle choices by providing emotional and psychological support.
- Assisting in the development of a supportive workplace culture.
- Building capacity for managers to use the service as well as identifying distressed employees and refer to appropriate resources.
- Addressing organisational risk factors that impact on employee wellness.
- Providing support for any and all work and personal related trauma.

ICAS offers employees a range of core services such as:

- Psychological counselling services.
- Life Management Services.
- eCare Online Services.
- Account Management and Service Promotion.
- Reporting and In-depth Analysis.
- Critical Incident and Trauma Management.
- HIV and AIDS support services.
- Managerial Consultancy Services.

During the year in review, the Council held 14 Wellness Days, hosted across all its regions and branches to further promote health and wellness issues amongst staff members. The Wellness Days were focused around producing an informed work force that subscribes to healthy life-styles and habits in order to prevent future illness.

In the coming year, employee health and well-being will continue to be a core focus for the Corporate Services Department.



Communications and Marketing

Communications and Marketing is a fundamental part of stakeholder relations. During the year under review, the Communications and Marketing section lead efforts to build relationships with the Council's stakeholders and in order to reinforce the Council's role within the Road Freight and Logistics Industry. The year in review has been an exceptional one for the Communications and Marketing section.

The NBCRFLI plays an important role in ensuring that its industry members adhere to the law by aligning all the Industry's Collective Agreements with the relevant legislation and ensuring that its members abide by the provisions of these Collective Agreements via compliance persuasion.

The Council realises that a major part of ensuring compliance through educational inspections entails enhancing the understanding of the Collective Agreements and what they mean. The Council's Communications and Marketing section therefore developed innovative ways to meet the information needs of its stakeholders during the year in review.

During the 2013/2014 financial year, after conducting an extensive research project with its employee members, the Communications and Marketing section launched "Ziwaphi on the Road", the Council's first ever employee publication aimed specifically at addressing its employee member needs. The newsletter has been distributed to thousands of employee members and has been instrumental in creating a higher level of awareness around the role of the Council and the various services it offers. The Council plans to continue using "Ziwaphi on the Road" as a channel to communicate all Council and industry related news directly to its employee members.

The NBCRFLI recognises the important role that the human resource and payroll personnel play in helping employers comply with the Collective Agreements. They also assist the Council in communicating Council-related information to employee members. In an effort to make their jobs easier, the Communications and Marketing section began distributing a monthly electronic newsletter during the year in review, called NBCRFLI News, to highlight specific Council-related issues and decisions that impact directly on HR and payroll personnel.

Another one of the Council's important stakeholders is its employer members. During the year under review, the Communications and Marketing section revamped Tseleng – the Council's employer publication – to meet the information needs of the Council's employer members. This involved evolving Tseleng into a thought-provoking e-publication, produced bi-annually, that covers all aspects of the Road Freight and Logistics Industry, including international transport trends. The new Tseleng forms part of the NBCRFLI's continuous efforts to build more effective communication channels between itself and its stakeholders.

The Council's website continued to develop and grow over the past financial year, particularly with the addition of specific service area contact telephone numbers, the Council's online service query function, valuable current information for new members, an in-depth explanation of Agreement Compliance, and all the latest newsletters in electronic format. This is yet another example of the Council's commitment to keep its members informed about important developments within the Road Freight and Logistics Industry.

The Communications and Marketing section made huge strides in sharing the positive efforts of the Council with relevant media platforms. The Department used press releases to keep the media informed on the latest developments within Council, as well as to clarify issues of concern for its members. Some of the successes and milestones communicated included free training for all industry employers who utilise the Council's online returns system; the inclusion of extra benefits for members in the Wellness Fund Health Plan; the Council's receipt of the CCMA's Certificate of Accreditation; and the Council's stance against fraud and corruption via its "Be Heard" disclosure service.

The Council's relationship with Road Ahead, one of the most widely-read publications in the Road Freight and Logistics Industry, has grown significantly over the years. They have provided the Council with a platform to communicate its service offerings to industry members. During the year in review, the Council received wonderful coverage in the magazine, including the profiling of its achievements and services, a foreword from the Council's Acting National Secretary, Tersia Ströh. The Department will continue to build on its relationship with Road Ahead during the year ahead.

Further to bolstering its communication platforms, the Council is in the process of having the existing English legal version of the Main Collective Agreement translated into 4 of the 11 official languages; namely Afrikaans, isiXhosa, isiZulu and seSotho. In the long term, the Council plans to translate the Main Collective Agreement into the other official languages, which will go a long way to ensuring that all its members are aware of the conditions of employment set out in the Agreement. The English version will remain the official version.

Over the past financial year, the Communication and Marketing section continued to make a point of heightening brand awareness through a number of different platforms, including regular adverts and advertorials in industry publications, branded designated agent cards, as well as branded wall and tent calendars.

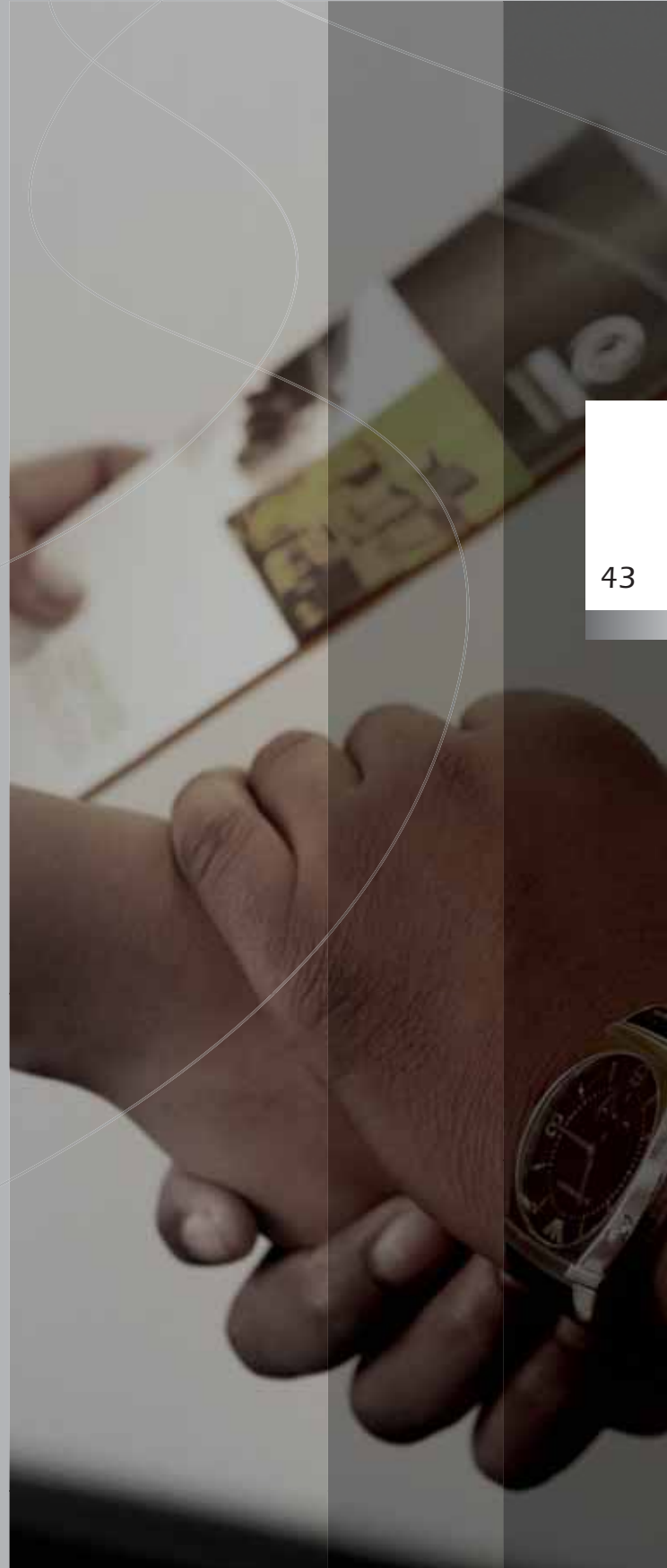
Another achievement of the Communications and Marketing section was the launch of the Council's first-ever mobi application. The Council recognises the importance of its relationships with its stakeholders, which is why it developed this user-friendly application. The application allows Council members to access

Collective Agreements and Council-related news at any time, from just about anywhere. The application has been well-received by industry members and the Council looks forward to seeing the positive impact it will make on the industry, particularly as members are able to more easily keep up to date with decisions and changes within the industry.

Settling disputes at conciliation level provides many advantages for the Council and its members as the process is generally quick and inexpensive, and is not as administratively burdensome as other dispute resolution methods. Over the previous financial year, the Communications and Marketing section created awareness about conciliation, and its advantages, via the Council website, the various Council publications as well as external industry publications.

The Communications and Marketing section played an instrumental role in creating an online query process whereby Council members can log their queries via the Council website and receive an answer within 72 working hours. This service has enabled the Council to further improve its service offering to its clients.

In a further effort to bring the Council's services to the people and interact with them on a personal basis, the Communications and Marketing section was involved in a number of industry Wellness Days and Road Shows during the year. The Road Shows/Wellness Days not only helped to uplift the profile of the NBCRFLI, but also furthered the wellbeing of the transport and logistics industry.



Administration and Facilities

OHASA

In order to protect the safety, health and welfare of all NBCRFLI staff, the Corporate Services Department has ensured that the NBCRFLI is in compliance with the Occupational Health and Safety (OHAS) Act of 1993.

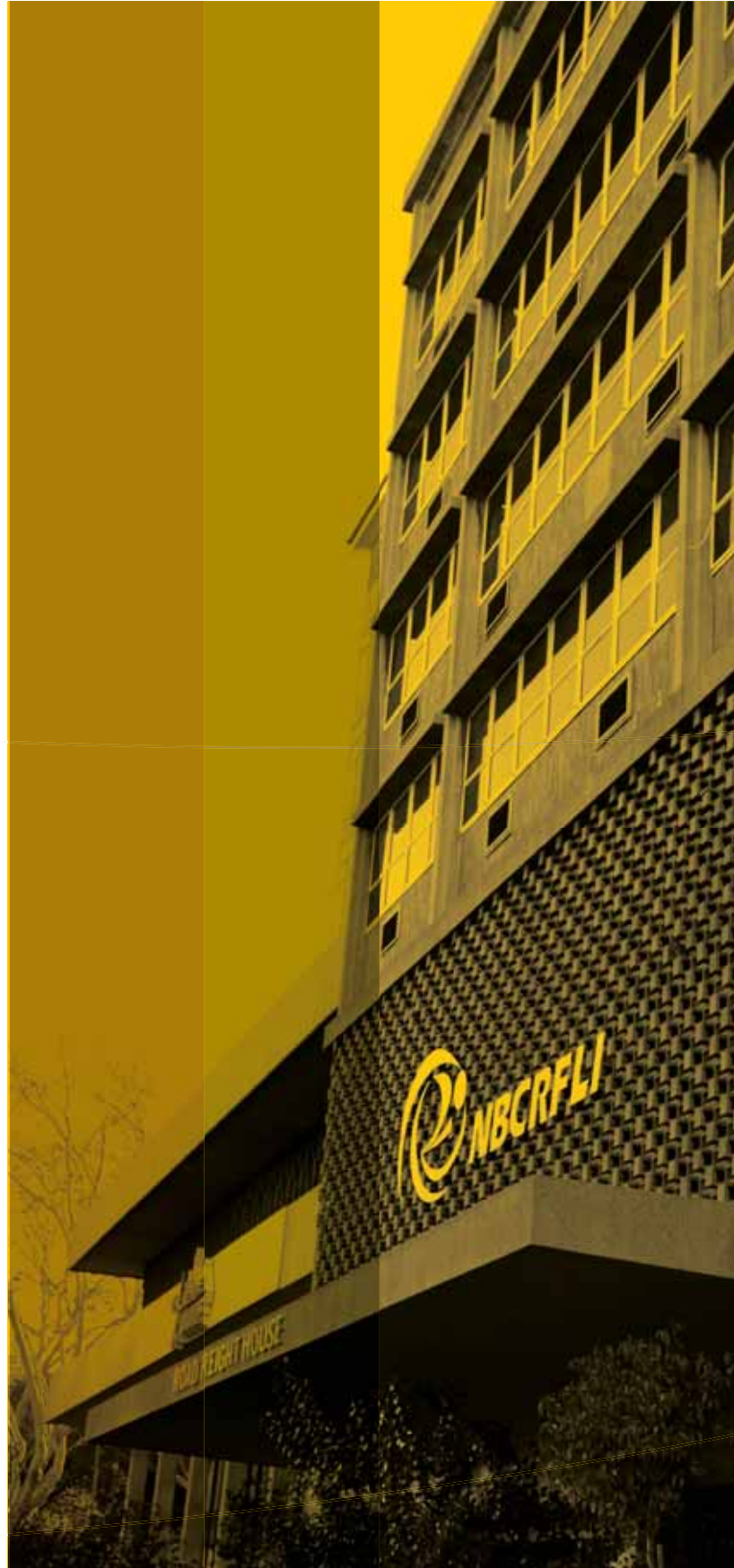
The OHAS Committee is a forum which includes the OHAS Officer, Secretary and all the Council's OHAS representatives. Monthly OHAS reports and checks are submitted to the secretary by the representatives in order for Facilities to action identified risks in order to ensure a healthy and safe working environment. This is in line with the National OHAS Act of 1993.

During the year under review, the OHAS committee made huge strides in communicating the responsibilities of the employer, employees and representatives, as per section 17,18 & 19 of the Act, to the respective parties.

Record keeping

The NBCRFLI is in compliance with the national retentions legislation due to the fact that it keeps the physical documents on site, as outlined in the legislation.

The NBCRFLI is in the process of enhancing this compliance by digitising all the Council's documentation in order to have soft copies readily and easily available.



Committee Secretary



The Committee Secretary provides an administrative and support service to the NCRFLI in terms of the functioning of its committees and board, and to improve the overall level of governance and effectiveness of the Council. The Committee Secretary also provides an administrative support service for all strategic focus areas, as well as task teams that may be appointed in terms of any agreements reached by the parties.

The Committee Secretary fulfils the following key roles which contribute to the overall smooth operation of the Council:

- Manages the logistics relating to all Council committee meetings.
- Provides support services for the Industry Meetings.
- Organises, prepares agenda for and takes minutes of meetings including board meetings.
- Prepares a year planner for all Board, EXCO, Audit and Risk committee meetings as well as meetings of all standing and adhoc committees.
- Provides support services for Council meetings and contributes to all meetings, including board meetings as and when required, and advises members on governance matters.
- Maintains statutory books, including registers of Council members and stakeholders.
- Deals with correspondence, collating information and writing reports.
- Accountability to archive all legal documents and records.
- Responsible for maintaining proper stakeholder relationships with but not limited to the CCMA, Department of Labour and internal independent bodies such as the Audit and Risk Committee and the Exemption Body,
- Responsible for the creation and managing of the organisational Balanced Score Card.
- Responsible for ensuring that decisions from various committees are communicated to the relevant parties in the organisation and having in place a follow-up system so that implementation actions can be followed up on.
- Strengthens governance and effectiveness of the Council.
- Facilitation of wage negotiations.
- Accountable for the mitigation of organisational risk.
- Accountable for statutory reporting to the Department of Labour.
- Accountable for compliance with King III, all relevant laws, legislation and general corporate governance environment.
- Responsible for the Code of Good Practice for Council members and staff.

Financial Review

Introduction

The financial year for 2014 ended exceptionally well in spite of the negative market conditions. The Council recorded the highest surplus in the current financial year compared to previous years. This success can be attributed to the increase in the levies received from the industry, interest received, positive returns on investments and the decline expenditure for the period. With a continued effort to increase compliance, frequency of investments and strict monitoring of expenditure, the performance is expected to improve.

Performance Overview

Revenue for the period rose by 5% to R140.49m (2013: R133.3m) while the surplus increased by 117% to R21.24m (previous year: R9.78m). The increase in the Main Council's revenue and surplus can be attributed to the increase in levies received by 18%, as well as an increase in interest received by 6%. The increased surplus is also a result of a decrease in expenditure by 3%.

On page 47 is a table highlighting the group revenue and charts analysing revenue and expenditure compared to the prior financial periods.

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Financial Highlights

Group Revenue

+22%

Revenue up by 22% from R243.05m to R296.36m

Group Surplus

+123%

Surplus up by 123% from R-81.79m to R18.58m

CAPEX

-4%

Capital expenditure down by 4% from R4.09m to R3.91m

Main Revenue

+5%

Revenue up by 5% from R133.26m to R140.49m

Main Surplus

+117%

Surplus up by 117% from R9.78m to R21.24m

Property Value

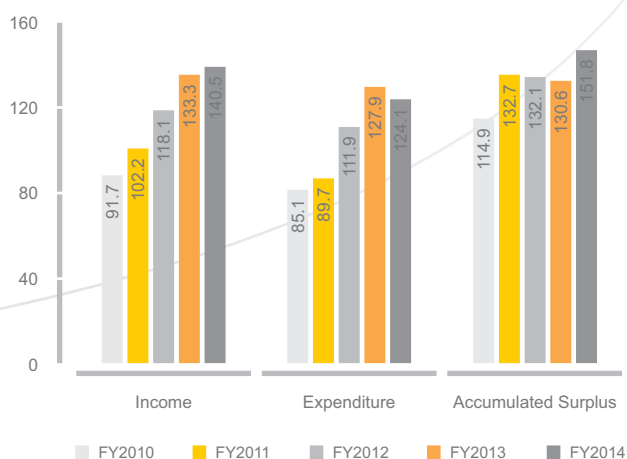
R29.6m

Property value remained the same at R29.6m from previous year

NBCRFLI Group Revenue Analysis

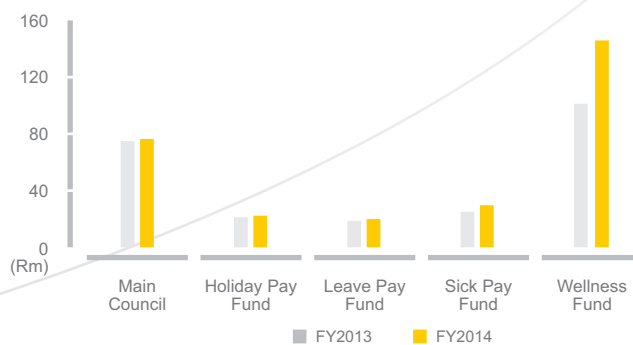
Rm	Main Council	Holiday Pay Fund	Leave Pay Fund	Sick Pay Fund	Wellness Fund	Total
FY2010	46.57	17.88	14.07	19.53	62.70	160.76
FY2011	51.66	15.27	12.49	21.02	78.05	178.50
FY2012	63.59	17.49	12.80	21.73	92.78	208.38
FY2013	75.23	21.84	18.48	25.84	101.66	243.05
FY2014	77.03	22.36	19.97	30.02	146.97	296.36

Main Council Five Year Performance (Rm)



NBCRFLI Group Revenue Analysis

Rm	MAIN COUNCIL	HOLIDAY PAY FUND	LEAVE PAY FUND	SICK PAY FUND	WELLNESS FUND	TOTAL
FY2013	75.23	21.84	18.48	25.84	101.66	243.05
FY2014	77.03	22.36	19.97	30.02	146.97	296.36



Financial Review

Balance Sheet and Cash Flows

Capital Expenditure

Capital expenditure for the year decreased by 4% compared to the previous year. The amount spent in the current year was R3.91m (2013: R4.09m).

The Council's property was valued at R29.6m as at period end, as per the previous financial year. The Council continues to ensure that its properties remain in good condition to ensure that they maintain their value year on year.

A total expenditure budget of R141.35m was approved for the period ending 28 February 2015, plus the rollover capex budget of R12.1m from prior years. The total capex budget available for the period ending 28 February 2015 is at R21.8m.

Financial Assets

The NBCRFLI Main Council and trust funds investments are held with major banks in South Africa. The investments yielded returns of 5.76% and 7.05% (2013: 5.89% and 6.28%). The market value of the Main Council investments was R129.5m (2013: R122.7m), a growth of 6% from 2013.

The consolidated market value of the Holiday pay Fund, Leave pay Fund and Sick pay Fund was R1.21bn (2013: R1.07bn). The balances of the investments grew by 13% which is primarily attributable to an increase in contributions received from trust funds (i.e. in respect of Holiday, Leave and Sick pay Funds); increased frequency of investments; and reinvestments of interest yield during the period.

Trade and Other Receivables

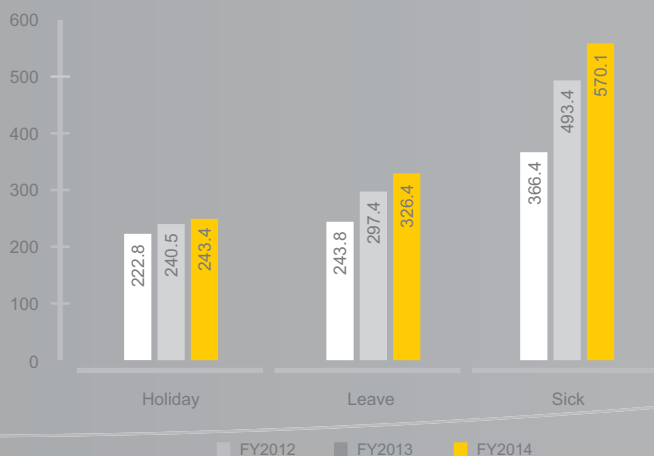
Trade and other receivables of the Main Council increased by 6% to R5.76m (2013: R5.4m). The balance is largely attributable to outstanding tax invoices from the RFLIPF. An amount of R4.2m was outstanding at period end (2013: R4m).

Cash Flow

The Council's cash flows increased by 24.27% during the year in review due to the positive operating surplus received for the period.

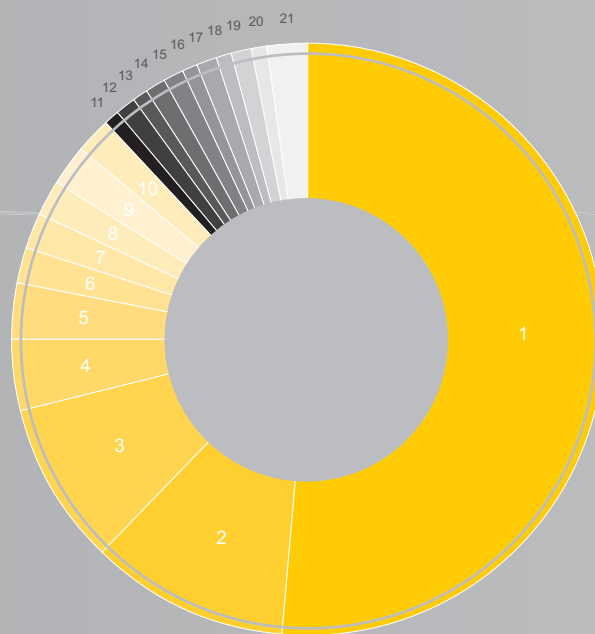
Trust Fund Liabilities

The movement and balances in the trust fund liabilities are highlighted in the graph below (amounts in Rm):



Main Council Expenditure Analysis

Expenditure	Rm
1. Employee costs	64.66
2. Arbitration Expenses	13.12
3. Computer Hardware Leasing and Software Maintenance	11.09
4. Depreciation amortisation and impairments	5.01
5. Forfeitures tracing	3.13
6. Lease rentals on operating lease	2.54
7. Legal expenses	2.38
8. Repairs and maintenance	2.10
9. Non- reclaimable VAT	2.06
10. Attendance fees	2.06
11. Advertising	1.83
12. Telephone and fax	1.63
13. Utilities	1.63
14. Motor vehicle expenses	1.43
15. Security	1.28
16. Printing and stationery	1.24
17. Bank charges	1.21
18. Equipment hire	1.12
19. Auditor's remuneration	0.93
20. Staff Welfare	0.74
21. Other	2.95
Total	124.14



Procurement

Introduction

The Procurement Section is a centralized function operating within the Finance Department. Its existence has been driven by its key objectives that consist of supporting the operational requirements; managing the procurement process and supply base effectively and efficiently; developing and maintaining strong relationships with all departments; and developing integrated strategies that support the organisation's strategy, goals and objectives. To live up to this purpose, the Procurement Section is also aiming to continuously adopt best practices and adhere to all prevailing regulations.

Legislative requirements

Even though the NBCRFLI is not a state entity, its existence falls under the requirements of the Labour Relations Act and its activities are governed under the Department of Labour, and ultimately the Minister of Labour. It therefore follows that the NBCRFLI, in terms of its operations, will be informed by best practice in both the public and private sectors in order for the Council to effectively serve its stakeholders. Amongst others, procurement is governed by the following legislations:

- *Broad Based Black Economic Empowerment Act (Act No. 53 of 2003)*
In bidding for NBCRFLI tenders or to be listed in the supplier database, all domestic suppliers (with the exception of EMEs) are required to submit a B-BBEE certificate approved either by a Verification Agency accredited by the South African National Accreditation System [SANAS], or by Registered Auditors approved by the Independent Regulatory Board of Auditors [IRBA].
- *Section 217 of the Constitution of South Africa (Act No.108 of 1996)*
This Act states that organs of the state contract for goods and services in accordance with a system that is fair, equitable, transparent, competitive and cost effective. Therefore, the NBCRFLI conforms to this Act through its procurement processes.
- *Preferential Procurement Regulations, 2001*
In accordance with clause 14 [Tax Clearance] for best practice, the NBCRFLI's Procurement Section discourages the use of suppliers or the awarding of any tenders to persons who has failed to submit an original Tax Clearance Certificate from the South African Revenue Service (SARS) certifying that the taxes of that person are in order or that suitable arrangements have been made with SARS.
- *Protection of Personal Information (POPI) Act, 2013*
In order to conform to the provisions of this Act, the NBCRFLI has already engaged with the relevant experts to conduct a GAP analysis, with the aim of promoting and ensuring compliance. The NBCRFLI's Procurement Section is also processing information classified under this Act, and is therefore required to meet obligations under POPI.

Procurement Activities

Key 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 concern of appropriately accruing for expenses. The project is currently in the implementation stage and will be closely monitored accordingly.

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 the withholdings and deductions are remitted in a timely manner. This includes salary payments, tax withholdings, and deductions from earnings. The Payroll Section's mission is accomplished by working with all the other departments within the NBCRFLI, as well as the section of Human Resources.

Legislative requirements

The Payroll Section is required 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.

Third party requirements:

The Payroll Section also has to comply with third party requirements which include:

- Garnishee implementation – Court orders.
- Medical aid requirements – Registration and payments of contributions.

Financial Review

- Pension fund – Registration and payments of contributions.
- IEMAS payment of the contributions.

Key payroll activities that occurred during the year under review include:

- Monthly payment of staff, Board members and commissioners.
- Processing monthly accruals such as leave and other payroll related provisions.
- Processing of payroll and other statutory deductions.
- Payment of all third party payments and statutory deductions.
- Monthly submissions to relevant authority.
- EMP201 recon monthly.
- EMP501 recon bi-annually.

The Payroll Section continues to successfully pay employees and other stakeholders on a timely basis and also doing so efficiently and effectively. There is no doubt that paying employees on time should be at the heart of every organisation's strategy.

The Council plans to secure its future financial performance by continuing to work efficiently, monitoring its expenditure and keeping a watchful eye on its financial income. Maintaining the current effective financial system means steadily continuing to process income and upholding the necessary discipline in terms of financial controls so that expenses remain within the budget parameters determined by the strategy for the year. This forms an important part of developing and driving an organisation-wide cost saving culture.

The Council also plans to continue looking for investment vehicles that provide for better returns and is hoping that its request for VAT exemption is granted as this will result in increased revenue and surplus.



Good Governance

The Council is currently undergoing a major governance structure change in order to align itself with the King III report, as well as the Companies Act.

A governance task team was set up to ensure that Council is compliant with all relevant and applicable laws in South Africa, including the King III Report.

Governance Task Team

The Governance Task Team was set up to ensure that the Council is compliant with all relevant and applicable laws in South Africa.

Financial Governance

The Council used its external audit firm's tax unit to apply for VAT exemption, as well as their governance unit to provide guidance on best practice corporate governance requirements. Before any extra services are provided by the external auditors, approval must be given by the Audit and Risk Committee. The cost associated with the extra services is tabled at the Audit and Risk Committee, where it is also approved.

Information Technology Governance

In order to ensure IT security, the Council has implemented firewalls and web content filters to prevent unauthorised access to the Council's network. All IT risks are managed closely by the Council's IT steering committee (utilising the Senior Management Meeting structure), which oversees all the Council's major IT projects. It is important to note that the Council is still in the process of documenting and reviewing its IT policy to meet governance requirements. IT best practices and frameworks like Cobit 5, ITIL, ISO 38500, ISO 27000 will be adopted to improve and mature the overall IT objectives.

Should the Council ever be faced with a disastrous incident that impacts on its activities, it has a business continuity and disaster

recovery plan built into its IT processes. For example, in terms of building, the Council has regional offices that can be used in case of a disaster.

Remuneration

EXCO oversees the Council's remuneration structure and makes decisions regarding staff and executive remuneration. EXCO is made up of five members from the employer parties and five from the unions. Councillor allowances are determined at the AGM. Councillors received an allowance of R4 331.25 per month, provided they did not miss a meeting. Those that also served on EXCO, except for the Chairman and his deputy, received an allowance of R4 856.25 on the same basis. The Chairman received an allowance of R5 906.25 and his deputy R5 381.25. At the end of the term, at the AGM, they are also entitled to a once-off stipend of R7 500.00 each.

Delegation of Authority

The Delegation of Authority framework is developed and approved by the Council Board in alignment with governance principles. Its purpose is to give defined authority to governance structures within the organisation. The document was reviewed and approved in the year under review in an effort to ensure that it meets the developing needs of the organisation.

Appointment of a National Secretary

The National Secretary appointment process is managed by the Governance Committee and is in line with the NBCRFLI Recruitment and Selection Policy. During the year under review, the finalisation of this recruitment was underway.

Meetings

During the previous financial year, three Council meetings were held, including the AGM as well as six EXCO meetings. The Audit and Risk Committee held five meetings. All meetings quorated.

Acknowledgements

The achievement of yet another successful financial year would not have been possible without the dedication of staff and management, as well as the unwavering support of our strategic partners. Your continued commitment to excellent service delivery not only helped to uplift the NBCRFLI, but the Industry as a whole. A warm word of thanks therefore goes to all our internal

and external stakeholders, including all Council employees, Councillors, industry employers and employees, Office Bearers, Deloitte & Touche, the Department of Labour, Health and Transport, the CCMA, the Registrar of the Labour Court (Gauteng) and the National Association of Bargaining Councils.

Council Organisational Performance

G = Target Achieved

G+ = Target Exceeded

R = Target not Achieved

Y = Positive Progress

Internal Business Processes

KRA	OBJECTIVES	MEASUREMENT & TARGET	ACTUAL PERFORMANCE
Strategic Focus	To provide efficient service	Percentage compliance with the SLA	G
		Number of unsolicited complaints	G
Information management	To provide timeous, accurate and relevant information to facilitate business decisions	Percentage adherence to set standards, number of errors, adherence to deadlines -	G
Wellness	To manage the impact & prevalence of HIV/Aids in the industry	Percentage compliance with SLA / KPI -	G
Collective Agreement	To ensure that industry fully implement Collective Agreements	Percentage non-compliance with Collective Agreements	G
	To ensure annual wage negotiations are conducted as per protocol	Successful settlement rate	N/A for the year under review
	To ensure effective dispute resolution machinery	Percentage settlement and resolution rate -	G+
Funds Administration	To effectively administer industry funds	Percentage improvement on admin matrix -	G+
Information Technology	To be innovative in providing service & asset utilisation	Number of technologies reviewed and developed	Y
Good Governance	To demonstrate and drive the practice of good governance	Percentage compliance against governance matrix	G
	To comply with South African laws	Percentage compliance against legislative matrix	G
Council Best Practice	To set appropriate competitive standards	Number of new standards introduced & percentage on standard matrix	G
Wage Negotiation	To ensure annual wage negotiations are conducted as per protocol	Successful settlement rate	N/A for year under review
Regional Presence	To implement & fulfil regional mandate	Stakeholder & customer satisfaction	G+
Council Best Practise	To set appropriate competitive standard	New Standards introduced	G
Admin and Facilities	To manage the admin and facilities functions efficiently and effectively	Improvement on admin matrix % improvement with SLA	G
Internal Auditing	To assist Council to accomplish its objectives through objective assurance designed to add value and improve its operations	% completion of audit plan	G
Risk Management	To facilitate the development and implementation of risk management in Council	Number of risk assessments conducted Number of risk management workshops held	G

Organisation and Learning

KRA	OBJECTIVES	MEASUREMENT & TARGET	ACTUAL PERFORMANCE
Culture	Exceptional performance; adherence to code of conduct; promote sharing of knowledge	Percentage improvement on culture index -	G
Employee Assistance Programme	To have safe & healthy working environment	Percentage improvement on safety audits -	G
	To enhance employee wellness	Percentage absenteeism due to illnesses	G
Knowledge Sharing & Learning	To ensure knowledge and skills transfer & leverage organisational know-how	Number of employees being developed	G
Staff Benefits	To have a comprehensive and balanced benefits cover for staff	Percentage participation on the benefit matrix	G+
Managing Performance	To ensure that performance management principles are in place	Percentage high and exceptional performers	G
Competent Workforce	Right people; right place; right practice; right time	Number of resignations: actual vs. required competencies; workplace skills plans; percentage adherence to successful plans -	G

G = Target Achieved

G+ = Target Exceeded

R = Target not Achieved

Y = Positive Progress

Finance

KRA	OBJECTIVES	MEASUREMENT & TARGET	ACTUAL PERFORMANCE
Cash Management	Improvement in collection from returns	Number of months outstanding	G+
	Timeous payment of invoices	Age Analysis	G
Financial Reporting	To report financial information to stakeholders	Stakeholder Index	G
	To report financial information to management for decision making	Stakeholder Index	G+
Stock Management	To monitor the use of consumables	Stock loss	G+
Return on Investment	Effective use of council's fixed assets	Fixed assets losses - depreciation rate	G
	Maximise return on investment	Percentage return on investment	G+
Payroll	To process payroll effectively & efficiently	Payroll administration matrix	Y

Customer & Stakeholder

KRA	OBJECTIVES	MEASUREMENT & TARGET	ACTUAL PERFORMANCE
Council of Choice	To service efficiency and enhance professionalism & credibility	Percentage compliance with the SLA -	G+
		Number of unsolicited complaints	G+
		Percentage of voluntary compliance with Agreements	G+
Integral Business Partner	Facilitate optimal business decisions	Number of decisions taken and implemented	G+
Exco & Council appetite	To create Exco and Council appetite for administration	Acceptance of advice given by administration and decision influence levels	G
Communications	To share information and knowledge with customers and stakeholders	Feedback matrix	G+
	To promote our image to customers and stakeholders	Customer satisfaction index	G+
Procurement	To have a fully functional procurement system in place	Operators satisfaction index	Y
	To optimise on best procurement practice	Number of new suppliers sought	Y

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G+ = Target Exceeded

Y = Positive Progress

THE NATIONAL BARGAINING COUNCIL FOR THE ROAD FREIGHT AND LOGISTICS INDUSTRY

G = Target Achieved

G+ = Target Exceeded

R = Target not Achieved

Y = Positive Progress

QUADRANT	NO.	PRIORITY	PROGRESS	ACTUAL PERFORMANCE
Internal Business Process All Internal Systems should be beyond dispute, have integrity, be modernised and be compliant to legislation.	3.	3.1 System alignment – Fund Administration and Enforcement to improve credit control management.	3.1.1 The system alignment is in phase 1. Standard Operating Procedures are at budget stage. The next step will entail following the supply chain management process to recruit service providers for system alignment. All tasks conducted are being completed according to the Compliance Mandate.	Y
		3.2 Re-alignment of Enforcement systems to ensure timely, efficient and reliable enforcement processes.	3.2.1 The Compliance Review Committee recommended that the draft Enforcement Strategy be forwarded to EXCO for approval. This is an ongoing process.	Y
		3.3 Membership system awareness, full implementation.	3.3.1 Comprehensive training was provided to all parties.	G
		3.4 SAP FICO full implementation.	3.4.1 Enhancement of the system was achieved through the activation of funds management and document management solution.	G
		3.5 SAP HCM roll-out, awareness, full implementation.	3.5.1 All main users were trained on the system. 3.5.2 A review of all processes, and alignment of those within the Human Resources and Payroll functions, was undertaken.	G G
Organisation and Learning Business knowledge and proficiency is essential for the NBCRFLI to deliver on its mandate and succeed.	4.	4.1 Training & Development: Superior Service Capacity through skills alignment.	4.1.1 Various managers in all departments have sent staff for job-related training throughout the year. This is an ongoing process. Bursary unavailability for the year 2013 within the Council was due to budget constraints.	G
		4.2 Retention of scarce skills.	4.2.1 The retention and succession policy, which talks to this item, was reviewed and signed off in July 2013, and has been communicated to staff members. This is an ongoing process. The next move is to ascertain scarce and critical skills within the NBCRFLI and thereafter implement a strategy to mitigate the risk of the loss of those skills.	G
		4.3 We need to cultivate and embed an Ethical Culture at the NBCRFLI through the integration of Ethics into all NBCRFLI practices, procedures and policies. By doing this, we will address issues like inappropriate behaviour, bribery, corruption, fraud and a multitude of other illegal and unlawful actions.	4.3.1 Hosting face-to-face presentations on Council Human Resources policies has proven to be a powerful tool in this regard. Some departments and regions have been reached already in 2013, and the rest of the departments were targeted in the last two weeks of January 2014.	G
			4.3.2 The development of the Business Ethics and Code of Conduct, as well as the Fraud Policy, is a huge step forward in embedding an ethical culture. Approval, rollout of communication, and process implementation around these policies is an important next step.	G
			4.3.3 The Council aims to create a transparent and ethical environment for all stakeholders through the introduction and communication of a whistle blowing programme, otherwise known as a disclosure service.	Y
		4.4 Knowledge sharing amongst staff within the organisation (best practise).	4.4.1 Digital files of Funds Administration source documents are achieved on the Council network. Further to this, the Council is in the process of including the entire NBCRFLI's source documents onto the network.	Y
			4.4.2 The NBCRFLI website has been upgraded to include all NBCRFLI agreements, services and programmes. This is an ideal platform for employees to understand the NBCRFLI "big picture".	G
			4.4.3 The intranet provides information relevant to employees, such as NBCRFLI policies, internal events and projects.	G
Organisational Branding & Communication Exposition of NBCRFLI Suite of Services to create awareness amongst all Stakeholders.	5.	5.1 Strategic alignment with NBCRFLI offerings.	The NBCRFLI communication platforms have been reworked and improved in the following manner: 5.1.1 Tseleng is now targeted at CEOs and senior managers within the Road Freight and Logistics Industry. 5.1.2 Ziwaphe on the Road is targeted at NBCRFLI employee members. 5.1.3 The HR Newsletter is targeted at HR/payroll administrators. 5.1.4 The website functions as an archive of NBCRFLI communication providing the following information: 5.1.4.1 Profile of services. 5.1.4.2 Link to online returns. 5.1.4.3 Access to information on programmes and initiatives. 5.1.4.4 Archiving of all relevant legislation and NBCRFLI communication, such as newsletters, annual reports, circulars, FAQs. 5.1.4.5 Contact list with regards to all NBCRFLI functions. 5.1.4.6 An interactive query process whereby industry members are able to log issues with a defined response time.	

Board members



1. June Dube (Chairperson)
from SATAWU
2. Fred Meier (Deputy Chairperson)
from the RFA

RFA

3. Graeme Barnard
4. Dave Behrens
5. Magretia Brown-Engelbrecht
6. Louis Hollander
7. Lucky Kolobe
8. Pauline Legodi
9. Penwell Lunga
10. Martin Oosthuizen
11. Chantal Schoombie
12. Trevor Short

NEASA

13. Jaco Swart



SATAWU

- 14. Michael Gwedashe
- 15. John Hlungwane
- 16. David Mahlanza
- 17. Alinah Masilela
- 18. Wiseman Nkwezana
- 19. Nthimotse Pakkies
- 20. Tabudi Ramakgolo

MTWU

- 21. Mdumiseni Mabaso
- 22. Solomon Mothibedi
- 23. Petros Mthembu

TAWU of SA & PTAWU (acting jointly)

- 24. Zack Mankge

Alternates

RFA

- Peter Mothapo
- Tony D'Almeida

NEASA

- Ansirus Rust

SATAWU

- Johnson Gamede
- Peter Ledwaba
- Ishmael Nkabi
- Zenzo Mahlangu
- Douglas Mashaba
- Betty Mashiyane
- Piet Pholoholo
- Mavhayisi Shivuri

MTWU

- Zakhele Mathenjwa
- Zodwa Zama

TAWU of SA & PTAWU (acting jointly)

- Reckson Baloyi

Executive Committee (EXCO)



1. June Dube (Chairperson)
from SATAWU
2. Fred Meier (Deputy Chairperson)
from the RFA

RFA

3. Dave Behrens
4. Magretia Brown-Engelbrecht
5. Lucky Kolobe
6. Penwell Lunga

Alternate

Chantal Schoombie
Graeme Barnard

SATAWU

7. Michael Gwedashe
8. Tabudi Ramakgolo

Alternate

Johnson Gamede
Wiseman Nkwezana
Alinah Masilela



9. Mdumiseni Mabaso
Alternate
Solomon Mothibedi

10. Zack Mankge
Alternate
Reckson Baloyi

Mr Melusi Ntumba
Mr Anesh Soonder
Johnson Gamede
Penwell Lunga

Senior Management Team

Council Senior Management Team



- | | | | |
|--------------------|--------------------------------------|-------------------------|------------------------------|
| 1. Mogerikwa Mathe | (Chief Internal Auditor) | 5. Tommie van Schalkwyk | (Chief Information Officer) |
| 2. Tersia Ströh | (Acting National Secretary) | 6. Karen Daniels | (Corporate Services Officer) |
| 3. Goai Gabootsho | (Acting Chief Finance Officer) | 7. Paul Mndaweni | (Committee Secretary) |
| 4. Famida Rahman | (Chief Funds Administration Officer) | | |

Independent Bodies

Independent Exemptions Body

Mr Yusuf Nagdee'
Mrs Rosalie Manning
Mr Gerhard Wessels

Independent Exemptions Appeal Body

Advocate Mark Antrobus
Advocate Tshepo Sibeko
Mr Imraan Haffeggee

FINANCIAL STATEMENTS | 2014



NBCRFLI

National Bargaining Council for the Road Freight and Logistics Industry

Your Road Freight Partner.

Board members' Responsibilities and Approval

The National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI), the Council, is an organization registered as a bargaining council in terms of section 29(15)(a) of the Labour Relations Act 1995. The organization changed its name from the National Bargaining Council for the Road Freight Industry (NBCRFI) to National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI) with effect from 23 July 2010.

The Board members are required, to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated annual 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 specific accounting policies adopted. The external auditors are engaged to express an independent opinion on the consolidated annual financial statements.

The consolidated annual financial statements are prepared in accordance with specific accounting policies adopted and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates. The Board members acknowledge that they are ultimately responsible for the system of internal financial control established by the Council and place considerable priority on maintaining a strong control environment. To enable management to meet these responsibilities, the Board members set 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 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 consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Board members have reviewed the Council's cash flow forecast for the year to 28 February 2015 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 for the foreseeable future.

Although the Board members are primarily responsible for the financial affairs of the Council, they are supported by the Council's external auditors.

The external auditors are responsible for independently reviewing and reporting on the Council's consolidated financial statements. The consolidated annual financial statements have been examined by the Council's external auditors and their report is presented on page 63.

King III Corporate Governance

The Board of Council endorse the Recommendations and Principles as set out in the King III Report ("the Code") issued during 2009 and which became effective from 1 April 2010. By voluntarily supporting the Code, the Board members recognise the need to conduct the affairs of the Council in compliance with sound corporate governance principles, with integrity and accountability.

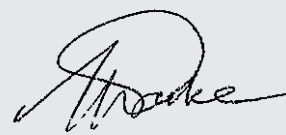
The Council's corporate governance processes which include the appointment of internal auditors, a dedicated risk manager and independent external auditors, all of whom report to the Audit and Risk committee, which meets at least quarterly and reports to the Board members.

Approval

The annual financial statements set out on pages 64 to 77, which have been prepared on the going concern basis, were approved by the Board members on 26 June 2014 and were signed on its behalf by:



Mrs Tersia Ströh
*Acting National Secretary
of the NBCRFLI*



Mr June Dube
Chairperson

Report of the Independent Auditors to the Members of the National Bargaining Council for the Road Freight and Logistics Industry

We have audited the council and the consolidated annual financial statements of the National Bargaining Council for the Road Freight and Logistics Industry, which comprise:

- The consolidated and separate statements of net assets for the period ended 28 February 2014;
- The consolidated and separate statements of comprehensive income for period ended 28 February 2014;
- The consolidated and separate statements of changes in funds for the period ended 28 February 2014;
- The consolidated and separate statements of cash flows for the period ended 28 February 2014;
- A summary of significant accounting policies and other explanatory notes, as set on pages 64 to 75.

Management's Responsibility for the Financial Statements

The council is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with basis of accounting set out in page 69, and in manner required by the Labour Relations Act of 1995 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as

well as evaluating the overall presentation of the financial statements.

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

Opinion

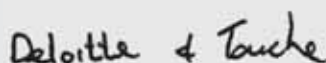
In our opinion, the accompanying Group and Council annual financial statements of the National Bargaining Council for the Road Freight and Logistics Industry have been prepared in all material respects, in accordance with the basis of accounting as set out in Note I of the financial statements, and in a manner required by the provisions of its constitution relating to financial matters and Section 53(2) (b) of the Labour Relations Act.

Emphasis of matter - Supporting Schedules

Without qualifying our opinion we draw attention to the fact that the supplementary information set out on pages 76 and 77 does not form part of the annual financial statements and is presented as additional information. We have not audited this schedule and accordingly we do not express an opinion thereon.

Restriction on use

The consolidated annual financial statements are prepared for regulatory purposes in accordance with the basis of preparation indicated above. Consequently, the consolidated annual financial statements and related auditors report may not be suitable for another purpose.



Deloitte & Touche

Registered Auditors
Per D Munu
Partner
26 June 2014

Consolidated Statement of Net Assets

FOR THE PERIOD ENDED 28 FEBRUARY 2014

	Notes	Group		Main Council	
		2014 R	2013 R	2014 R	2013 R
ASSETS					
Non Current Assets		1,380,497,878	1,231,478,402	166,595,087	161,406,092
Property, plant and equipment	2	36,843,705	38,053,129	36,793,484	37,890,840
Other financial assets	3	1,343,654,174	1,193,425,273	129,801,603	123,515,252
Current Assets		59,665,003	44,672,646	30,369,138	25,263,317
Inventories		92,088	88,802	92,088	88,802
Trade and other receivables	4	5,760,650	4,368,460	5,760,650	5,446,882
Cash and cash equivalents		53,812,265	40,215,384	24,516,400	19,727,633
Total assets		1,440,162,881	1,276,151,048	196,964,225	186,669,409
EQUITY AND LIABILITIES					
Equity		272,108,905	202,623,311	159,336,837	138,096,419
Reserves		101,063,065	50,154,833	7,494,136	7,494,136
Surplus funds		171,045,840	152,468,478	151,842,701	130,602,283
Non Current Liabilities		1,139,924,333	1,031,229,904	-	-
Industry employees trust account	7	1,139,924,333	1,031,229,904	-	-
Current Liabilities		28,129,643	42,297,833	37,627,388	48,572,990
Other financial liabilities	5	3,260,219	5,712,428	12,925,338	13,638,333
Trade and other payables	6	24,869,424	36,585,405	24,702,050	34,934,657
Total equity and liabilities		1,440,162,881	1,276,151,048	196,964,225	186,669,409

Consolidated Statement of Comprehensive Income

FOR THE PERIOD ENDED 28 FEBRUARY 2014

	Group		Main Council	
	2014 R	2013 R	2014 R	2013 R
Income	296,357,522	243,051,509	140,491,850	133,264,741
Other Income	9,295,357	7,174,750	4,886,512	4,421,993
Operating expenses	(287,075,516)	(332,020,684)	(124,137,944)	(127,896,807)
Operating surplus/(deficit)	18,577,363	(81,794,425)	21,240,418	9,789,927
Surplus/(Deficit) for the year	18,577,363	(81,794,425)	21,240,418	9,789,927
Other comprehensive income:	-	-	-	-
Total comprehensive income for the period	18,577,363	(81,794,425)	21,240,418	9,789,927

Consolidated Statement of Changes in Funds

FOR THE PERIOD ENDED 28 FEBRUARY 2014

	Notes	Revaluation Reserve R	Forfeitures Reserve R	Total Reserves R	Surplus Funds R	Total Funds R
Group						
Balance at 01 March 2012		7,494,136	42,660,697	50,154,833	234,251,727	284,406,560
(Deficit)/Surplus for the period		-	-	-	(81,794,425)	(81,794,425)
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		-	-	-	(81,794,425)	(81,794,425)
Movement to forfeitures reserve		-	-	-	-	-
Adjustments: Depreciation understated		-	-	-	11,176	11,176
Balance at 28 February 2013		7,494,136	42,660,697	50,154,833	152,468,478	202,623,311
(Deficit)/Surplus for the period		-	-	-	18,577,363	18,577,363
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		-	-	-	18,577,363	18,577,363
Movement to forfeitures reserve		-	50,908,232	50,908,232	-	50,908,232
Balance at 28 February 2014		7,494,136	93,568,929	101,063,065	171,045,841	272,108,906
Main Council						
Balance at 01 March 2012		7,494,136	-	7,494,136	132,059,517	139,553,653
(Deficit)/Surplus for the period		-	-	-	9,789,927	9,789,927
Adjustments: Irrecoverable salaries paid iro Wellness staff		-	-	-	(11,258,337)	(11,258,337)
Total comprehensive income for the period		-	-	-	(1,468,410)	(1,468,410)
Adjustments: Depreciation understated		-	-	-	11,176	11,176
Balance at 28 February 2013		7,494,136	-	7,494,136	130,602,283	138,096,419
(Deficit)/Surplus for the period		-	-	-	21,240,418	21,240,418
Total comprehensive income for the period		-	-	-	21,240,418	21,240,418
Balance at 28 February 2014		7,494,136	-	7,494,136	151,842,700	159,336,837

Consolidated Statement of Cash Flows

FOR THE PERIOD ENDED 28 FEBRUARY 2014

	Notes	Group		Main Council	
		2014	2013	2014	2013
		R	R	R	R
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	A	10,519,228	(86,849,173)	15,632,011	(9,192,524)
Transfer of forfeitures/Increase in reserves		50,908,232	-	-	-
Shortfall in staff pension fund		-	-	-	-
(Deficit)/Surplus for the period to 28 February 2013 - SIDA		-	-	-	-
Net cash (outflow)/inflow from operating activities		61,427,459	(86,849,173)	15,632,011	(9,192,524)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(3,909,450)	(4,074,820)	(3,909,450)	(4,074,820)
Proceeds from sale of property, plant and equipment		65,552	8,048	65,552	2,193
Increase in other financial assets		(150,228,900)	(114,840,128)	(6,286,351)	(11,123,889)
Net cash outflow from investing activities		(154,072,798)	(118,906,900)	(10,130,249)	(15,196,516)
CASH FLOWS FROM FINANCING ACTIVITIES					
(Decrease)/Increase in other financial liabilities		(2,452,209)	760,247	(712,995)	18,220,033
Increase in industry employees trust account		108,694,429	198,270,118	-	-
Net inflow/(outflow) from financing activities		106,242,220	199,030,365	(712,995)	18,220,033
Net increase/(decrease) in cash and cash equivalents		13,596,881	(6,725,709)	4,788,767	(6,169,006)
Cash and cash equivalents at beginning of year		40,215,384	46,941,092	19,727,633	25,896,639
CASH AND CASH EQUIVALENTS AT END OF YEAR	B	53,812,265	40,215,384	24,516,400	19,727,633

Notes to the Consolidated Statement of Cash Flows

FOR THE PERIOD ENDED 28 FEBRUARY 2014

	Group		Main Council	
	2014	2013	2014	2013
	R	R	R	R
A. RECONCILIATION OF OPERATING INCOME/(LOSS) TO CASH GENERATED FROM OPERATIONS				
Operating (deficit)/surplus	18,577,363	(81,794,425)	21,240,418	9,789,927
Adjustment for non cash items:	5,053,321	6,475,643	4,941,253	6,324,560
Depreciation and amortisation	5,118,015	6,491,354	5,005,947	6,337,929
Adjustments through surplus funds: Depreciation understated	-	(11,176)	-	(11,176)
(Gain)/Loss on disposal of property, plant and equipment	(64,694)	(4,535)	(64,694)	(2,193)
Adjustment for separately disclosable items:				
Interest received	(85,016,874)	(81,138,011)	(12,196,989)	(11,552,429)
Operating cash inflow before working capital changes	(61,386,190)	(156,456,793)	13,984,682	4,562,058
Adjustments through surplus funds: Irrecoverable salaries paid iro Wellness staff	-	-	-	(11,258,337)
Working capital changes	(13,111,456)	(11,530,391)	(10,549,660)	(14,048,673)
Changes in inventories	(3,286)	(20,774)	(3,286)	(20,774)
Changes in trade and other receivables	(1,392,189)	557,273	(313,767)	(521,149)
Changes in trade and other payables	(11,715,981)	(12,066,890)	(10,232,606)	(13,506,751)
Cash generated from operations	(74,497,646)	(167,987,184)	3,435,022	(20,744,952)
Interest received	85,016,874	81,138,011	12,196,989	11,552,429
CASH GENERATED FROM OPERATING ACTIVITIES	10,519,228	(86,849,173)	15,632,011	(9,192,523)
B. CASH AND CASH EQUIVALENTS				
Bank balances				
Main Council	24,516,400	19,727,633	24,516,400	19,727,633
Wellness Fund	29,295,787	20,487,119		
Holiday Pay Fund	26	478		
Leave Pay Fund	26	92		
Sick Pay Fund	26	61		
	53,812,265	40,215,384	24,516,400	19,727,633

Notes to the Consolidated Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2014

Reporting entity

The National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI) is an organization registered as a bargaining council in terms of section 29(15)(a) of the Labour Relations Act 1995. The organization changed its name from the National Bargaining Council for the Road Freight Industry (NBCRFI) to National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI) with effect from the 23 July 2010.

The consolidated annual financial statements of the NBCRFLI for the period ended 28 February 2014 comprise the Main Council and its subsidiary funds (Holiday Pay Fund, Leave Pay Fund and Sick Pay Fund) and the organization's interest in the Wellness Fund.

1. Accounting policies

The consolidated annual financial statements are prepared in accordance with the entity specific accounting policies adopted by the Council. The consolidated financial statements except for buildings and investments at fair value, have been prepared on the historical cost basis in accordance with the accounting policies set below.

The following are the principal accounting policies used by the Council which are consistent with those of the previous year.

1.1 Basis of consolidation

The consolidated financial statements incorporates financial statements of the Main Council, its subsidiary funds and interests in the Wellness fund for the period ended 28 February 2014. The financial statements are consolidated on the basis that the Main Council has control over the subsidiary funds and Wellness entity. Control exists when the Main Council has power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

1.2 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Land and Buildings are carried at revalued amount, being the fair value at the date of revaluation less any subsequent impairment losses and are not depreciated.

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 balance sheet date.

Any increase in an asset's carrying amount, as a result of a revaluation is credited directly to equity in the revaluation reserve. The increase is recognised in the profit and loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in the profit or loss.

Any decrease in an asset's carrying amount, as result of a revaluation, is recognised in the profit or loss in the current period. The decrease is debited directly to equity in the revaluation reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Depreciation is calculated on cost, less residual value, using the straight-line method over their expected useful lives.

The useful lives applied are as follows:

Motor Vehicles:	5 years
Furniture and Fittings:	5 years
Office Equipment:	5 years
IT Equipment:	3 years
Computer Software:	3 years
Containers	5 years

The gain or loss on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

1.3 Financial Instruments

Initial Recognition

The funds classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an

equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the fund's balance sheet when the fund becomes party to the contractual provisions of the instrument.

Loans

Loans are recognised initially at fair value plus direct transaction costs. Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

Trade and Other Receivables

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

Trade and Other Payables

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

Cash and Cash Equivalents

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

Held to Maturity and Loans and Receivables

These financial assets are initially recognised at fair value plus direct transaction costs.

1.4 Revenue

Revenue is recognised on both the accrual and cash basis.

Levies

Levies are charged to the industry for the services that the NBCRFLI provides to the industry. Levies are recognised on the cash basis based on amounts received for the returns submitted and processed. Where reasonable, an accrual is made for the levies relating to the financial period under review.

Administration fees

Administration fees charged for the administration of the Holiday Pay Fund, Leave Pay Fund, Sick Pay Fund and the Provident Fund. The administration fee is recognised on the accrual basis.

1.5 Employee Benefits

Defined Contribution Plans

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

Payments made to industry managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the council's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.6 Outstanding Levies

Contrary to past practices, levies due but unpaid at the end of the current financial period have been brought into account.

1.7 Interest Income

Interest income is recognised on a time proportion basis taking into account the effective interest rate over the period of maturity when it is determined that such income will accrue to the Council.

Notes to the Consolidated Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2014

2. PROPERTY, PLANT AND EQUIPMENT

GROUP	2014			2013		
	Cost/ Valuation R	Accumulated Depreciation R	Carrying Amount R	Cost/ Valuation R	Accumulated Depreciation R	Carrying Amount R
Land and Buildings	29,600,000	-	29,600,000	29,600,000	-	29,600,000
Furniture & fittings	11,502,231	(9,675,721)	1,826,510	10,556,289	(8,503,436)	2,052,853
Motor vehicles	2,817,539	(2,293,441)	524,098	2,752,639	(1,973,490)	779,149
Office Equipment	3,102,058	(2,572,915)	529,143	2,824,218	(2,195,349)	628,869
IT Equipment	9,094,297	(7,076,524)	2,017,773	7,598,396	(6,099,494)	1,498,902
Computer Software	16,546,051	(14,211,343)	2,334,708	15,451,105	(12,003,853)	3,447,252
Containers	572,384	(560,911)	11,473	572,384	(526,280)	46,104
	73,234,559	(36,390,855)	36,843,705	69,355,031	(31,301,902)	38,053,129

MAIN COUNCIL	2014			2013		
	Cost/ Valuation R	Accumulated Depreciation R	Carrying Amount R	Cost/ Valuation R	Accumulated Depreciation R	Carrying Amount R
Land and Buildings	29,600,000	-	29,600,000	29,600,000	-	29,600,000
Furniture & fittings	11,464,515	(9,638,005)	1,826,510	10,518,574	(8,465,720)	2,052,854
Motor vehicles	1,612,808	(1,127,368)	485,440	1,547,908	(884,734)	663,175
Office Equipment	3,022,958	(2,493,905)	529,053	2,745,118	(2,116,460)	628,658
IT Equipment	8,900,895	(6,883,122)	2,017,773	7,404,994	(5,906,092)	1,498,902
Computer Software	16,281,251	(13,946,543)	2,334,708	15,186,305	(11,739,053)	3,447,252
	70,882,427	(34,088,944)	36,793,484	67,002,900	(29,112,059)	37,890,840

Notes to the Consolidated Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2014

PROPERTY, PLANT AND EQUIPMENT (continued)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT

GROUP	Land & Buildings	Furniture & Fittings	Motor Vehicles	Office Equipment	IT Equipment	Computer Software	Containers	TOTAL
28 FEBRUARY 2014	R	R	R	R	R	R	R	R
Opening carrying amount	29,600,000	2,052,853	779,149	628,869	1,498,902	3,447,252	46,104	38,053,129
Cost	29,600,000	10,556,289	2,752,639	2,824,218	7,598,396	15,451,105	572,384	69,355,031
Accumulated depreciation	-	(8,503,436)	(1,973,490)	(2,195,349)	(6,099,494)	(12,003,853)	(526,280)	(31,301,902)
Additions from AIDS SIDA at net book value	-	-	-	-	-	-	-	-
Additions	-	945,941	64,900	277,840	1,525,822	1,094,947	-	3,909,450
Revaluations through equity	-	-	-	-	-	-	-	-
Disposals at net book value	-	-	-	-	(859)	-	-	(859)
Current depreciation	-	(1,172,284)	(319,951)	(377,566)	(1,006,093)	(2,207,491)	(34,631)	(5,118,015)
Closing carrying amount	29,600,000	1,826,510	524,098	529,143	2,017,773	2,334,708	11,473	36,843,705
Cost	29,600,000	11,464,515	2,817,539	3,102,058	9,094,297	16,546,051	572,384	73,196,844
Accumulated depreciation	-	(9,638,005)	(2,293,441)	(2,572,915)	(7,076,524)	(14,211,343)	(560,911)	(36,353,139)
GROUP	Land & Buildings	Furniture & Fittings	Motor Vehicles	Office Equipment	IT Equipment	Computer Software	Containers	TOTAL
28 FEBRUARY 2013	R	R	R	R	R	R	R	R
Opening carrying amount	29,600,000	2,859,239	1,120,313	1,079,224	690,239	5,006,880	94,929	40,450,824
Cost	29,600,000	9,729,541	2,876,999	2,803,412	6,054,312	13,757,857	572,384	65,394,505
Accumulated depreciation	-	(6,870,302)	(1,756,686)	(1,724,188)	(5,364,073)	(8,750,977)	(477,455)	(24,943,681)
Additions from AIDS SIDA at net book value	-	-	-	-	-	-	-	-
Additions	-	826,748	1,110	20,806	1,544,084	1,693,248	-	4,085,996
Revaluations through equity	-	-	-	-	-	-	-	-
Disposals at net book value	-	-	(3,513)	-	-	-	-	(3,513)
Current depreciation	-	(1,633,134)	(338,761)	(471,161)	(735,421)	(3,252,876)	(48,825)	(6,480,178)
Closing carrying amount	29,600,000	2,052,853	779,149	628,869	1,498,902	3,447,252	46,104	38,053,129
Cost	29,600,000	10,556,289	2,752,639	2,824,218	7,598,396	15,451,105	572,384	69,355,031
Accumulated depreciation	-	(8,503,436)	(1,973,490)	(2,195,349)	(6,099,494)	(12,003,853)	(526,280)	(31,301,902)

Notes to the Consolidated Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2014

PROPERTY, PLANT AND EQUIPMENT (continued) RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT

MAIN COUNCIL	Land & Buildings	Furniture & Fittings	Motor Vehicles	Office Equipment	IT Equipment	Computer Software	TOTAL
28 FEBRUARY 2014	R	R	R	R	R	R	R
Opening carrying amount	29,600,000	2,052,853	663,175	628,658	1,498,902	3,447,252	37,890,840
Cost	29,600,000	10,518,574	1,547,908	2,745,118	7,404,994	15,186,305	67,002,900
Accumulated depreciation	-	(8,465,721)	(884,734)	(2,116,460)	(5,906,092)	(11,739,053)	(29,112,060)
Additions	-	945,941	64,900	277,840	1,525,822	1,094,947	3,909,450
Revaluations through equity	-	-	-	-	-	-	-
Disposals at net book value	-	-	-	-	(859)	-	(859)
Current depreciation	-	(1,172,284)	(242,635)	(377,445)	(1,006,093)	(2,207,491)	(5,005,947)
Closing carrying amount	29,600,000	1,826,510	485,440	529,053	2,017,773	2,334,708	36,793,484
Cost	29,600,000	11,464,515	1,612,808	3,022,958	8,900,895	16,281,251	70,882,427
Accumulated depreciation	-	(9,638,005)	(1,127,368)	(2,493,905)	(6,883,122)	(13,946,543)	(34,088,944)
MAIN COUNCIL	Land & Buildings	Furniture & Fittings	Motor Vehicles	Office Equipment	IT Equipment	Computer Software	TOTAL
28 FEBRUARY 2013	R	R	R	R	R	R	R
Opening carrying amount	29,600,000	2,859,239	896,577	1,078,662	690,239	5,006,880	40,131,597
Cost	29,600,000	9,691,826	1,546,798	2,724,312	5,860,910	13,493,057	62,916,903
Accumulated depreciation	-	(6,832,587)	(650,221)	(1,645,650)	(5,170,671)	(8,486,177)	(22,785,306)
Additions	-	826,748	1,110	20,806	1,544,084	1,693,248	4,085,996
Revaluations through equity	-	-	-	-	-	-	-
Disposals at net book value	-	-	-	-	-	-	-
Current depreciation	-	(1,633,134)	(234,512)	(470,810)	(735,421)	(3,252,876)	(6,326,753)
Closing carrying amount	29,600,000	2,052,853	663,175	628,658	1,498,902	3,447,252	37,890,840
Cost	29,600,000	10,518,574	1,547,908	2,745,118	7,404,994	15,186,305	67,002,900
Accumulated depreciation	-	(8,465,721)	(884,734)	(2,116,460)	(5,906,092)	(11,739,053)	(29,112,060)

Notes to the Consolidated Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2014

	Group		Main Council	
	2014	2013	2014	2013
	R	R	R	R
2. PROPERTY PLANT AND EQUIPMENT (CONTINUED)				
Other information				
Details of properties				
Erf 2915 Johannesburg measuring 496 square meters with office building erected thereon.				
Erf 2914 Johannesburg portion 2				
Erf 7498 Parow 141 Voortrekker Road Parow				
- Balance at beginning of period	29,600,000	29,600,000	29,600,000	29,600,000
- Improvements	-	-	-	-
Total land and buildings before revaluation	29,600,000	29,600,000	29,600,000	29,600,000
Revaluation of land and buildings	-	-	-	-
Total land and buildings after revaluation	29,600,000	29,600,000	29,600,000	29,600,000
Land and building are re-valued independently every three years.				
Revaluation of the land and buildings is performed by an independent valuator Grant Fraser (MIV. SA) of G.C Fraser & Associate who are not connected to the NBCRFLI.				
Revaluation on the land and buildings was performed as at 29 February 2012. (The previous revaluation was performed as at 28 February 2009.) Details of the revaluation are as follows:				
Erf 2915 Johannesburg, 31 De Korte Street, Braamfontein	13,200,000	13,200,000	13,200,000	13,200,000
Erf 2914 Johannesburg, 29 De Korte Street, Braamfontein	9,500,000	9,500,000	9,500,000	9,500,000
Erf 7498 Parow, 141 Voortrekker Road, Parow	6,900,000	6,900,000	6,900,000	6,900,000
Total value as per the revaluation report - 29 February 2012	29,600,000	29,600,000	29,600,000	29,600,000
<i>The next revaluation will be done at the end of February 2015</i>				
3. OTHER FINANCIAL ASSETS				
Held to maturity and demand				
Fixed deposit and money market funds:				
Main Council investments	129,483,785	122,733,186	129,483,785	122,733,186
Holiday Pay Fund investments	272,524,030	262,940,881		
Leave Pay Fund investments	343,834,158	306,337,113		
Sick Pay Fund investments	597,604,551	500,742,194		
	1,343,446,523	1,192,753,374	129,483,785	122,733,186
The investments are held at a variety of financial institutions.				
These investments bear interest at between 5.76% and 7.05% (2013: 5.89% and 6.42%) per annum.				
Loans and Receivables				
Aids Fund	-	935,990	-	935,990
Provident Fund	317,818	(153,924)	317,818	(153,924)
Wellness Fund - Payable to Main Council	(110,167)	(110,167)	-	-
Total other financial assets	1,343,654,174	1,193,425,273	129,801,603	123,515,252
4. TRADE AND OTHER RECEIVABLES				
Sundry Debtors	1,482,620.98	302,816	1,482,621	302,816
Sundry Debtors - Provident Fund Payable to Main Council	4,192,539	3,980,154	4,192,539	3,980,154
Deposits	85,490	85,490	85,490	85,490
Aids SIDA Fund	-	-	-	1,078,422
Total trade and other receivables	5,760,650	4,368,460	5,760,650	5,446,882

The receivable from Provident Fund (RFLIPF) is on outstanding tax invoices due for payment.

Main Council believes that the money will be fully recoverable from the RFLIPF.

Notes to the Consolidated Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2014

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	Group		Main Council	
	2014	2013	2014	2013
	R	R	R	R
5. OTHER FINANCIAL LIABILITIES				
Held at amortised cost				
Holiday pay bonus fund	-	-	13,035,998	3,198,924
Leave pay fund	-	-	6,405,596	(1,512,153)
Sick fund	-	-	2,067,992	4,162,147
Provident fund	1,293,678	1,293,678	1,293,678	1,293,678
Wellness fund	-	-	(11,844,466)	2,076,987
Unallocated funds received	1,966,540	4,418,750	1,966,540	4,418,750
Total other financial liabilities	3,260,218	5,712,428	12,925,338	13,638,333
The unallocated funds received is represented by contributions received by the NBCRFLI on behalf of the fund which is unallocated due to pending reconciliation processes.				
6. TRADE AND OTHER PAYABLES				
Trade payables	8,397,438	14,845,546.55	8,397,438	13,348,363
Employee cost related payables	2,102,933	1,237,107	2,227,568	1,237,107
Incentive bonus provision	5,771,192	6,079,579	5,646,557	6,079,579
VAT	(756,571)	1,103,248	(756,571)	1,117,057
Trust account	3,280,532	3,184,356	3,280,532	3,184,356
Refunds due	4,849,925	4,836,057	4,849,925	4,836,057
Interest received - Accruing to AIDS SIDA	167,374	167,374	-	-
Industry Unions and Agency Fees	1,056,602	5,132,138	1,056,602	5,132,138
Total trade and other payables	24,869,424	36,585,405	24,702,050	34,934,657
7. INDUSTRY EMPLOYEES TRUST ACCOUNT				
Balance at beginning of period				
Holiday Pay Fund	240,501,171	222,828,718		
Leave Pay Fund	297,405,885	243,760,056		
Sick Pay Fund	493,322,849	366,371,012		
	1,031,229,904	832,959,786		
Contributions received				
Holiday Pay Fund	613,644,158	544,551,127		
Leave Pay Fund	450,813,160	397,792,616		
Sick Pay Fund	341,314,993	302,536,475		
	1,405,772,311	1,244,880,217		
Less:				
Pay-outs for the year				
Holiday Pay Fund	(594,224,389)	(526,878,674)		
Leave Pay Fund	(405,398,435)	(344,146,787)		
Sick Pay Fund	(246,546,827)	(175,584,638)		
	(1,246,169,650)	(1,046,610,099)		

Notes to the Consolidated Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2014

	Group		Main Council	
	2014	2013	2014	2013
	R	R	R	R
7. INDUSTRY EMPLOYEES TRUST ACCOUNT Continued				
Less:				
Forfeitures adjustment				
Holiday Pay Fund	(16,496,353)	-		
Leave Pay Fund	(16,428,575)	-		
Sick Pay Fund	(17,983,304)	-		
	(50,908,232)	-		
<i>(The forfeitures adjustments relates to forfeitures for the five year ended February 2009)</i>				
Closing balance at the end of the year				
Holiday Pay Fund	243,424,587	240,501,171		
Leave Pay Fund	326,392,036	297,405,885		
Sick Pay Fund	570,107,710	493,322,849		
	1,139,924,333	1,031,229,904		

	Group		Main Council	
	2014	2013	2014	2013
	R	R	R	R
8. OPERATING EXPENSES				
Included in operating expenses is the following:				
Employee costs	(71,299,246)	(68,371,986)	(64,663,640)	(68,371,986)
Wellness employee health insurance	(128,215,339)	(184,422,236)	-	-

9. TAXATION

No provision has been made for taxation as the fund is currently exempt from income taxation.

10. CONTINGENCIES

- (a) The provisions of Labour Relations Act of 1995 requires parties' representivity in bargaining council to be 50% plus one in order to qualify for full enforcement of agreement to the entire industry. The Department of Labour issued a certificate on 24 August 2010 stating that it is certified that the parties to Council's Collective Agreement are representative and this certificate is valid up until 31 August 2011.
- (b) As at reporting period ended 28 February 2014, NBCRFLI had legal claims against the Road Freight and Logistics Industry Provident Fund (RFLIPF) for outstanding administration fees due to be paid to Main Council. The amount outstanding of R4,192,539 has been included in trade and other receivables. The only financial exposure would be legal expenses.
- (c) In addition to the matter in (b) above, Main Council is alleged to owe the Road Freight and Logistics Industry Provident Fund (RFLIPF) an amount of R7,924,494.00 in respect of contributions received for the periods before May 2008. Council was issued with a summon for payment of the outstanding amount. The amount has been accrued in financial assets.
- (d) As at reporting period ended 28 February 2013, Council had a dispute against E-Prime Dynamix for breach of contract. The service provider was contracted to install and implement the SAP system. The contract was terminated when failures were discovered on the system and the service provider failed to rectify the system errors. Upon termination, E-Prime Dynamix instituted a claim against Council with a contingent liability of R3,569,129. The legal claim against E-Prime Dynamix has been suspended due to E-Prime being liquidated.

11. ADJUSTMENTS THROUGH SURPLUS FUNDS: IRRECOVERABLE SALARIES PAID IN RESPECT OF WELLNESS STAFF

The adjustment relates to payments made to the Wellness employees in respect of the salaries paid for the period ended 29 February 2012. This expenditure was regarded as irrecoverable from Corridor Empowerment.

Detailed Consolidated Income Statement

FOR THE PERIOD ENDED 28 FEBRUARY 2014

	Notes	Group		Main Council	
		2014	2013	2014	2013
		R	R	R	R
Revenue					
Levies Received		61,443,074	52,201,231	61,443,074	52,201,231
Wellness fund contributions		146,508,568	98,232,364	-	-
Interest Received		85,016,874	81,138,010	12,196,989	11,552,429
Admin Fees Received		3,389,006	11,479,904	66,851,787	69,511,081
		296,357,522	243,051,509	140,491,850	133,264,741
Other Income					
Gains on disposal of assets		64,694	4,535	64,694	2,193
Rental Income		475,722	236,924	475,722	236,924
Sundry Income		8,754,941	6,933,291	4,346,096	4,182,876
		9,295,357	7,174,750	4,886,512	4,421,993
Operating expenses					
Advertising		(1,833,432)	(1,840,806)	(1,833,432)	(1,654,156)
Arbitration Expenses		(13,117,057)	(11,814,622)	(13,117,057)	(11,814,622)
Attendance fees		(2,058,759)	(2,245,535)	(2,058,157)	(2,098,195)
Auditor's remuneration		(927,698)	(752,090)	(927,698)	(752,090)
Bad debts		-	-	-	-
Bank charges		(1,211,992)	(1,175,042)	(1,205,064)	(1,164,027)
Bursary expense		24,785	(242,095)	24,785	(242,095)
Consulting and Professional fees		(2,916,935)	(1,545,016)	(668,774)	(1,168,360)
Computer Hardware Leasing and Software Maintenance		(11,092,899)	(11,744,308)	(11,092,636)	(11,740,636)
Depreciation amortisation and impairments		(5,118,015)	(6,491,354)	(5,005,947)	(6,337,929)
Employee costs		(71,299,246)	(68,371,986)	(64,663,640)	(68,371,986)
Equipment hire		(1,123,769)	(22,070)	(1,123,769)	(22,070)
Exemption body expenses		(275,096)	(262,879)	(275,096)	(262,879)

Detailed Consolidated Income Statement

FOR THE PERIOD ENDED 28 FEBRUARY 2014

	Notes	Group		Main Council	
		2014	2013	2014	2013
		R	R	R	R
Operating expenses continued					
Forfeitures tracing		(3,128,914)		(3,128,914)	-
Insurance		(827,245)	(835,355)	(622,653)	(583,226)
Legal expenses		(2,401,460)	(2,365,828)	(2,384,766)	(2,365,100)
Loss on disposal of assets		-	-	-	-
Lease rentals on operating lease		(2,538,578)	(2,528,612)	(2,538,578)	(2,528,332)
Management fee - Wellness Clinics/Other		(6,836,376)	(9,259,140)	-	(4,506)
Medical expenses - African Unity Insurance		(128,215,339)	(184,422,236)	-	-
Motor vehicle expenses		(1,894,231)	(1,953,654)	(1,428,130)	(1,348,097)
Non- reclaimable VAT		(10,947,333)	(8,124,365)	(2,062,543)	-
Penalties and interest		(7,894)	(3,396)	(7,894)	(3,396)
Postage		(256,329)	(243,561)	(195,964)	(237,906)
Printing and stationery		(1,252,114)	(1,203,119)	(1,241,455)	(1,201,409)
Repairs and maintenance		(2,099,503)	(2,069,691)	(2,099,503)	(2,069,691)
Security		(1,275,738)	(1,115,392)	(1,275,738)	(1,115,392)
Seminars		(19,547)	(1,080,498)	(19,547)	(564,857)
Staff Welfare		(737,520)	(1,618,486)	(737,520)	(1,616,388)
Strategic Focus Areas		(229,402)	(3,171,221)	(229,402)	(3,171,221)
Telephone and fax		(1,694,071)	(1,783,434)	(1,634,580)	(1,723,346)
Training		(233,558)	(961,040)	(233,558)	(961,040)
Travel - local		(718,997)	(854,223)	(718,997)	(854,223)
Treatment Programme Costs		(9,179,539)			
Utilities		(1,631,717)	(1,919,630)	(1,631,717)	(1,919,630)
		(287,075,516)	(332,020,684)	(124,137,944)	(127,896,807)
Operating Surplus/(Deficit)		18,577,363	(81,794,425)	21,240,418	9,789,927
Surplus/(Deficit) for the period		18,577,363	(81,794,425)	21,240,418	9,789,927

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