

ANNUAL REPORT 2019



NBCRFLI

National Bargaining Council for the Road Freight and Logistics Industry

Your Road Freight Partner.



WELLNESS CENTRE



JONGIE TRUCKS

013 703 7032

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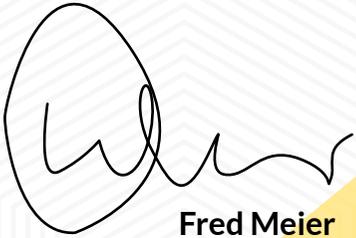
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NBCRFLI
Acronyms



ARC	Audit and Risk Committee
ART	Antiretroviral Therapy
BCEA	Basic Conditions of Employment Act
BCM	Business Continuity Management
BIA	Business Impact Analysis
CCMA	Commission for Conciliation, Mediation and Arbitration
CMS	Council for Medical Schemes
COSO	Committee of Sponsoring Organisations
ETI	Employee Tax Incentive
GTAS	Grant Thornton PS Advisory Proprietary Limited
HCM	Human Capital Management
ICAS	Independent Counselling and Advisory Services
IT	Information Technology
KPI	Key Performance Indicator
KZN	KwaZulu-Natal
LRA	Labour Relations Act
MEMCO	Membership and Compliance Committee
MOU	Memorandum of Understanding
MTWU	Motor Transport Workers Union
NBCRFLI	National Bargaining Council for the Road Freight and Logistics Industry
NDoH	National Department of Health
NEASA	National Employers Association of South Africa
NPC	Non-Profit Company
NQF	National Qualifications Framework
PDP	Professional Driving Permit
PMP	Performance Management Policy
POPI	Protection of Personal Information
PTAWU	Professional Trade and Allied Workers Union
QAR	Quality Assessment Review
REMCO	Remuneration Committee
RFA	Road Freight Association
SAP	Systems Applications and Products
SAPS	South African Police Services
SAQA	South African Qualifications Authority
SATAWU	South African Transport and Allied Workers Union
SLA	Service Level Agreement
TAWU of SA	Transport and Allied Workers Union of South Africa
TWP	Trucking Wellness Programme
WAD	World AIDS Day
WC	Western Cape



Fred Meier
Chairperson of the NBCRFLI



Chairman's *Report*

Once again, I am extremely honoured to present you with the National Bargaining Council for the Road Freight and Logistics Industry's (hereafter referred to as "Council") Annual Report for the financial period 2018/19. We testify with a sense of pride and admiration that this annual report depicts yet another year of further successes for the Council.

I am pleased to report that the Council's financial performance was satisfactory, considering the continuing economic turmoil.

The good financial performance is largely due to the Council's continued focus on tighter financial controls

and cost saving. Another contributor to the Council's positive financial performance was the improvement of levy collections. Levies for the year under review were 10.94% higher compared to last year's figure. The increase in revenue is mainly attributable to the increase in industry wages, resulting in increased levy income and contributions received which resulted in increased surplus funds available for investments.

The achievement of an unqualified audit report yet again alludes to the competence and tenacity of the Council management and corporate governance structures in the face of trying economic forecasts. This is especially commendable given Council's fiscal stability through continuous build-up of reserves, alluding to stringent financial management of the organisation.

One of the Council's key strategic objectives is maintaining fiscal stability. The Council is looking at maximisation of interest through identification of investment opportunities, hence the establishment of the Investment Committee in 2016. The Committee has looked at an asset-liability model for Council in order to identify cash flow streams that Council can use to maximise return on investments, without compromising on Council's obligation to meet members' requirements. For the year under review, the Committee was successful in revising the Council's Investment Policy. Furthermore, the Committee has been working on the investment strategy; the draft strategy will be refined and finalised in the next financial year. Various Council committees have been engaged as part of refining the investment strategy.

The beginning of 2018 marked the start of another wage negotiation process. After a productive negotiation process, the Parties to Council towards the end of 2018 signed another three-year wage agreement. As a result

of the effort and determination of the Parties to Council and Council Administration who facilitated the process, the wage negotiations were efficient. I am pleased to announce that no industrial action occurred during the wage negotiation process.

This new three-year wage agreement aids in bringing labour stability to the Road Freight and Logistics Industry.

Another highlight for this reporting period is the reaccreditation from the Commission for Conciliation, Mediation and Arbitration (CCMA) in January 2019 before the end of the current accreditation in February 2019. Since we received our accreditation from the CCMA we have been successful in assisting to resolve labour disputes within the Road Freight and Logistics Industry. I am pleased to report that the CCMA always appreciates the quality of work that we do as well as the calibre of awards issued by our Commissioners.

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 and in line with prevailing best practice. This is evident in our previous and current audit financial statements by external auditors. All audited figures can be viewed in our annual reports, which are available on our website.

The Council's sub-committees and Council Administration have gone the extra mile in ensuring that we, as an organisation, continue to adhere to good governance principles. Bargaining Councils are service-oriented organisations, and therefore governance principles and good customer service are key to customer satisfaction and stability within the Council.

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***This new three-year
wage agreement aids in
bringing labour stability
to the Road Freight and
Logistics Industry***

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***This industry is
critical for South
Africa and its
economy***

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The Council understands adverse economic conditions under which industry employers operate; it is for this reason that the Council's Independent Exemptions Body and Independent Appeal Body continue to play a critical role in the industry by adjudicating all applications for exemptions made to the Council from any provision of the Collective Agreement. Aggrieved applicants may appeal to the Independent Exemptions Appeal Body.

In an effort to enhance good governance, the Governance Committee ensured that all Council policies and frameworks are regularly reviewed and approved by Council to ensure alignment to legislation and governance requirements best practices.

The Council is still in the process of formalising the risk governance processes and structures. For the year under review some of the work done, included conducting operational risk assessments across all Council departments, appointing SNG Grant Thornton to assist with the operational risk assessment for the core business and risk management awareness training as well as the finalisation and approval of the risk management framework and policy.

During the new financial year, the Council intends to finalise the risk appetite and tolerance levels. The Council also intends to finalise the risk governance process.

Furthermore, regular Council, Executive Committee (EXCO) and sub-committee meetings were also held to ensure that Council Administration was accountable for their execution of Council's mandate and strategic objectives. Overall, Council's governance structures have demonstrated their commitment to fulfilling the Council's mandate.

The Trucking Wellness Programme (TWP) will be marking its 20th anniversary in the next financial year. The journey of the past 19 years has firmly placed us on the path of innovation. The lessons of the past spelt out for us that the future of TWP will continue to be driven by innovation, growth and quality of service informed by the ever changing needs of its clients.

The TWP has expanded and gradually included everyone associated with the Road Freight and Logistics Industry. We ensure that the industry as a whole benefits from the TWP. Our services have always included sex workers and communities surrounding the areas we serve.

The success of TWP does not only hinge on the work done but also on the commitment and support of our sponsors. Without the sponsors' encouragement and backing, the TWP would have only achieved a fraction of its success.

One of the key resolutions from the Council's Strategic Session held in February 2019 was to extend the Enforcement Learnership by enrolling industry trade union representatives on a Trade Union Practice Qualification.

The main objective of this resolution is to equip industry trade union representatives with broader knowledge and skills on trade union practices as well as the Council Collective Agreement. The curriculum will empower shop stewards to manage their duties effectively as well as ensure compliance with the Agreement in a consistent manner.

This NQF-aligned qualification will also assist trade union representatives across the industry to gain an enhanced understanding of how employers, employees and the

trade unions work together and how legislation governs each party.

Despite our successes, we have also experienced our fair share of challenges. One of the greatest challenges faced by Council was the upsurge in attacks on trucks and drivers in the industry. This is damaging to our economy and our reputation as a country. This criminality in the Road Freight and Logistics Industry is distressing. The Council condemns these acts, and we call upon the law enforcement agencies to bring the perpetrators to book. This industry is critical for South Africa and its economy.

For the year under review, sustainability of the Council remained our main strategic objective. In our approach to maintain sustainability, Parties to Council continued embarking on recruitment and retention initiatives to address the representivity challenge, which is a major challenge in the bargaining council sphere. The Council has adopted a continuous strategy that will monitor the progress of the interventions taken by Parties to Council.

Looking to the year ahead, the financial sustainability of the Council will remain one of our top priorities. Furthermore, teamwork and cohesiveness between all Council stakeholders, including councillors and administrative staff, as well as employer and employee parties, will continue to play a crucial role in taking the Council forward. It is also my hope that more industry employers will grow in their understanding that the work of the Council is the very pulse of the industry's labour relations.

Without the Council, quality standards may flounder and fair labour practices may be neglected. So let us work together, with a spirit of determined cooperation, to further the wellbeing of the Road Freight and Logistics Industry.





Musawenkosi Ndlovu
National Secretary for the NBCRFLI

National Secretary's *Report*

It is with great pleasure that I present the National Bargaining Council for the Road Freight and Logistics Industry's (referred to as NBCRFLI/Council) Annual Report for the financial year 1 March 2018 to 28 February 2019. The report demonstrates our commitment to ensuring labour peace and providing an effective service to Road Freight and Logistics Industry stakeholders.

For the year under review, sustainability remained the main objective of the Council. In our approach to maintain sustainability, we have focused on managing and mitigating risks the NBCRFLI faces, while ensuring that we capitalise on new opportunities. This strategic

approach increases our ability to adapt and respond to this ever-changing industry.

The NBCRFLI performed exceptionally well financially during the 2018/19 financial period. The income generated for the year under review was R548 103 718 (PY R508,000,402) overall and R310 178 253 (PY R288 554 154) for the Main Council, which is a 7.49% year-on-year increase. Our return on investments was R208 609 938 (PY R197 066 567) with the effective rate of return being 7.89% for the current year, lower than 8.02% achieved in the previous year. Levies for the year under review were R97 542 196 (PY R87 922 110), which is an increase of 10.94% from last year. The increase in revenue is mainly attributed to the increase in industry wages, resulting in the growth of levy income and contributions received which resulted in more surplus funds available for investments.

The year under review was challenging yet interesting. The issue of foreign nationals' employment proved to be a huge challenge, which resulted in violent protest action in our industry.

The Council does not prescribe to employers who they can or cannot employ. We are mandated with regulating only trucking companies transporting goods for gain or on behalf of a third party. Employers who transport their own goods are excluded from the Council's jurisdiction as stipulated in the Main Collective Agreement; however, in a quest to find an amicable solution, the Council committed itself to working with relevant government departments on joint inspections to enforce compliance in our industry.

The legislative requirement of representivity of parties to bargaining councils remains one of the main challenges

we currently face. Evidence has shown that the union density in recent years has declined from about 36% in 1997 to about 28%. This means some 76% of workers remain unorganised.

When trade unions and/or employers' organisations are deemed unrepresentative, this could lead to the ultimate collapse of the Council, or result in collective agreements not being extended to non-parties – thereby defeating the purpose of centralised collective bargaining.

The Parties to Council are committed to continue increasing their respective representation. Their ultimate aim is to eventually reach and maintain representivity levels of 50% and above. The employer parties have managed to reach the goal of above 50% representivity, while the trade union parties are actively and tirelessly recruiting members to do the same.

The greatest achievement of the year, which was essentially a year of negotiations between employer and employee bodies, was the signing of a three-year wage agreement, without any strike action. This agreement brings a great deal of stability to relations between employers and employees. The achievement can be largely attributed to the spirit of centralised bargaining.

The most notable issues settled on include: minimum wage increases Across The Board (ATB), increments on allowances such as cross-border and the dual driver system, together with an increment for Extended Bargaining Unit (EBU) employees.

I would like to extend a warm note of thanks to Parties to Council, as well as the Council Administration for their perseverance in finalising the wage agreement.

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***This strategic approach
inevitably increases
our ability to adapt and
respond to this ever-
changing industry***

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The Council has also realised the importance that our call centre plays in ensuring that we are always accessible to our members. This is one of our unwavering commitments to improving our service offerings to the industry and this involves developing more innovative systems through which our stakeholders can easily reach us.

I am delighted to announce that our Gauteng Region Call Centre, in operation since 2014, will go national in the next financial year. The fully-equipped national call centre will be a point of direct contact with the NBCRFLI, enabling an increased number of queries to be resolved speedily and effectively.

Through our valuable hard work and dedication, we are providing a service to our members that is of the highest standard. This is shown, among others, by the fact that the Council for Conciliation, Mediation and Arbitration (CCMA) has extended our prestigious accreditation for the period ending February 2019, which is in line with the period of Council's Main Collective Agreement. With the accreditation, we are able to conduct conciliations and arbitrations, including pre-dismissal arbitrations.

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

As Council prepares to celebrate the 20th anniversary of the Trucking Wellness Programme, I am humbled and extremely proud to be leading a programme that has made such great strides in providing a world-class service and pushing the health and wellness of the Road Freight and Logistics Industry.

Our commitment remains unshaken in terms of meeting and exceeding our obligations, not only for our members but also in ensuring that we set the benchmark for HIV/AIDS prevention, testing, treatment and care internationally.

Two years ago, Council registered its Section 21 Company called Trucking Wellness Project (NPC) to allow the Trucking Wellness Programme to attract wider and more substantial donations from outside the Council; we continue to urge donors to support the Programme for bettering the lives of our members.

During the year under review, we have continued to provide medical benefits to qualifying members through the Health Plan, thereby making the Plan more focused on precisely what our members require. As a result, the Health Plan was tailor-made, based on the benefits recognised as vitally important, at the same cost to members. The Council continues to operate the Wellness Fund in accordance with the exemption provided by the Council for Medical Schemes (CMS) until the CMS establishes the appropriate Low Cost Benefit Option structure.

The 2018 year-end pay-outs had an overall compliance of 80% from employers. This is a significant improvement compared to last year. The 20% shortfall can be attributed to non-compliance with all requirements by some employers; this includes among others, not adhering to stipulated timelines for submission of all employees' details. The Paycard Solution was very helpful, as it reduced the number of incorrect banking details.

I am pleased with the consistent progress, together with the increasing voluntary uptake of the Paycard Solution as it ensures that employees are paid on time, every time.

There is an element of positivity in that a reduction in non-compliance has been noted.

For the year under review, we had a voluntary compliance rate of 83%. We strive for a compliance rate of 100%; it is for this reason that an Agent Ratio System is being established to tackle the compliance challenge. This project will focus mainly on agent capacitation in order to address non-compliance.

In our commitment to staying relevant as an organisation and keeping abreast of technological advancements, the automated enforcement system has transformed the way we operate by removing a large portion of the manual processing – leading to an improvement in business efficacies and value.

Cybercrime remains a challenge to most businesses and organisations. The Council is continuing to invest in the implementation of systems and controls to ensure that our infrastructure is secure.

We recognise and acknowledge the risk that we face and manage these risks strategically to ensure all stakeholders ultimately benefit from the NBCRFLI. The Risk Management Committee established in the previous financial year, has continued to drive strategic imperatives to identify, manage and mitigate risks. For the year under review, the committee developed a Compliance Framework and reviewed our policies to strengthen controls.

As the Council, we recognise that our hard-working employees are vital in ensuring that the Council services reach industry employers and employees and thus we are continually searching for ways to nurture and assist them. Following recommendations made because of our 2018

climate survey, we developed and implemented a range of human resource interventions during the year under review.

The Council is further committed to developing its staff members through education and training, both for career development, as well as to meet employees' personal aspirations. This commitment is also in line with the Council's endeavours to provide equal opportunities for all employees, including those from previously disadvantaged backgrounds.

Thus, bursaries were awarded to staff members during the 2018/2019 financial year. In addition, the qualifications obtained (or currently being obtained) and training attended contribute to the level of skill that exists in the organisation.

Additionally, we are committed to creating an environment that permits equal opportunity for all employees joining the Council, and for further advancement within the organisation. We therefore employ suitably qualified people at all levels to ensure that there is appropriate representation of all employees – in terms of race, gender and skills across the organisation.

In closing, I want to express my gratitude to all the Council staff for their efforts in making the NBCRFLI the pillar that it is to the Road Freight and Logistics Industry, as well as to the Council members for their unwavering support and guidance. I am confident that we have the right team in place to achieve our goals of promoting industry benefits and schemes, improving compliance, improving and maintaining customer and stakeholder satisfaction, striving to be caring, transforming our organisation and adding value to the industry.



Organisational *Profile*

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

The organisation is led by a governing body made up of an equal number of members from the employer and employee parties. 24 councillors in total are appointed proportionally according to the representation.

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

The Council facilitates collective bargaining through which unions and employer organisations, that are Party to Council, are able to negotiate matters of mutual interest in the Road Freight and Logistics Industry. The agreements concluded between the Parties to Council are called Collective Agreements. These agreements are binding to the Parties to Council that concluded the agreement, as well as to non-parties. This applies if the agreement has, in terms of the provisions of Section 32 of the Labour Relations Act, 1995, been extended to non-parties in the industry by the Minister of Labour.

This approach allows for better regulation of matters relating to the Road Freight and Logistics Industry as a whole, such as minimum standards and conditions of employment. The effective regulation of these matters ultimately contributes to labour stability and development within the South African economy as a whole.

The NBCRFLI is proactive with regard to promoting peaceful and sound labour relations, which has a stabilising influence on the Road Freight and Logistics Industry.

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

- setting minimum standards and conditions of employment as outlined in the Collective Agreements.

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

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The NBCRFLI is

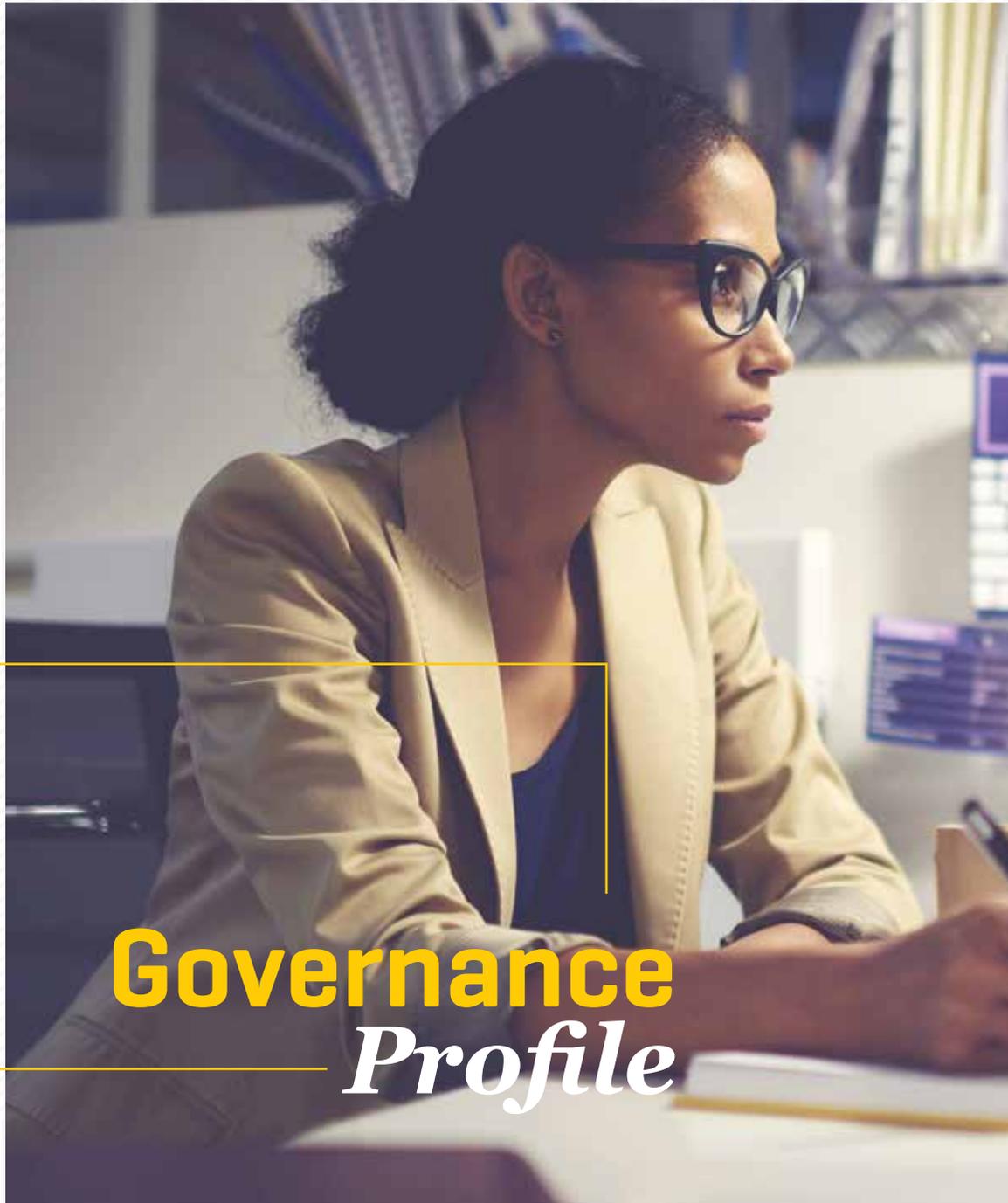
proactive with

regard to promoting

peaceful and sound

labour relations

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Governance Profile

NBCRFLI Governing Body

The main purpose of the NBCRFLI's Council is to oversee and provide strategic direction to the Council's management and administration staff. The Council ultimately guides and supports Council Administration to provide an excellent service to the industry. This is achieved through the adoption of strategic plans and policies to ensure the integrity of the Council's management and internal controls. The Governing Body ensures awareness of and compliance with laws, rules, codes and standards by calling on Council employees to adhere to a compliance matrix which resides with the Risk and Compliance Officer. Council and its sub-committees are nominated by Parties to Council and are appointed at the Council's Annual General Meeting (AGM). This process, as stipulated by the Constitution of the Council, occurs annually.

Parties to Council

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

The number of representatives each party has to Council for the year ending February 2019:

SATAWU:	6
MTWU:	5
PTAWU and TAWU (acting jointly):	1
RFA:	10
NEASA:	2

Council Governance Structures

The Council

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

Executive Committee

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

Audit and Risk Committee

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

Wellness Fund Committee

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

Membership and Compliance Committee (MEMCO)

The Membership and Compliance Committee monitors compliance in the industry and ensures the representivity of Parties to Council. It is made up of 10 members who are representative of all Parties to Council.

Independent Exemptions Body and Independent Exemptions Appeal Body

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

Remuneration/ Human Resources Committee (REMCO/HR)

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

Investment Committee

The Committee assists Council in fulfilling its oversight responsibility for the investment of assets of the Trust Funds under the Council's administration, with the exception of immovable property registered in the name

of the Council. The Investment Committee's functions include: setting investment policies and guidelines, investing and making recommendations to the Council, periodic review of investment strategy, monitoring the performance of investments and analysing the risks and opportunities.

Outstanding Wage Matters

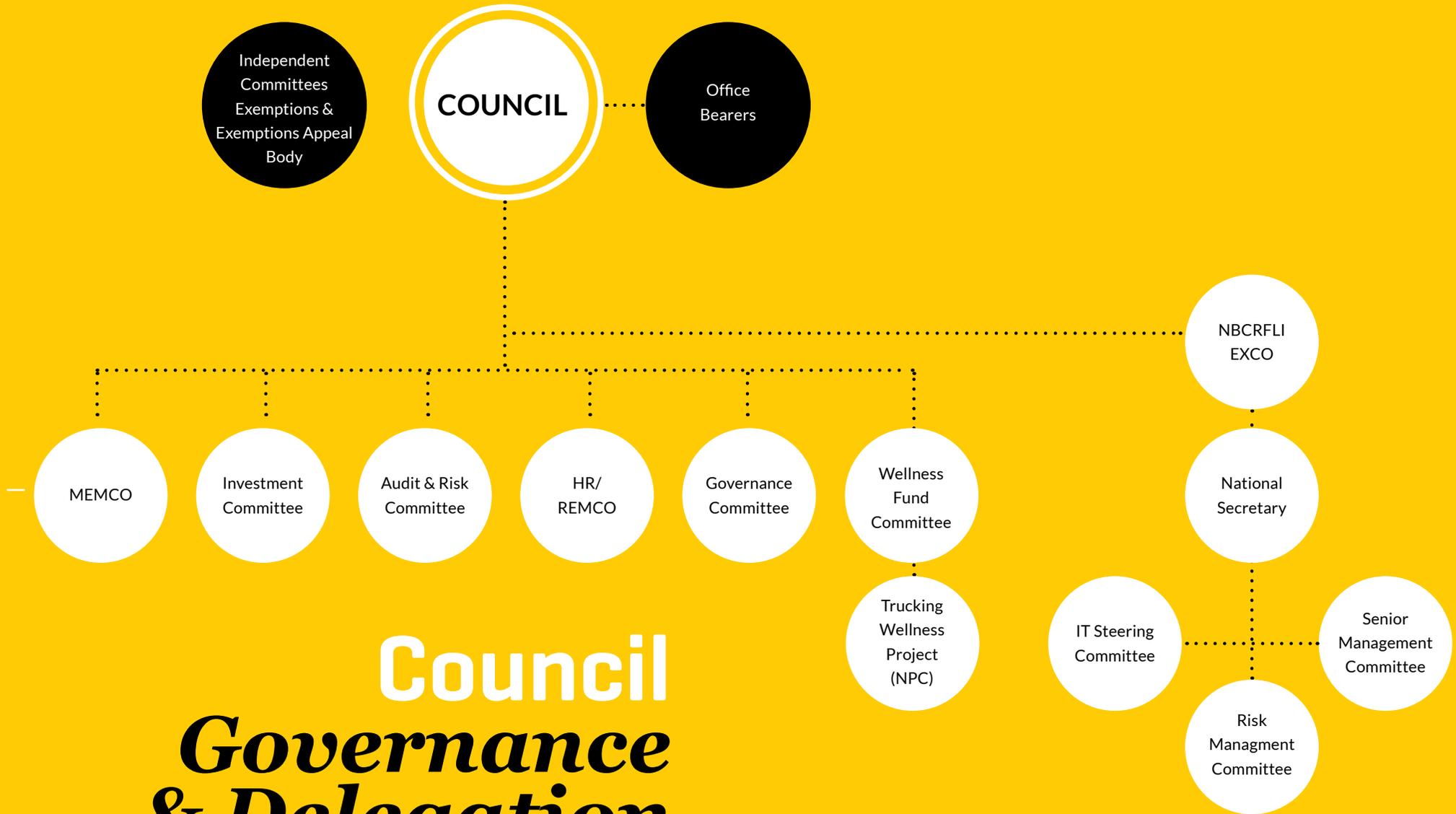
This Committee was established by agreement between parties to finalise matters that are still outstanding after the negotiations. A number of outstanding matters have since been finalised and the Council is working to conclude the remaining matters. Some outstanding matters have been addressed and the Council is currently addressing those that remain.

Governance Committee

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

Trucking Wellness Project (NPC)

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



Council *Governance & Delegation* STRUCTURE

Council Board Members

RFA

- 1 Fred Meier
- 2 Penwell Lunga
- 3 Magretia Brown-Engelbrecht
- 4 Dave Behrens
- 5 Lucky Kolobe
- 6 Graeme Barnard
- 7 Franz Verhufen
- 8 James McKenzie
- 9 Tony d'Almeida
- 10 Angela Dick

NEASA

- 11 Dewaldt Potgieter
- 12 Chantal Schoombie



Council Board Members

SATAWU

- 1 Tabudi Ramakgolo
- 2 Mavhayisi Shivuri
- 3 Betty Mashiyane
- 4 Jack Mazibuko
- 5 Sabelo Myeni
- 6 Ncumisa Mbobo

MTWU

- 7 Mdumiseni Mabaso
- 8 Petros Mthembu
- 9 Solomon Mothibedi
- 10 Zodwa Makhanya (Zama)
- 11 Themba Ndungane

TAWU of SA & PTAWU (acting jointly)

- 12 Zack Mankge



Executive Committee (EXCO)

RFA

- 1 Fred Meier
- 2 Penwell Lunga
- 3 Magretia Brown-Engelbrecht
- 4 Dave Behrens
- 5 Lucky Kolobe

NEASA

- 6 Dewaldt Potgieter

SATAWU

- 7 Tabudi Ramakgolo
- 8 Mavhayisi Shivuri
- 9 Betty Mashiyane

MTWU

- 10 Mdumiseni Mabaso
- 11 Petros Mthembu

TAWU of SA & PTAWU (acting jointly)

- 12 Zack Mankge



MEMBERSHIP & COMPLIANCE COMMITTEE (MEMCO) AUDIT & RISK COMMITTEE

LABOUR

SATAWU

Tabudi Ramakgolo
Mavhayisi Shivuri

MTWU

Nketse Nkadimeng
Mbuso Nzama

TAWU of SA & PTAWU (acting jointly)

Lovemore Masango

EMPLOYERS

RFA

Magretia Brown-Engelbrecht
Graeme Barnard
Hennie de Villiers
Tony d'Almeida

NEASA

Chantal Schoombie

MEMBERS

Given Refilwe Sibiyi (Chairperson)
Maemili Ramataboe
Oupa Mokgoantle
Tabudi Ramakgolo
Tony d' Almeida

EXEMPTIONS APPEAL BODY

INDEPENDENT MEMBERS

Patrick Stone
Komeshan Naidoo
Imran Haffegee

BUILDING ACQUISITIONS TASK TEAM

LABOUR

SATAWU

Betty Mashiyane
John Hlungwane
Ncumisa Mbobo

MTWU

Junior Gys
Hlasenyana Motaung

TAWU of SA & PTAWU (acting jointly)

Zack Mankge

EMPLOYERS

RFA

Hennie de Villiers
Tony d' Almeida
Nicolette Cronje
Lucky Kolobe

NEASA

Dewaldt Potgieter

EXEMPTIONS BODY

INDEPENDENT MEMBERS

Yusuf Nagdee (Chairperson)
Edmund Nxumalo
Gerhard Wessels

WELLNESS FUND STEERING COMMITTEE

LABOUR

SATAWU

Tabudi Ramakgolo
Mavhayisi Shivuri
Ncumisa Mbobo

MTWU

Solomon Mothibedi
Petros Mthembu

TAWU of SA & PTAWU

(acting jointly)
Zack Mankge

EMPLOYERS

RFA

Magretia Brown-Engelbrecht
Graeme Barnard
Tony d'Almeida
Louis Hollander

NEASA

Chantal Schoombie

TRUCKING WELLNESS PROJECT (NPC)

DIRECTORS

Tabudi Ramakgolo (Chairperson)
Tony d'Almeida (Deputy Chairperson)
Faith Jaja
Masaccha Mbonambi
Sibongile Kubheka
Louis Hollander
Solomon Mothibedi
Musawenkosi Ndlovu

GOVERNANCE COMMITTEE

LABOUR

SATAWU

Tabudi Ramakgolo
Mavhayisi Shivuri
Betty Mashiyane

MTWU

Zodwa Makhanya (Zama)
Bongani Herbet Moyo

TAWU of SA & PTAWU

(acting jointly)
Lovemore Masango

EMPLOYERS

RFA

Magretia Brown-Engelbrecht
Fred Meier
Lucky Kolobe
Graeme Barnard

NEASA

Dewaldt Potgieter

COUNCIL BENEFITS

LABOUR

SATAWU

Tabudi Ramakgolo
Mavhayisi Shivuri

MTWU

Mdumiseni Mabaso

TAWU of SA & PTAWU

(acting jointly)
Zack Mankge

EMPLOYERS

RFA

Magretia Brown-Engelbrecht
Penwell Lunga

NEASA

Jaco Swart

REMUNERATION COMMITTEE (REMCO)

LABOUR

SATAWU

Mavhayisi Shivuri
Tabudi Ramakgolo

MTWU

Mdumiseni Mabaso

TAWU of SA & PTAWU (acting jointly)

Lovemore Masango

EMPLOYERS

RFA

Penwell Lunga
Magretia Brown-Engelbrecht
Fred Meier

NEASA

Dewaldt Potgieter

INVESTMENT COMMITTEE

LABOUR/EMPLOYERS

SATAWU

Tabudi Ramakgolo
Jack Mazibuko

RFA

Penwell Lunga

INDEPENDENT MEMBERS

Michael Mgwaba
Reshoketswe Ralebepa
Puseletso Mbele

“

*My gratitude to all the
Council staff for their
efforts in making the
NBCRFLI the pillar
it is to the Road Freight
and Logistics Industry*

Musawenkosi Ndlovu

”

ORGANISATIONAL PRIORITIES

Priorities identified for the 2018/19 financial year as per the Council strategy were as follows:

Key Performance Area:	Performance Rating:
Representivity	Y
Marketing of NBCRFLI	G+
Fiscal Stability	G+
Enforcement	G
Governance	G

G - Target achieved

G+ - Target exceeded

R - Target not achieved

Y - Positive progress



Risk *Governance*

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

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

The process of risk management and the system of internal control is regularly reviewed for effectiveness. Council's risk management strategy also encompasses ongoing risk register reviews and updates to ensure that risk management forms part of the Council's daily operations.

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

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

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

Should the Council ever be faced with a disastrous incident that impacts on its activities, it has a disaster recovery site built into its IT processes. It should be noted that the Council is in the process of developing a Disaster Recovery (DR) and formalising its business continuity processes in general.

Risk management affects everyone in the Council. Risk management provides a framework to identify, assess and manage potential risks and opportunities. It provides a

way for management to make informed decisions as well as increasing the probability of achievement of the Council's strategic objectives. Council is cognisant of the critical nature of a DRP and is currently finalising the following plans: Disaster Recovery Plan and Business Continuity Management.

Financial Governance

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

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

Information Technology (IT) Governance

The IT Steering Committee assists the National Secretary in monitoring IT governance and risk management. This Committee (through the National Secretary) reports to the Audit and Risk Committee (ARC), EXCO and Council to facilitate their oversight responsibilities for Information Technology (IT).

This report is prepared in accordance with the requirements for good corporate governance. It describes how the Committee has rolled out its duties and additional duties assigned to it by the ARC and Council in respect of the financial year ended 28 February 2019.

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The process of risk management and the system of internal control is regularly reviewed for effectiveness

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The NBCRFLI is really grateful to all internal and external strategic partners for their contributions towards the attainment of success during the year under review

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

Remuneration of Council Members and Council Administration

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

Council Governance Framework

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

Committee Secretary

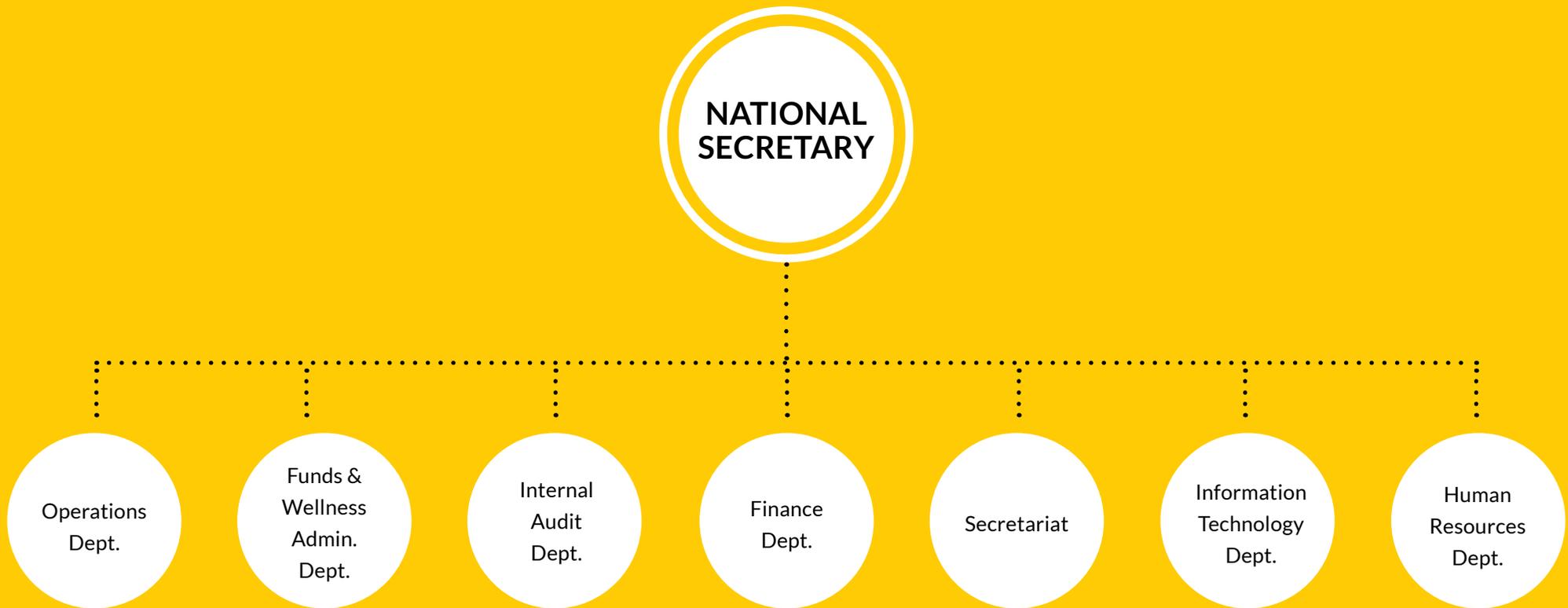
The General Manager: Secretariat assists the National Secretary with providing an administrative and support service to the NBCRFLI in terms of the functioning of its Committees and Board, thereby improving the overall level of governance and effectiveness of the Council.

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

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

Acknowledgements

The NBCRFLI is really grateful to all internal and external strategic partners for their contributions towards the attainment of success during the year under review. A big thank you goes to all the NBCRFLI staff members, managers and committees for their hard work, as well as to the Council’s strategic partners for their unconditional support. This includes all Council employees, councillors, industry employers and employees, Nexia SAB&T, the Department of Employment and Labour, Department of Health, the CCMA and the Registrars of the Labour Courts. It is important to note that the Trucking Wellness Programme would not have been possible without the support of its stakeholders, donors and partners.



Administrative *Organisational Structure*

CERTIFICATE OF ACCREDITATION OF COUNCIL

This is to certify that:

NATIONAL BARGAINING COUNCIL FOR THE ROAD FREIGHT AND LOGISTICS INDUSTRY

As in terms of Section 127 of the Labour Relations Act of 1995, been accredited to perform dispute resolution functions, subject to the conditions as imposed by the Governing Body and subject to the terms set out in the accompanying attachment. The Bargaining Council has been accredited to conduct conciliation and arbitration (including inquiry by arbitrator) on condition that the Collective Agreement is extended to non-parties. This certificate is valid from:

01 MARCH 2019

28 FEBRUARY 2022



[Signature]
COMMISSION FOR CONCILIATION
MEDiation AND ARBITRATION
Date: 31/01/2019
Registration Number LR26/6/56

Operations
Department

Dispute Resolution and Enforcement

CCMA Accreditation

The Commission for Conciliation, Mediation and Arbitration (CCMA) accredited the NBCRFLI from 1 March 2019 to 28 February 2022 to conduct conciliations and arbitrations (including pre-dismissal arbitrations), subject to compliance with CCMA efficiencies.

The prestigious accreditation was granted following the outstanding dispute resolution services offered by the Council, which is in line with the CCMA's requirements for all stakeholders within the Road Freight and Logistics Industry. During the year in review, the Council continued to provide a high standard of dispute resolution services, while paying strict attention to only using the CCMA panels of accredited commissioners.

Subsidies

For each closed case from the Case Management System, the Council receives a subsidy of R683.80, in the financial year. During the year under review, the Council received a total of R1 430 569.69 from the CCMA, which is a sizeable increase from last year's R993 860.34. This is an increase of over 40%.

Case Management System

The Case Management System (CMS) for the CCMA, supplies monthly statistical reports, case numbers and information such as the length of service, monthly earning (ie. lower, middle and higher group) and age of the applicant. The CMS which is a webmail-based format, is used by the CCMA to objectively measure the Council's efficiency.

Council administration from all 18 offices countrywide makes use of the CMS to assist members with the progress of their cases and to communicate with the CCMA on jurisdiction matters for the Road Freight and Logistics Industry. This system is user-friendly and efficient and has gone a long way in assisting the Council and the CCMA to effectively hear cases.

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The prestigious accreditation was granted following the outstanding dispute resolution service offered by the Council

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Referrals

During the 2018/19 financial year, the Council received a total of 5 474 conciliation referrals, which is a decrease from last year's 5 914.

Conciliations Heard 2018/2019

A total of 3 709 conciliation hearings were conducted during the year. This is a slight decrease from 3 897 for the previous year.

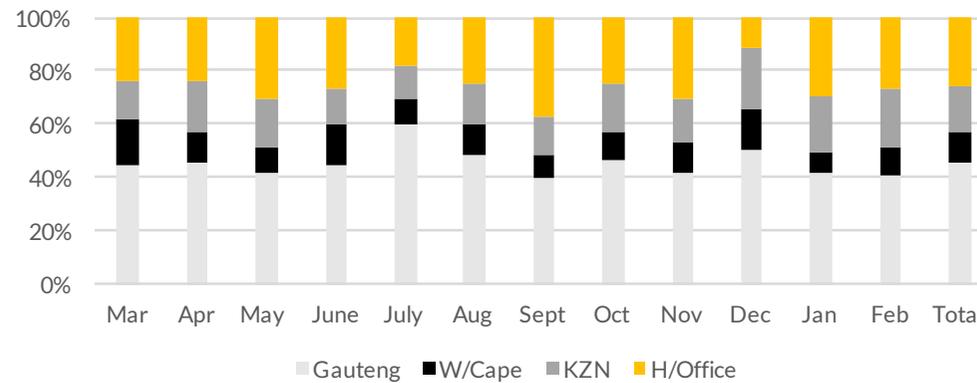
The Council also continued with its campaign highlighting conciliation as the preferred method of dispute resolution for the following reasons:

- It is far more beneficial for parties to resolve disputes at the lowest level of resolution. By attending the hearing, both parties are able to avoid the unnecessary costs involved in the arbitration process. These costs are due to the length of the process, the possible attendance of witnesses, the time that the parties need to take off from work to attend the arbitration and the administration that is involved.
- The conciliation process is private, confidential and without prejudice.
- It is less time-consuming than arbitration.
- The conciliation hearing is a process where a CCMA accredited commissioner, selected by the NBCRFLI, meets with the parties in dispute and explores ways to settle the dispute by agreement.
- The NBCRFLI has 18 offices countrywide, thereby making it more convenient for Council stakeholders to resolve their disputes through the conciliation process.

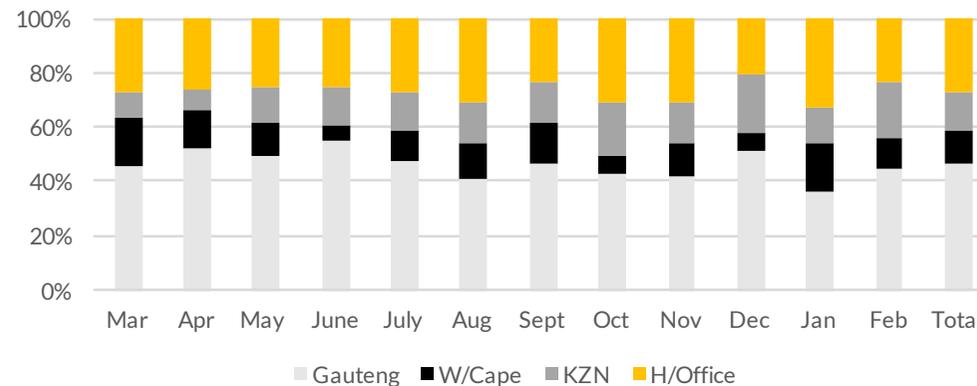
Arbitrations Heard 2018/2019

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

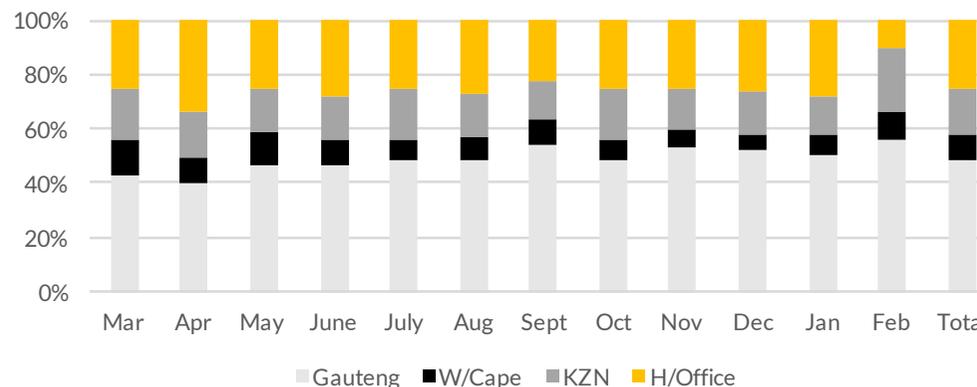
Referrals



Conciliations



Arbitrations



**During the 2018/2019
financial year...**



5 474 Referrals
Decreased from 5 914



3 709 Conciliations Heard
Decreased from 3 897

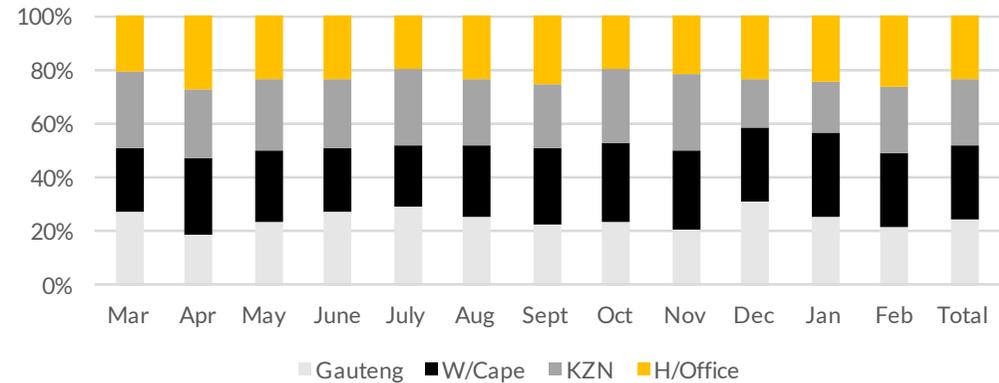


4 911 Arbitrations Heard
Increased from 4 840

Settlement Rate

The settlement rate at conciliation and arbitration was 81% for the year in review, a slight increase from the previous year.

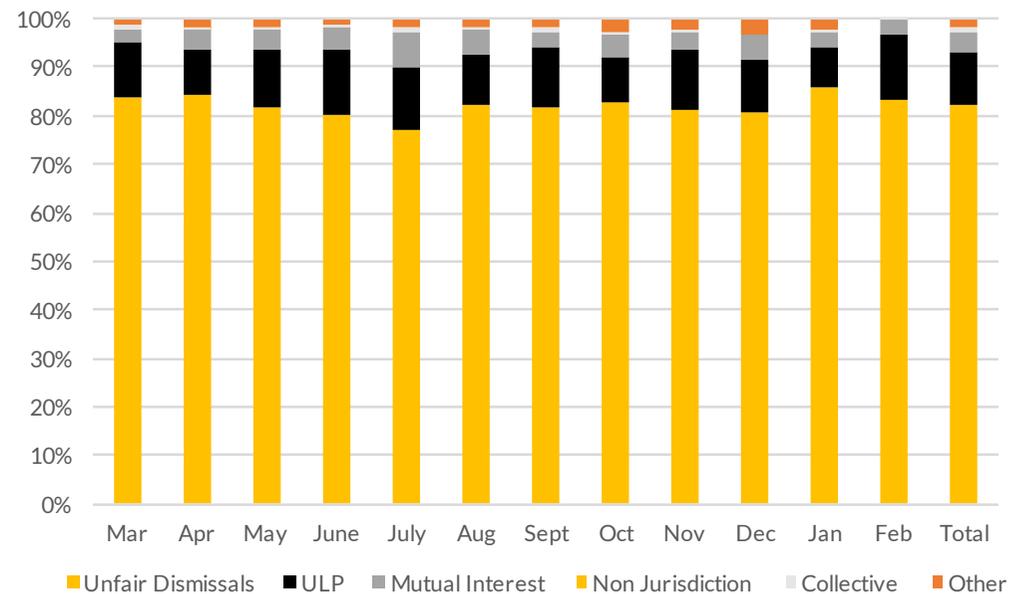
Settlements



Referral By Issue

Unfair dismissal disputes continued to account for the largest percentage of issues in dispute. During the year in review, these disputes were 82% of the caseload.

Referral by Issue



Litigation

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

The statistics around litigation processes

By the numbers

Section 143 applications sent to the CCMA for certification:	2 852
Writs of execution to sheriffs:	976
Queries to tracing agents:	456
Writs of execution to Labour Court:	110
(For all arbitration awards dated after 1 January 2015, the cases are no longer signed by the Labour Court, but referred to the CCMA for certification.)	
Matters referred to Council's attorneys:	3 801
Nulla Bona (Section 65) matters:	1 404

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*This industry is
critical for South
Africa and its
economy*

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Enforcement

Agreement Compliance

The Council plays a key role in ensuring compliance with and enforcement of the Collective Agreements within the Road Freight and Logistics industry. To this end, the Council makes a great effort to ensure that all who fall under its jurisdiction are registered and comply with the provisions of Council's Agreements.

Agents to Council

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

We are determined to improve the quality of our inspections and our efforts can clearly be seen in the recent Skill Development Programme completed by Agents, which mainly focused on maintaining compliance in all areas of their operations. The next step currently underway is to design and develop a manual for Agents, which would serve as a reference guide for all new and old agents across the Council.

In addition to all other initiatives available to improve the quality of our inspections, we are also looking into the Compliance Officer Certificate Level 6 for Agents,

which is a qualification similar to what the Senior Agents are currently enrolled on. Council's Agents are also embarked on registration drives to increase the membership of the NBCRFLI.

Agreement Administration Collective Bargaining and Agreement Administration and Compliance

In 2018, the Bargaining Council underwent a process of industry wage negotiations. A year prior to the expiry of a current Agreement, parties to the National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI) come together to negotiate a new agreement.

The current agreement expires in February 2022. Parties start by drawing up a negotiation protocol, which seeks to guide parties on what they need to do and expect during the negotiation process.

Enforcement

Section 33A of the Labour Relations Act, 1995, makes provision for a bargaining council to monitor and enforce compliance with collective agreements concluded by parties to the Council.

The most important aspect of enforcement and ensuring compliance is to educate employees and employers; to this end, the Unit conducted workshops. As a result, there is an element of positivity in that a reduction in non-compliance has been noted.

The biggest challenge that the Enforcement Unit experiences every year is companies, which avoid registration to the extent of going into hiding. In such instances, the Council solicits the help of tracers to track these companies down in order to ensure that they are

During the 2018/2019

financial year...

81%

Settlement Rate
Increased from 2017

82%

Referral by Issue
(largest % of issues in dispute)

2 852

Section 143 applications
sent to CCMA

registered and become compliant. The enforcement team has done a lot of cross-region checking even for companies operating under different names. This has contributed significantly in dealing with non-compliant employers and reducing non-compliance.

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

Another challenge we encountered was the postponement of scheduled inspections by employers. The prudent solution to this challenge is to request the commissioner to issue a subpoena to the employer. There was reduction in enforcement numbers due to employers being voluntarily compliant.

Demarcation

Section 62 of the Labour Relations Act of 1995 makes provision for disputes about demarcations between sectors and areas. A demarcation is a process where a CCMA Commissioner (bargaining councils may not perform this function) determines:

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

The Council was involved in a few demarcation disputes. The breakdown is as follow:

Gauteng

Number of demarcations involving Council:	74
Ruled in favour of Council:	18
Not in favour of Council:	7
Withdrawn:	13
Under consideration:	34
On review:	2

Head Office

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

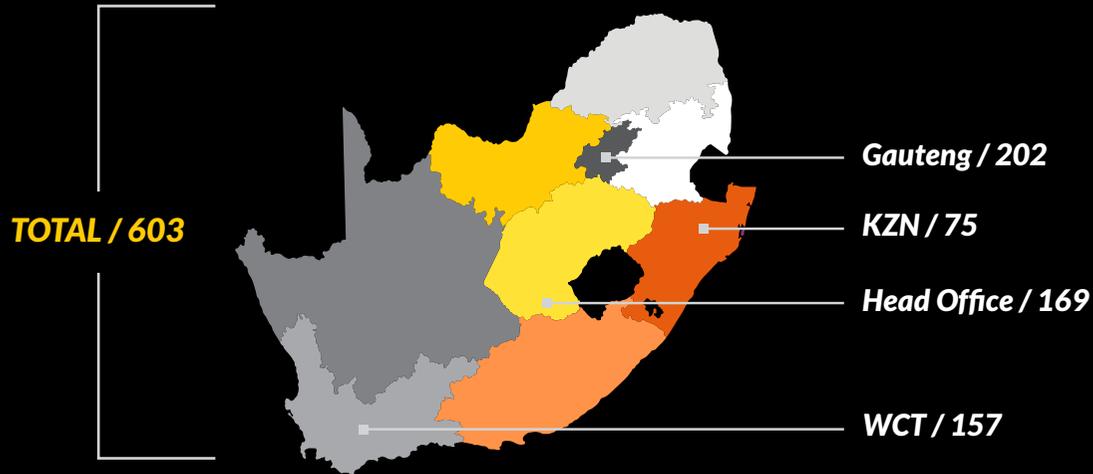
KwaZulu-Natal

Number of demarcations involving Council:	10
Ruled in favour of Council:	1
Not in favour of Council:	1
Withdrawn:	5
Under consideration:	3
On review:	2

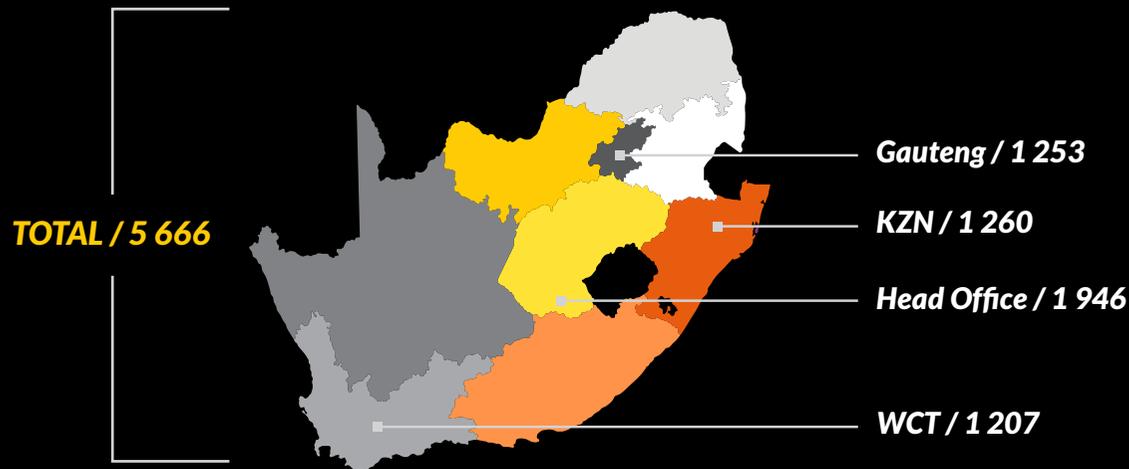
Western Cape

Number of demarcations involving Council:	4
Ruled in favour of Council:	1
Not in favour of Council:	0
Withdrawn:	0
Under consideration:	3
On review:	0

General Compliance Management and Enforcement



Number of registrations by region



The regional breakdown for inspections completed

General Statistics

274

Employers ceased to operate
(3 Employers were liquidated)

1 680

Complainant cases were received
(398 Complainant cases were settled)

1 268

Cases were referred to arbitration
(14 Cases where Council had no jurisdiction)

3 807

Section 143 applications sent to CCMA for certification

Arbitration

The number of Arbitration Complainant cases heard by Council from March 2017 to February 2018 was 1 429 and from March 2018 to February 2019 there were 1 680 cases, an increase of 251 this year. This increase may be explained by financial difficulties that companies experienced, or it may have been a matter of companies failing to register with Council.

Exemptions

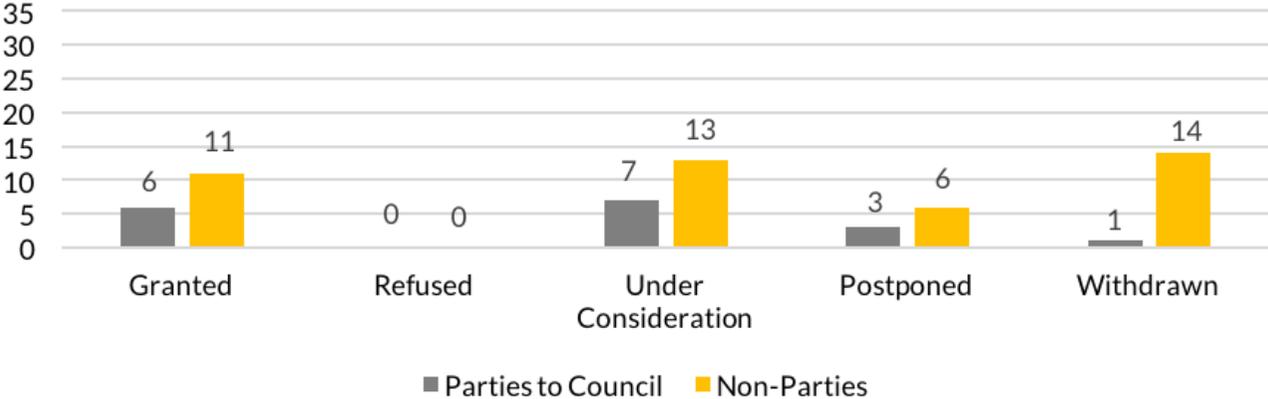
By the numbers

Exemption applications heard by the Independent Exemptions Body.	61
Applications for exemption by Parties to Council received.	17
Applications granted.	6
Exemption applications refused.	0
Exemption application withdrawn.	1
Exemption applications placed under consideration.	7
Exemption applications postponed.	3
Applications for exemption from non-parties.	44
Exemption applications granted.	11
Exemption applications refused.	0
Exemption applications withdrawn.	14
Exemption applications placed under consideration.	13
Exemption applications postponed.	6

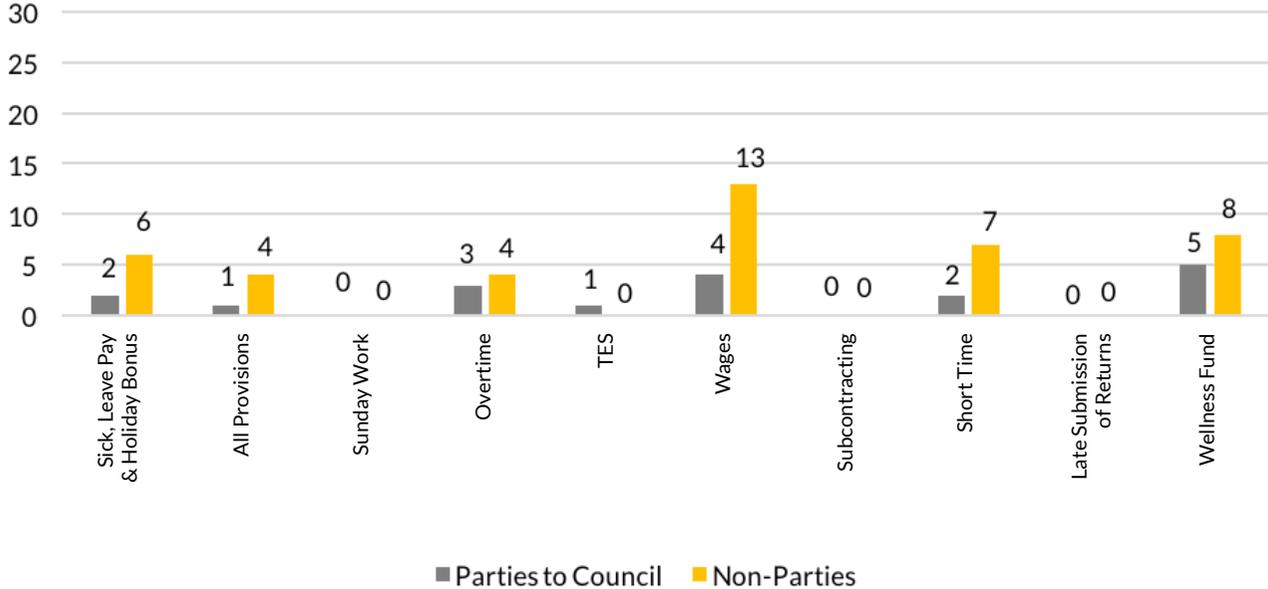
Conclusion

This Bargaining Council is advanced in that it has systems in place that seek to create labour peace. This is achieved through, among a range of mechanisms, enforcement of compliance. There is however, a need to ensure that this Bargaining Council remains a representative of most companies in the Road Freight and Logistics Industry to ensure that there is stability within the Industry.

Exemptions



Type of Exemptions



Communications and Marketing

The NBCRFLI's Communications & Marketing Section has been successful and consistent in communicating the Council's key messages to stakeholders during the year under review.

Communication is key to the success of any industry as enlightened industry members are generally happy industry members. A key accomplishment during this financial year was how the Section used the Council's various communication channels for effective dialogue with stakeholders.

Mobile app

The mobile app continues to be a critical component in the dissemination of information between the Council and its stakeholders. The user-friendly app ensures that Council members have access to information anytime, anywhere. Over the past few years, the app has proven to be highly effective, especially among those who do not have access to computers; the information found on the app is similar to that available on the website. When comparing the previous financial year with the year in review, there is an increase in mobi app users.

The NBCRFLI's website www.nbcrfli.org.za, has become a strong platform for communication, with regular updates provided on an ongoing basis. This has resulted in stakeholders having access to significant information, which ranges from Main Collective Agreement amendments to specific service area contact numbers.

Making it personal

By and large, the Council's website has grown into an extremely valuable information hub for all its members over the years. The online query process continues to play an invaluable role in assisting members with their queries. Members are able to log their queries via the website and mobile app and receive feedback within 72 working hours. This service has enabled the Council to further improve its service offering to its clients. In an effort to further take the Council's services to the people and interact with them on a personal level, the Section undertook and was involved in a number of industry wellness days during the year in review. In the past financial year, we continued to intensify brand awareness campaigns through a number of different platforms. These campaigns included regular placing of adverts and advertorials in industry publications.

Plans are underway to capacitate the existing Gauteng Call Centre and expand it to a National Call Centre for the benefit of all our industry members nationally. We are hopeful that this initiative will not only assist immensely by resolving industry members' queries quickly, but will also help the Council to engage with members in a more effective manner.

The Section continued to make a point of heightening brand awareness through a number of different platforms, including regular adverts and advertorials in industry publications, and distributing branded marketing material, which included a wide range of corporate gifts, as well as branded wall and tent calendars.

The Section also appointed Communications and Marketing Assistants, who will further enhance performance and the Section's ability to function so that the Section continues to stay relevant within a rapidly changing environment.

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*The overall
picture shows
that most
employers are
compliant*

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Funds & Wellness Administration

Funds Administration

The Council's Funds and Wellness Administration Department is in continuous pursuit of excellence in the administration of industry funds. We have carried out significant modifications to improve the efficiency and efficacy of the system, and also made it more user-friendly.

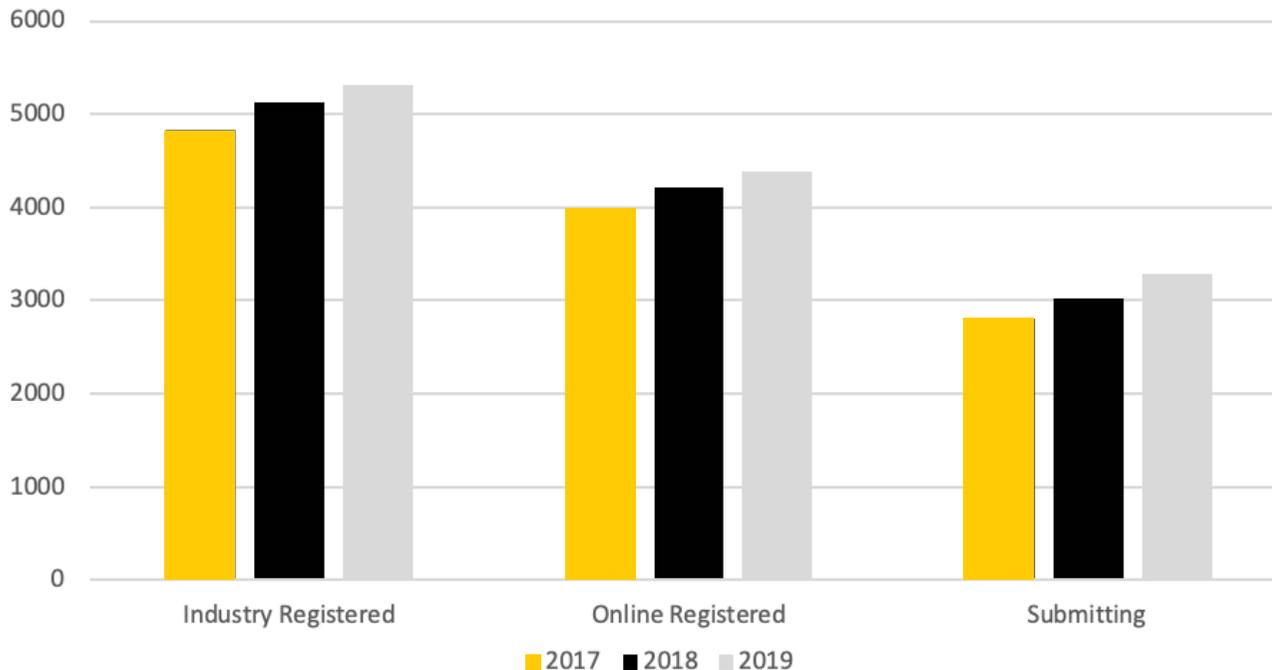
E-Business Online & the Funds Administration Systems

Employers who use the online return service, which is paperless and equipped with built-in verification capabilities, have drawn immense benefits, and for this reason our E-business online and fund administration systems continue to yield better results.

We are in the process of transition from Version 3 to Version 5.5. Due to the nature of the change, our approach is cautious. We are aiming for the complete change-over to take effect in January 2020. The aim is to enhance the functionality for users and we have considered the ideas presented by employers. On completion the upgrade will offer a fresh new look and be easier to work with.

- The application process for holiday bonuses has been changed to be more in line with the Agreement. Employers have been given the option to specify the date of payment in December.
- SARS issued a directive that all employers deduct PAYE from the Benefit Fund. We ran a survey to assess which of our members were compliant. In instances where members were non-compliant, we had to calculate a penalty. Our SARS survey received 3 086 responses.

Registrations and Submissions



What users are saying...

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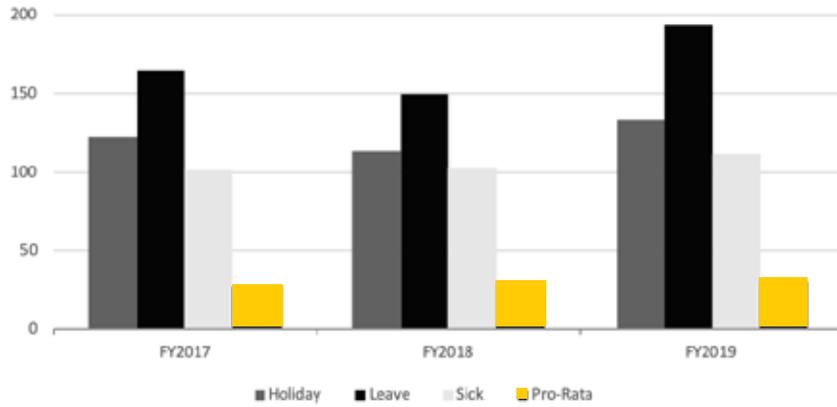
The online system is very user friendly and easy to navigate

Good system to work on, there is room for improvement

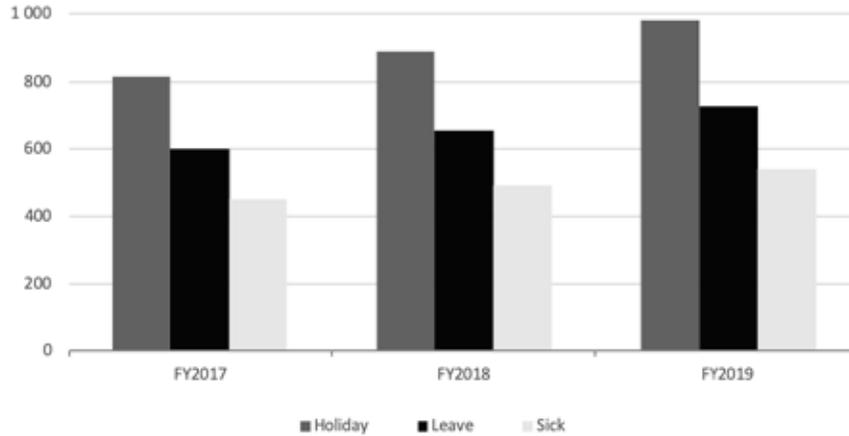
If we get stuck you help and everything feels easy after that

”

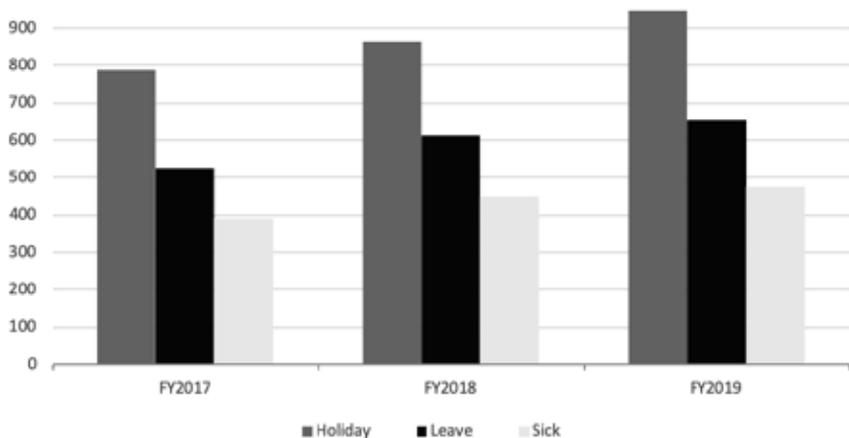
Applications Processed Comparison 2017 - 2019



Funds Collected Comparison 2017 - 2019



Funds Disbursed Comparison 2017 - 2019



Payouts Process

There was positive progress with the pay-out process. Overall we had a good year-end pay-outs process compared to the previous years.

The Paycard system, which was introduced in 2016, is compulsory for foreign nationals and voluntary for South African citizens. The Paycard eliminates the need for employers to upload details and apply for bank approval.

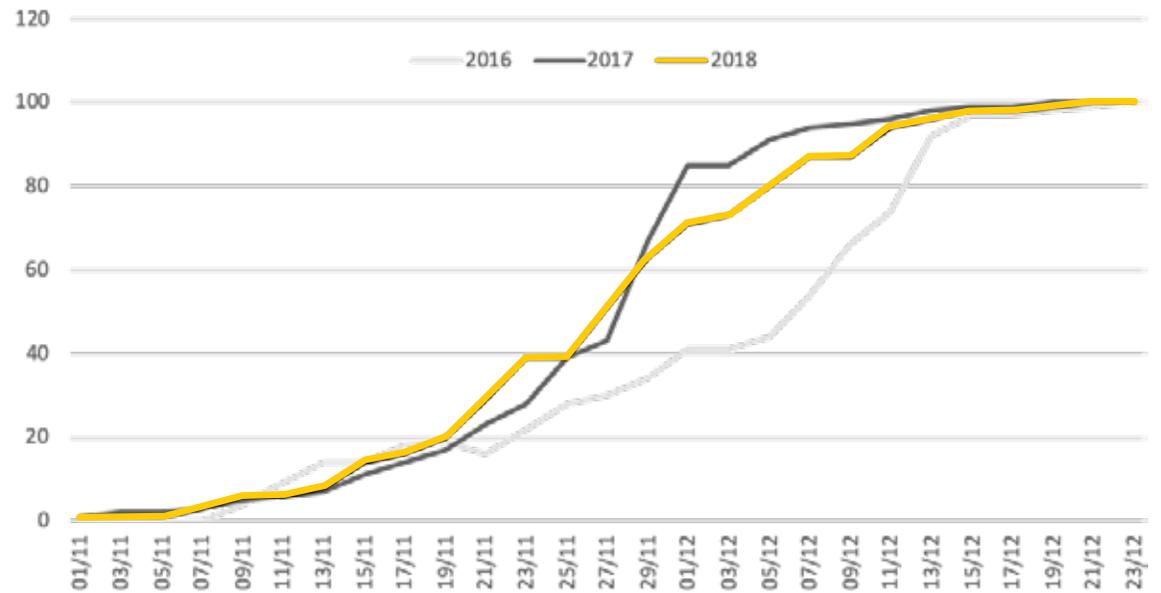
Payments are paid directly into the Paycard which provides ATM and cross-border access.

This also eliminates fraud which is a risk during a manual data collection process.

Usage varies based on the number of employees in the system. Fluctuations are usually caused by the movement of foreign nationals.

A total of 25 792 Paycards have been issued, 16 214 for foreign nationals and 9 578 for SA citizens. We have automated the pro-rata calculation, as the termination applications are now compulsory on the online system.

Year-end 2019 Progress Holiday Bonus



Wellness Fund Health Plan

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

The 2018/19 benefits for the Wellness Fund Health Plan included:

- Unlimited visits and acute medication at one of the medical society facilities.
- Unlimited network GP consultations, however preauthorisation was required from the sixth consult in a year.
- Unlimited telephonic consultations and over-the-counter medications.
- Chronic medicine according to the formulary at network pharmacies.
- Basic radiology and pathology, as referred by a GP.
- Emergency transportation services.
- Acute medication up to (R1 000) per member each year.
- Hospital accident benefits due to an accident with a maximum of (R75 000) per incident.
- Funeral assistance benefit of (R10 000) for eligible members.

Member Base and (Average number of claims per month)

Date	Main Members (Claims p/m)	Adult\Spouse (Claims p/m)	Totals
3/31/2018	107 592 (14 367)	9 646 (1 345)	117 238
4/30/2018	107 465 (11 813)	9 630 (1 021)	117 095
5/31/2018	105 732 (14 391)	9 343 (1 264)	115 075
6/30/2018	110 008 (14 983)	9 514 (1 262)	119 522
7/31/2018	109 026 (14 617)	9 421 (1 178)	118 447
8/31/2018	109 440 (15 180)	9 376 (1 267)	118 816
9/30/2018	109 460 (11 135)	9 273 (908)	118 733
10/31/2018	109 493 (16 687)	9 232 (1 349)	118 725
11/30/2018	110 243 (16 205)	9 173 (1 411)	119 416
12/31/2018	113 909 (12 312)	9 249 (1 021)	123 158
1/31/2019	118 881 (10 779)	9 321 (950)	128 202
2/28/2019	112 440 (10 594)	8 943 (981)	121 383

Average Number of Claims per Month

Average Main Members Claims Per Month	Average Adult/Spouse Claims Per Month
13 589	1 163

Wellness Fund**Health Plan**

March 2018 to February 2019



13589

Average Main Members
Claims per month

1163

Average Adult/Spouse
Claims per month

Distinct claiming beneficiaries for the year per discipline

Discipline	Total Claiming Beneficiaries	Claiming Main Members	Claiming Adult\Spouse
Ambulance	1	1	-
Dentistry	156	146	10
Funeral	251	251	-
General Practice	124,388	113,120	10,943
Hospital	137	137	-
Mental/Behavioral	1	1	-
Nursing	70	66	4
Optical	1,902	1,902	-
Other	674	622	52
Pathology	4,315	3,790	523
Pharmacy	34,132	31,594	2,537
Physical Therapy	16	16	-
Radiology	1,493	1,338	149
Specialist	69	62	7
Direct Medical Consultations	36,766	-	-
Medical Society Consultations	20,312	-	-
Other Medicine	Distributed at company visits and presentations (761)		
Totals	224,683	153,046	14,225

Claims per discipline

Discipline	Claim Amount	Benefit Amount	Rejected Amount	% of Total claimed
Ambulance	R3,735.70	R0.00	R3,735.70	0.00%
Dentistry	R136,691.79	R0.00	R136,691.79	0.15%
Funeral	R2,530,000.00	R2,480,000.00	R50,000.00	2.71%
General Practice	R51,679,027.30	R44,134,678.90	R7,544,348.40	55.30%
Hospital	R775,599.09	R655,920.28	R119,678.81	0.83%
Mental/Behavioral	R480.60	R0.00	R480.60	0.00%
Nursing	R29,336.60	R2,091.49	R27,245.11	0.03%
Optical	R1,963,975.85	R1,082,077.00	R881,898.85	2.10%
Other	R601,601.45	R373,459.06	R228,142.39	0.64%
Pathology	R4,870,607.66	R1,330,978.44	R3,539,629.22	5.21%
Pharmacy	R5,489,529.80	R5,215,803.10	R273,726.70	5.87%
Physical Therapy	R14,357.57	R0.00	R14,357.57	0.02%
Radiology	R1,070,760.98	R632,063.65	R438,697.33	1.15%
Specialist	R53,390.95	R0.00	R53,390.95	0.06%
Direct Medical Consultations	R10,478,378.30	R10,478,378.30	R0.00	11.21%
Medical Society Consultations	R5,788,920.00	R5,788,920.00	R0.00	6.20%
Other Medicine	R7,958,262.00	R7,958,262.00	R0.00	8.52%
Totals	R93,444,655.64	R80,132,632.22	R13,312,023.42	100.00%

“

*The Wellness Fund**Health Plan protects**the wellbeing of**employees within**the Road Freight and**Logistics Industry*”

The Clinic

Revamp



Nurse's station



Consulting Room

Trucking Wellness Programme

The Trucking Wellness Programme (previously known as Trucking Against AIDS) was launched to create awareness around HIV/AIDS and sexually transmitted infections amongst long-distance truck drivers, commercial sex workers and those at risk such as driver spouses and partners.

Since 1999 the Programme has experienced exponential growth as a result of incorporating an extensive range of free primary healthcare services. These services are offered via the Programme's 21 Trucking Wellness Roadside Centres, which are situated at truck stops across major routes in South Africa and supported by a fleet of sleek Mobile Wellness Centres.

The incorporation of the mobile clinics is a more innovative way of looking after our valued members in the trucking industry because we now work on a system where we book a vehicle for 10 days at a time for one specific area and then service all companies within that region. As a result, we are able to serve more members than ever before and work towards a healthier and more vibrant trucking industry.

Since the establishment of the Wellness Centres, there has been a remarkable increase in the number of people gaining access to primary healthcare and being counseled about and tested for HIV infection.

Additionally we have increased our efforts to educate and motivate those within the trucking industry to live

healthier lifestyles in general, thereby creating a more productive labour force. These support efforts by the NBCRFLI directly reduces labour risk and expenses to members and positively impacts the stability and growth of the industry and the South African economy.

This year has seen some movement and upgrades. The newly revamped Clinic has aided in providing improved healthcare to our valued members and has been reconfigured to be more convenient, effective and efficient.

Highlights and Achievements

- Since the Programme's inception until February 2019, a total of 813 566 truck drivers and women at risk have been reached through training and education. A total of 465 100 have been treated as patients and 82 139 have been treated for sexually transmitted diseases.
- The Trucking Wellness Annual Workshop took place from 16 to 19 April 2018 at the Europrime Boutique Hotel in Boksburg.
- Focus on Health (Pty) Ltd assisted by personally submitting the dispensing licence applications to the Department of Health. All the nurses have received their dispensing licences.
- Trucking Wellness formed a partnership with FleetWatch magazine - "Your Truck Your Gym" FleetWatch magazine, in collaboration with a number of industry partners, launched a 'world first' exercise programme on 27 July 2018 for truck drivers, which enables them to get fit by

using trucks as their gyms.

- We signed an updated Memorandum of Understanding (MOU) with the Department of Health, KwaZulu-Natal. The DOH also advised that they could provide ARV treatment in the future.
- We signed a new MOU with the Free State Department of Health.
- Trucking Wellness Programme is one of several organisations supporting an innovative new programme designed to help truck drivers improve their fitness and on-the-road performance.

Focus of the Trucking Wellness Programme for the Year Ahead

- TWP is working towards self-sustainability to enable the Programme to become an integral part of the Road Freight and Logistics Industry. We would also like to expand our services to reach more of our valued members.
- TWP also wants to continue enabling people to access appropriate and effective interventions to limit new infections and diminish the impact of the epidemic, resulting in reduced HIV prevalence and the effects it has on individuals, families and communities in the industry. All the nurses have received their dispensing licences.



21 Roadside Wellness

Clinic Locations



Trucking Wellness Programme is working towards self-sustainability to enable the programme to become an integral part of the Road Freight and Logistics Industry. We would also like to expand our services into other areas in order to reach more of our valued members.

Trucking Wellness Programme also wants to continue enabling people to access appropriate and effective interventions to limit new infections and diminish the impact of the epidemic; resulting in reduced HIV prevalence and the effects it has on individuals, families and communities in the industry.

The Trucking Wellness Programme would like to thank the following stakeholders for making the year in review a successful one:

- a.) All the Trucking Wellness staff for their hard work.
- b.) Trucking Wellness sponsors
 - National Bargaining Council for the Road Freight and Logistics Industry
 - Reef Tankers
 - Imperial Logistics
 - N3TC
 - Department of Health in all provinces
 - Mercedes-Benz South Africa Commercial
 - Unitrans
- c.) We would also like to extend our gratitude to all the Truck Stop owners for allowing the Trucking Wellness Programme to operate on their premises.

Mobile Wellness Clinic - HCT Statistics

Period	Site Visited	Total HIV	HIV+	HIV-	Prevalence
Mar 2017 - Feb 2018	388	9 109	261	8 848	2,87%
Mar 2018 - Feb 2019	472	9 175	219	8 956	2,39%

Use of Roadside Wellness Clinics

Period	Patients Tested	HIV+ Patients	% Infection Rate
Mar 2017 - Feb 2018	13 046	570	4,37%
Mar 2018 - Feb 2019	14 683	517	3,52%
Variation	1 637	-53	0,85%
%	12,55%	-9,30%	

Period	Patients	Awareness Training	STI's Treated	Condoms Distributed
Mar 2017 - Feb 2018	34 399	33 736	1 666	1 398 196
Mar 2018 - Feb 2019	33 980	38 662	1 786	2 200 230
Difference	419	-4 926	-120	-802 034
%	-1,22%	14,60%	7,20%	57,36%



Trucking Wellness

Programme Conclusions

12,55

Percentage increase
in HCT intake

0,85

Percent decrease
HIV infection rate

57,36

Percentage increase
in condom distribution

Period	Total HCT	% from treatment seeking patients
Mar 2017 - Feb 2018	13 046	37,93%
Mar 2018 - Feb 2019	14 683	43,21%

Period	Total HIV	HIV+	HIV-	Inconclusive	Prevalence
Mar 2017 - Feb 2018	13 046	570	12 476	0	4,37%
Mar 2018 - Feb 2019	14 683	517	14 164	2	3,52%

Period	Black African	White	Coloured	Indian or Asian	Non-Dominant
Mar 2018 - Feb 2019	14 001	70	551	59	2

Conclusions

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

- There was a 12,55% increase in HCT uptake.
- An increase is noted from 37,93% to 43,21% HCT uptake when seeking treatment, indicating a successful up-scaling of HCT services at the clinics.
- The statistics reflect an increase of awareness training by 14,60%. The total number of condoms distributed at the clinics has increased by 57,36%.
- The HIV infection rate based on testing has decreased by 0,85%.

ARV Programme

The National Department of Health (NDoH) has adopted the World Health Organization (WHO) 90-90-90 recommendations. This involves having 90% of HIV positive people knowing their status, 90% of these people being placed on ART (antiretroviral therapy), and 90% of those on ART being adherent and virally suppressed. This translates into an AIDS-free generation by 2030.

The NBCRFLI Antiretroviral (ARV) Programme has been an industry leader in its commitment to combating HIV among members and in actively working to reach and maintain this target.

Over the years, the Trucking Wellness Programme has successfully worked together with 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 refer HIV-infected employee members to CareWorks for ARV treatment.

Finding

Overall referrals to the ARV Programme were relatively unchanged when compared to the previous financial year. Of the referrals, 50% were from the Health Plan and Occupational Health clinics with an 11% increase in the number of spouses referred.

Linking

The 2018 financial year showed a 6% increase in member linkages. This means that 98% of members

referred to the ARV Programme were registered on the Programme. This is significant when compared to the NDoH HIV programme which sits at 71%.

This success is owed to a proactive approach to reaching members. This involves continued HIV education and close psychosocial support to help someone who is HIV positive understand their future options around keeping well. The ARV Programme has reached and maintained a linkage rate of over 90% for more than five years.

Treating

The 2018 financial year had a total 4 172 registered members. Though this was a 4% decline in the number of members when compared to the previous year, it should be noted that resignations increased by 102% which contributes to enrolment figures. It is pleasing to note, however, that the number of spouses registered increased by 6%.

The ARV Programme is aligned to national and international best practice. However, not all newly diagnosed HIV positive people were ready to commit to taking ART every day forever. Experience has shown that delaying initiation while providing intensive drug-readiness counselling and education, results in improved adherence and health outcomes.

Therefore, we classify the total cohort on ART and pre-ART. The net result of this is that the number of people on ART decreased by 6% and pre-ART by 23%. The ART decline was largely due to the increase in resignations as opposed to defaults.

ART requires high levels of adherence to minimise treatment failure and the need to change to more

expensive ART regimens. Viral load is used to measure response to treatment and patient adherence. The Programme showed an increase in viral suppression rate to 92%.

This has been achieved by utilising the CareWorks virtual clinic model that proactively caters for the needs of male dominated, mobile populations on ARVs through centralised care coordination and support.

Notable achievements

The Antiretroviral Programme has been providing HIV treatment to NBCRFLI members for nine years. Despite an ever-changing environment which is characterised by high churn, the ARV Programme has shown growth over time as is shown in the graph below.

The ARV Programme has continued to outperform the NDoH by achieving and maintaining more than 90% viral suppression going on for five years. Of note is that this has been achieved with 96% of members being on first line therapy. This results in cost savings for the NBCRFLI, increased life expectancy, improved productivity and decreased absenteeism. In keeping with a commitment towards transformation and skills development, in 2018 the ARV Programme through CareWorks provided training to 38 Trucking Wellness staff to the value of R429 000.

Training focused on HIV testing and counselling which resulted in standardised and accurate HIV testing across Trucking Wellness clinics. Further to this, more than 12% of ARV Programme revenue was spent on a qualifying small business enterprise.

ARV Programme

4 172 active beneficiaries



16% Decrease
of employees on ARV



92% of ARV users
achieved viral suppression



17% of enrolled members
are in pre-ARV monitoring

Statistics from March 2018 to February 2019

Category	Description	19-Feb	18-Mar	% Change
Finding	Members referred from Trucking Wellness to CareWorks	324	385	-15.80%
	Members referred from Health Plan and Occ. Health	456	414	10.10%
	Spouses referred into CareWorks	129	116	11.20%
	Total	909	915	-0.60%
	Non-members referred from Trucking Wellness to CareWorks	408	457	-10.70%
Linking	% linking of members into CareWorks Programme	98%	92%	6.5%
	% linking of non-members to NDoH HIV clinics	51%	52%	-1.90%
Treating	Active members enrolled on CareWorks Programme	4 172	4 361	-4.30%
	Spouses of active members enrolled	685	646	6.00%
	On ART (antiretroviral therapy)	2 950	3 146	-6.20%
	Pre-ART monitoring	729	945	-22.8%
	NBCRFLI Membership Resignations (per Year)	1 165	578	102%
	Adherence (on CareWorks ART > 1yr) - target is 90%	92%	91%	1.0%

CareWorks wishes to thank the following for their contribution to the success of the ARV Programme:

The NBCRFLI Executive

Team, the Wellness

Fund Committee and

Section 21 directors

Trucking Wellness

Programme and Health

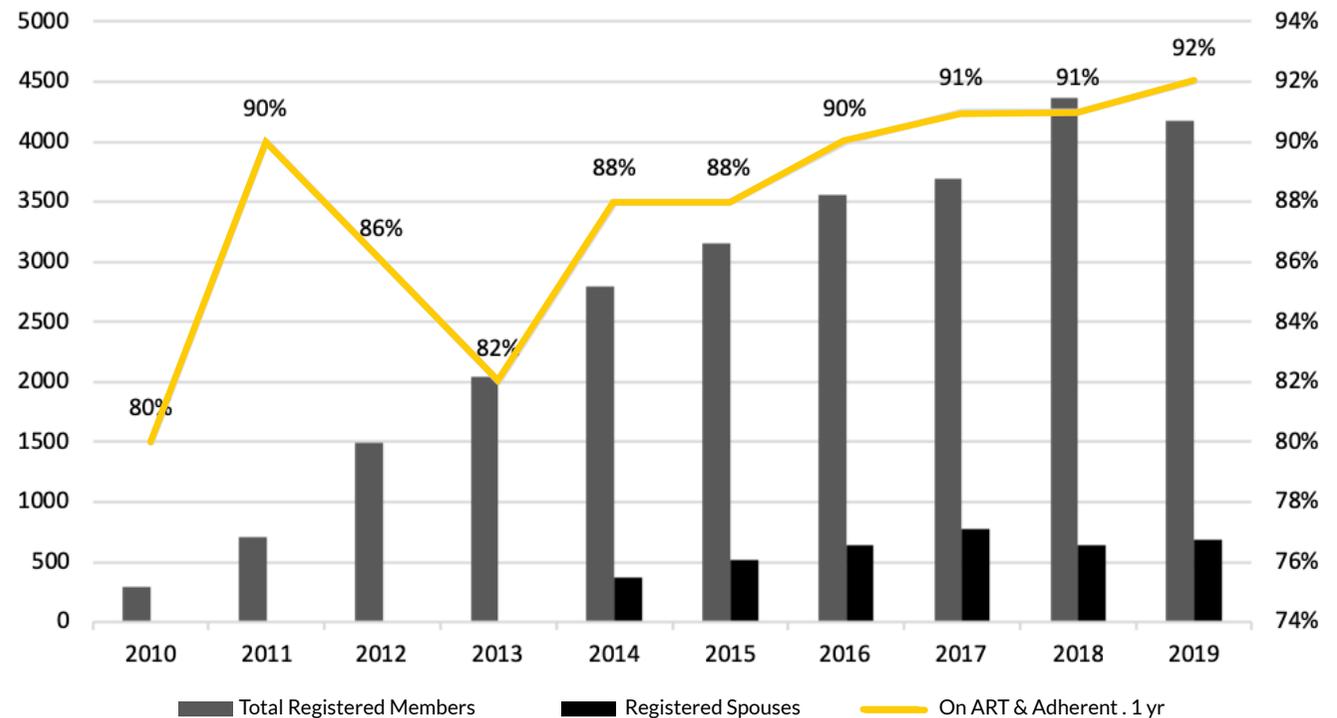
Plan staff

Foundation for

Professional

Development

ARV Programme Statistics as at February 2019



Conclusion

The NBCRFLI ARV Programme has been successful in providing evidence-based HIV prevention, testing and treatment to members for many years. South Africa is seeing a slow decline in the number of new infections and that is equally visible among NBCRFLI members. Despite this the National HIV prevalence rate for men aged 15-64 is 14.9%. That means that at a

conservative 10% HIV prevalence rate, there should be approximately 13 900 people on the HIV Programme. To win the HIV war in the NBCRFLI, it is imperative that we find and provide treatment for all eligible members. We believe that in collaboration with all stakeholders, it will be possible to find these members and assist them to become virally suppressed.



Human *Resources*

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

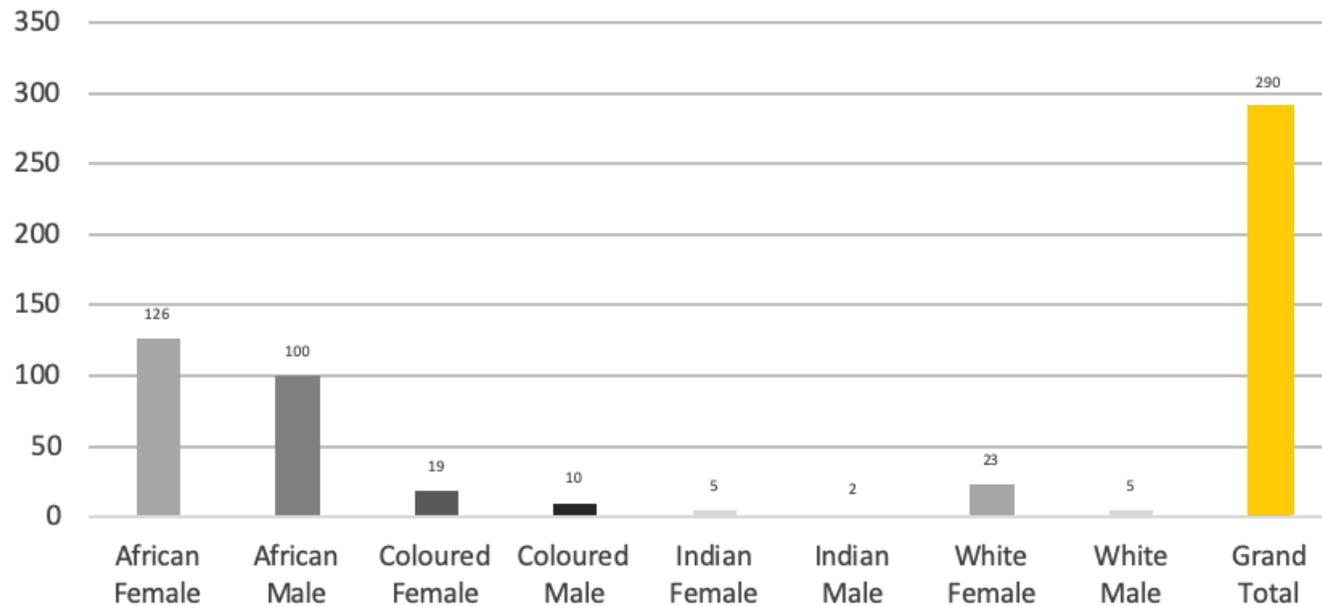
For the year under review, the Council's Administration organisational structure remained unchanged.

Highlights and Achievements

The HR Department is proud to report a number of achievements for the year under review, and are as follows:

- Council executives joined a wellness programme under the auspices of people-focused solutions company Independent Counselling and Advisory Services.
- With many of our staff members being keen runners and soccer players, we established a sporting committee, currently comprising 12 members.
- The new Learning and Development Unit was established within the HR Department.
- The climate survey was a resounding success, achieving 90% employee participation nationally.
- In terms of system upgrades, we implemented the VIP Sage system to run in parallel with the organisation's SAP software.
- We also automated the filing system.

Racial profile by gender



“

We established

a sporting

committee. We

currently have

12 members

”

Performance Management Policy

The Council continuously assesses and evaluates individual performance to ensure that there is clear understanding of the work to be delivered and ensure that there is feedback on how employees are performing. The main objective is to drive a high-performance culture that will benefit the industry and yield exceptional results for sustainability. In line with the Council's Performance Management policy, the average performance of the Council was at Level 3.7, defined as: "At most times, exceeding expectations, goals and objectives and the quality of work overall was very good, and at some times, excellent".

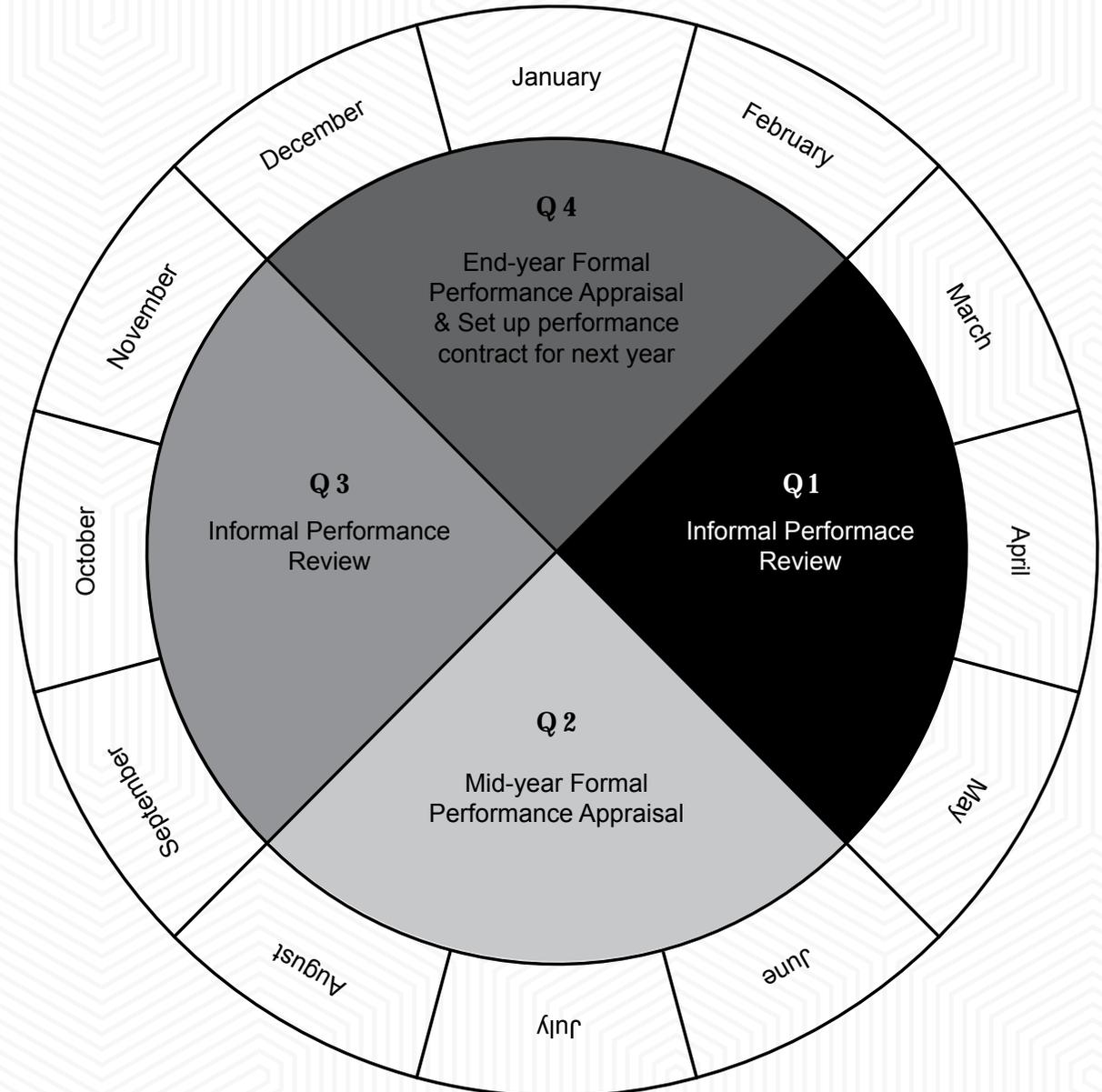
Health & Wellbeing

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

We held our Annual Wellness Days across all four regions including branches and the Trucking Wellness Programme between March and May 2018. The purpose of a wellness day within the Council is to create an awareness for employees to adopt and maintain a healthy lifestyle, to reduce absenteeism and increase productivity.

Out of 290 employees, 232 participated in the Wellness Days. That is 80% of our employees. It is encouraging to note that there has been an increase in employee participation over the past few years. More employees are also now involved in athletic activities.

Council's Performance Review



A variety of activities and professional services were on offer for employees such as a dietician; iridology; reflexology and fitness programmes. Our Trucking Wellness team also supported us, by providing HIV counselling and testing.

The Council still contributes 66.67% towards employees' medical aid, and also contributes the same when an employee is on retirement/pension.

The partnership between NBCRFLI and The Independent Counselling and Advisory Services (ICAS) is still in place. ICAS offers employees a range of core services, including:

- 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/AIDS support services and
- managerial consulting services

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, this Fund is their only retirement saving provision. Participation in the Umbrella Fund means that the Council is able to offer employees packaged and flexible requirement 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 past 10 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 Council members' needs and ensure they are kept informed about Fund-related issues. The Joint Forum ensured there was ongoing communication distributed to members during the year under review.

Learning and Organisational Development Unit

The Council introduced a Learning and Organisational Development Unit within the HR Department, comprising a Learning and Development Manager and an Administrator, to oversee all in-house training. We ran an inhouse learnership in Operations for 55 staff members, which will continue into 2019. Participants have achieved excellent results in their modular assignments. Going forward, we will be rolling this out to shop stewards.

Talent Engagement Climate Survey

Omnikor, in conjunction with the Human Resources team, deployed a bespoke Talent Engagement Survey (TES) in 2018, to all permanent employees of NBCRFLI. The purpose of the survey was to measure employee engagement and the perceptions about the working environment of the Council in general. The results from the survey are going to be used as a guide to inform planned initiatives and activities by the Council to enhance and improve employee engagement and productivity. The implementation of the recommendations from the survey is going to be an ongoing process.

Enforcement Learnership

Agents In-house programme

The Agents six-months training programme was successfully implemented with 49 agents enrolled across the country. The purpose of the programme was to provide agents with a broad understanding of the key conduct of the professional agent and to serve as a basis for agents to further their studies in compliance or related fields.

The programme included some of the following modules:

- Compliance Principles
- Labour Law
- Applied Economics Compliance Monitoring
- Enforcement
- Application of the Main Collective Agreement

With the following outcomes:

- Evaluate and initiate different enforcement activities making optimum use of all available legal and procedural tools
- Develop and implement educational initiatives to educate employees and members on the application of various agreements and services
- Apply the fundamental economic principles to your current work and personal environments
- Demonstrate an integrated understanding of the South African Labour law and relate the specific legal concepts to work situations
- Demonstrate a practical understanding of the key compliance principles and terminologies and relate these principles to the practical work environment

Bursaries

For the period under review, 28 staff members applied for and were awarded bursaries. The courses range from one to three years in duration, depending on the discipline. This investment is returned in the form of increased productivity and continuous transformation of the Council. The total value of bursaries awarded for the year is R875 582.

Training initiatives offered during the year included:

- Amendments to labour legislation
- Basic Excel
- Compensation management
- Effective team leadership (emotional intelligence)
- Job profiling and evaluation
- New CCMA rules
- Tax and payroll

The Council invests hugely in improving the knowledge and competencies of its employees by sharpening their skills and improving their attitudes, with the aim of enhancing their performance.

Looking Ahead

Initiatives to be implemented in the coming year include:

- an in-house management development programme, targeted at junior management
- change management training and elite team management. These initiatives are as a result of the feedback obtained from our climate survey
- the implementation of automated performance management.
- the development of an online recruitment portal.

Bursaries

A/C in Procurement and Supply Operations

A/C in Management Practice

Advanced Diploma in Accounting

B.Tech Degree in Primary Health Care

Bachelor of Business Administration

Bachelor of Law

B.Com Degree in Information Technology

B.Tech Degree in Business Administration

Business Administration

Certificate in Labour Relations

Diploma in Business Administration

Diploma in Labour Relations

Higher Certificate in Public Sector Procurement

Human Resources Management Diploma

Industrial and Organisational Psychology

Labour Law

Master of Business Administration (MBA)

Office Administration

Postgraduate Diploma

Professional Nursing

Senior Bookkeeping

Web Development

Approved new positions for the period under review

Department	Number of positions	Positions
Management Executive	1	Executive PA
Operations	3	Designated Agents - Gauteng Region
	1	Litigation Administrator - KZN Region
	1	National Call Centre Supervisor
	3	National Call Centre Agents
	1	Learning & Development Administrator
	1	Archive Officer
	1	Payroll Administrator
	1	Litigation Administrator
	6	Wellness Coordinators
	3	Clinic Nurses

Promotions during the period under the review

Promotion Period	Previous Position	Current Position
01 April 2018	Dispute and Enforcement Administrator	HR Administrator
01 August 2018	Arbitration Administrator	Case Management Officer
01 August 2018	Litigation Administration	Head of Litigation
01 November 2018	Wellness Co-Ordinator	Clinic Nurse

**Vacancies filled during
the year under review**

26

**Total
Vacancies filled**

9

Males

17

Females



Information
Technology

Effective and Efficient

The Council's Information Technology (IT) Department plays a crucial role in enabling the NBCRFLI to deliver an effective and efficient service to all its stakeholders. The Department adopts IT governance and management control and service management frameworks, based on industry good practices, developing business systems to support and enable the Council's core business processes and developing and maintaining IT infrastructure based on IT best practices.

The IT strategy of consolidating all IT infrastructure services - as fully managed services, with a single core IT infrastructure service provider (as a strategic partner) - was completed in FY2019 by transitioning all infrastructure and infrastructure services to a new IT strategic partner.

Smooth Migration

The transitioning process was performed without any business interruption and all infrastructure and infrastructure services were migrated. This included moving NBCRFLI's network infrastructure to a new Wide Area Network (MPLS Network), migrating the mail solution to Microsoft Office 365 and moving all server infrastructure to the IT strategic partner's Cloud Service platform.

The move to Cloud also enabled NBCRFLI's IT disaster recovery capability, by having access to two separate data centres both with fully functional and integrated Cloud environments. One of the Cloud environment's function is as primary site hosting all production servers and the 2nd Cloud environment functions as development and quality assurance systems but doubles up as a failover site

for disaster recovery. A Cloud based backup solution was also deployed to facilitate data continuity.

From a business perspective, the second phase of development of the new Enforcement System completed in FY2018 is functioning as required and the system is stable. The system fully automates the levy compliance process by raising the compliance order up to the point where Section 143 is returned from the CCMA. The system radically transforms the way business used to operate. A large portion of the manual processing is eliminated. The result - a significant improvement in business effectiveness and efficiency. The automated email delivery process saw further optimisation in FY2019, to ensure that documents are sent timeously and that the proof of service is obtained automatically.

Single Payroll Simplicity

The project that consolidated NBCRFLI's two payroll systems on a single payroll platform was completed in February 2018 and the system went live from March 2018.

The new payroll and HR system will also provide the required functionality to enhance NBCRFLI's HR processes. The system is stable and performs well, delivering the anticipated business benefits.

The technology components of the National Call Centre were also deployed during FY2019. In the next financial year, the solution will be enhanced by developing a Call Centre case management system that is based on a workflow solution.

Cyber security is becoming a big issue and the NBCRFLI IT Steering Committee prioritised the improvement of cyber security controls as one of the major focus areas. An enhanced email security solution was deployed to protect users against email threats. The anti-virus solution was also upgraded to provide improved malware and spyware protection.

2020 IT Focus

1. Optimisation of the IT infrastructure.
2. Improving IT security and cyber security by leveraging the services provided by the IT strategic partner.
3. Cyber security awareness training will also be prioritised. The training will consist of formal training, followed by the deployment of an eLearning solution that will distribute cyber security awareness videos on a monthly basis and test users' comprehension of the content that was delivered.
4. Developing a new comprehensive five-year IT strategy (IT strategy FY2020) that will consolidate all aspects of IT strategy, IT governance, IT management and IT cyber security into a single strategic focus.
5. Optimising the new Arbitration and Complainant System, by extending the system to include the litigation process, as well as enhanced business information and reporting capability. The user interface will also be streamlined to improve user experience and drive efficiency.
6. Develop a case management system for the National Call Centre to improve the service to industry stakeholders.
7. Deploying HR functionality and performance management modules, on the new consolidated payroll and HR system.

A close-up photograph of a person in a light blue dress shirt and dark tie working at a wooden desk. The person's right hand is holding a black pen over a calculator, while their left hand rests on an open document. The desk is cluttered with various items: a white coffee cup on a saucer, a pair of black-rimmed glasses, a spiral-bound notebook, and a smartphone. The lighting is warm and focused on the workspace. A yellow rectangular frame highlights the calculator and the text below it.

Finance
Department

Finance

The year was challenging on several fronts. We worked against macro-economic factors as well as those that specifically impacted our industry. These included fewer growth opportunities in investments due to fairly stable interest rates, the uncertainty around the timing of the promulgation of the Main Collective Agreement as well as the tumultuous economic situation that prevailed throughout the period. Despite this, Council's financial performance for the period under review was outstanding. The Council was able to increase efficiencies around levy collection and made particularly notable inroads to increase compliance among members. We also applied astute thinking and strategic planning to our investment focus, as well as the strict monitoring of expenditure. With these measures in place, the financial performance is expected to increase in the year ahead.

Performance Overview

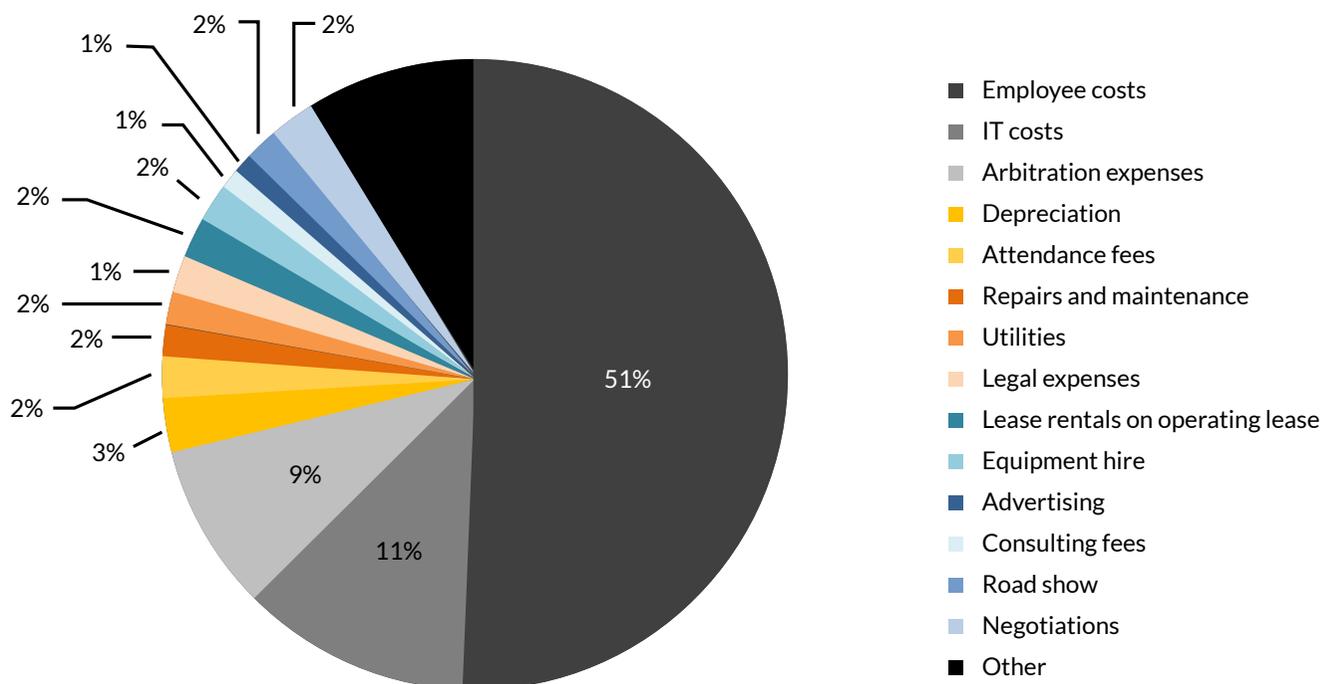
- The Council's financial performance for the period under review was remarkable, taking into consideration the challenges faced by NBCRFLI. The Council recorded a surplus of R69 455 306 (FY2018: R85 412 249). Operational expenditure was R478 648 412 (FY2018: R422 588 153), which is an increase of 13.3% YOY.
- Income generated for the period was R548 103 718 (FY2018: R508 000 402), an increase of 7.9% YOY.
- The return on investments was R208 609 938 (FY2018: R197 066 567), an increase of 5.9%.
- Levies for the period amounted to R97 542 190 (FY2018: R87 922 110), an increase of 10.9% YOY.
- Main Council income for the period was R310,178,253 (FY2018: R288 526 369), an increase of 7.5% compared to the year prior.

Expenditure

- The Main Council operating expenses were 4.09% below budget, with actual expenditure at R233 310 425, against a budget of R243 253 868.
- Council implemented cost containment measures. The initiatives yielded positive results, as Council managed to maintain the surplus position.
- Main Council revenue increased by 7.5% year-on-year due to the increase in industry wages, which resulted in increased levies and contributions received for the period.

- The Main Council surplus declined by 19,5% year-on-year. The surplus has been mainly affected by the performance of income due to sluggish economic conditions and increased operating expenditure. The increase in expenditure was mainly due to extraordinary costs relating to industry wage negotiations, the 2018 World Aids Conference for Trucking Wellness and other provisions.

Expenditure



Financial Assets

The NBCRFLI Main Council and trust funds investments are held with major banks in South Africa. The investments yielded returns of 7% and 7.89% (FY2018: 7% and 8.02%). The market value of the Main Council investments was R477 178 870 (2018: R334 434 898), a growth of 42.7% from 2018.

The consolidated market value of the Holiday Pay Fund, Leave Pay Fund and Sick Pay Fund was R1 928 375 490 (FY2018: R1 576 125 568). The balances of the investments grew by 22.3% 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; re-investments of interest yield during the period.

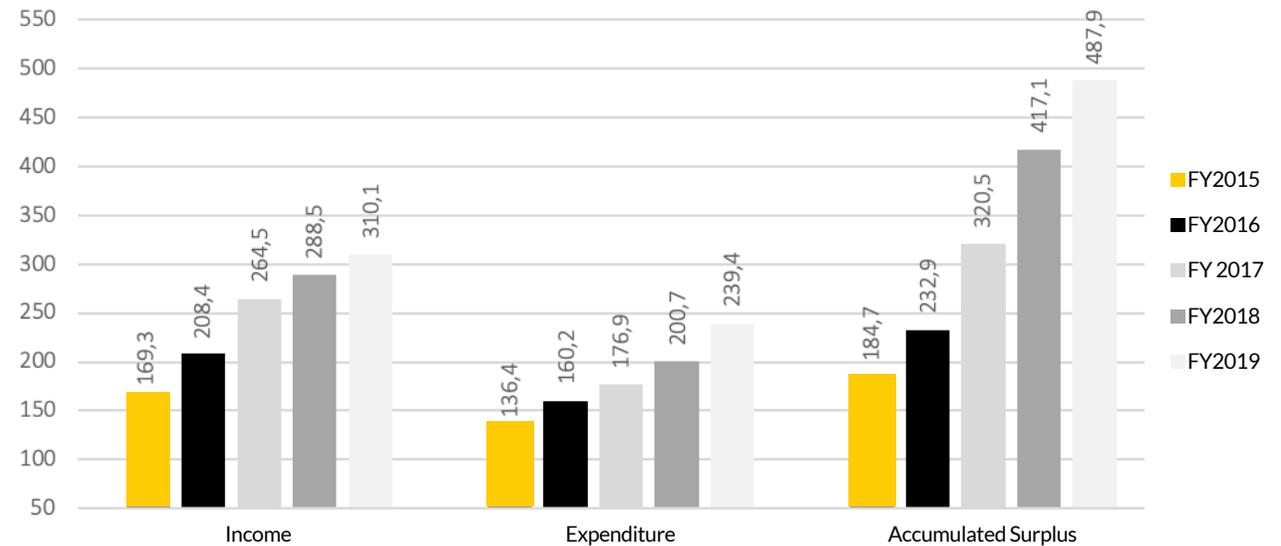
Trade and Other Receivables

The total trade and other receivables for the period under review increased by 97.2%. Total trades payable were R8 288 565 (FY2018: R4 204 107). The increase in trades payable is largely attributed to the SARS payment relating to the industry PAYE which will be recovered from the industry employers.

NBCRFLI Group Revenue Analysis

Rm	Main Council	Holiday Pay Fund	Leave Pay Fund	Sick Pay Fund	Wellness Fund	Total
FY2018	128.5	49.7	45.7	64.5	219.4	508.0
FY2019	143.9	48.4	50.8	66.9	237.9	548.0

Main Council Five-Year Performance



Capital Expenditure

Council capital expenditure increased by 36.3% to R7 678 657 (FY2018: R5 632 887)

Cash Flow

Council had a positive cash flow. The total bank balance at year end was R80 017 054.

Trust Fund Liabilities and Investments

The graph shows figures for the movement and balances in the trust fund liabilities (2017-2019) and the balances for the trust fund investments (2015 - 2019).

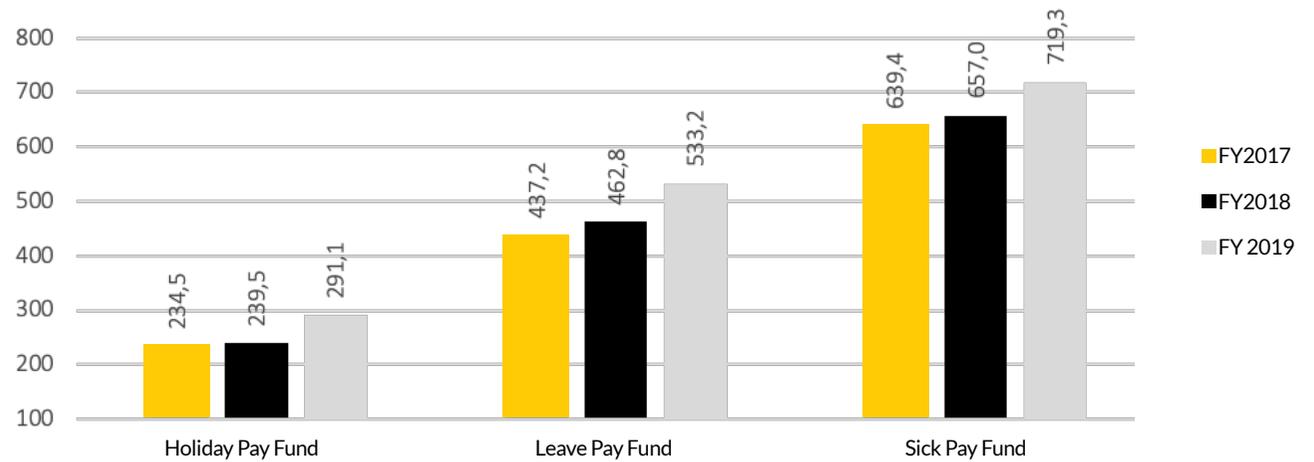
Budget

A total budget of R224.5m for Main Council was approved for the period ending 29 February 2019, plus the rollover capex budget of R5 104 560 from the year prior. The budget for 2019 was R8 772 893. The total capex budget for the period ending 29 February 2019 was R13 877 453.

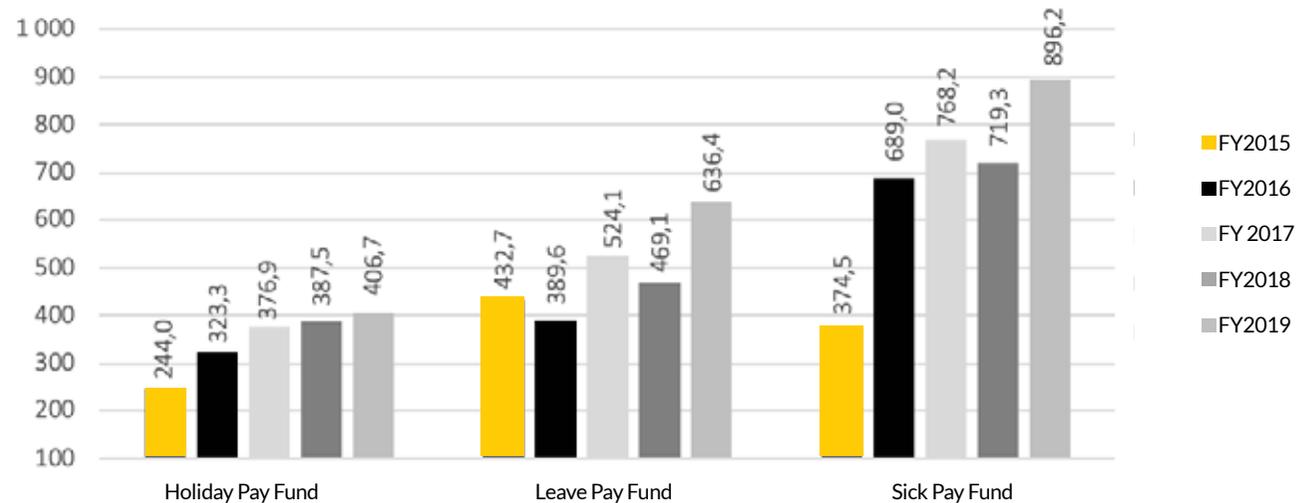
Looking Ahead

The NBCRFLI is a stable and going concern. During the next year our Investment Committee will develop an investment strategy, to ensure that our returns are at least market related or better. This is part of our effort as a council to ensure financial security for our members and responsibility to our stakeholders, and to maintain the Council's status.

Trust Fund Liabilities



Trust Fund Investments



“
**The NBCRFLI is driven
 and influenced by the
 requirements of the
 Labour Relations Act
 and its activities are
 governed under the
 Department of Labour**
 ”

Payroll & Procurement

Procurement

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

Legislative Requirements

Even though the NBCRFLI is not a state owned entity, its existence is driven and influenced by the requirements of the Labour Relations Act and its activities are governed under the Department of Labour.

It is for these reasons that the NBCRFLI, in terms of its operations, will always be informed by best practices in both the public and private sectors.

Procurement Activities

Key Procurement Activities include:

- Stock Management
- Supplier Database Management
- Tender Management
- Service Level Agreement Management
- Insurance /Risk Covers
- Daily processing of orders through SAP
- Regular review of Risk and Strategy
- Regular review of Policy and Procedures

Other Activities

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

Payroll

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

Legislative Requirements

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

- SARS requirements (EMP201 & EMP501)
- BCEA
- Department of Labour requirements (UIF, Maternity)
- StatsSA
- Workman's Compensation
- Pension Fund Act
- Labour Relations Act

Facilities & Administration

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

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

Health, Safety and Environmental Issues

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

The NBCRFLI is tasked with the responsibility of providing a safe and healthy work environment for its employees, stakeholders and suppliers. It is a responsibility to which we are morally and legally committed.

This commitment also extends to making sure that all our operations and activities do not expose local communities or the environment to risks of injury, illness or damage.

In order to comply with the standards of the Occupational Health and Safety Act No. 85 of 1993, the NBCRFLI appointed section 16(2) health and safety representatives. This was done to ensure the proper functioning of the health and safety committee and to improve the

overall responsibility of providing a safe workplace and environmental sustainability.

The health and safety committee has also developed an OHS Policy for the organisation, which is awaiting approval from the relevant governance structures.

Contracts/SLA Management Unit

This unit, which is located within the Facilities Unit, is assigned with the task of managing the various suppliers that provide services, with a focus on the general improvement of the NBCRFLI's service facilities.

The Facilities & Administration Management Unit monitors and coordinates the overall contractual activities such as cleaning, hygiene, document management, security management and courier services.

Document Management

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

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operations

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Internal Audit

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

In line with the King Report on Corporate Governance, the Internal Audit Department provides the Council management with the reasonable assurance that internal controls are adequate and effective. This is achieved by means of a risk-based audit coverage plan that caters for the evaluation of governance, risk management and internal controls through the identification of process control gaps/or weaknesses for corrective action and improvement. Internal Audit has the mandate to effectively discharge its responsibilities in contributing to the achievement of Council objectives.

Internal Audit assists the Council in determining whether the Council's risk management, governance and internal control systems and processes, designed and implemented by management, are adequate and assure that:

- The Council has an effective enterprise-wide risk management process in place.
- Governance processes are communicated and complied with across the Council.
- Significant financial, operational and management information is reported, and analysed accurately, reliably and timeously.
- Policies and procedures as well as statutory and

contracted requirements are complied with at all times.

- Economic and effective management and safeguarding of financial, human, and other resources.
- Quality and continuous improvement are integral to the Council's internal control processes.
- Significant legislative or regulatory issues affecting the Council are recognised, addressed, and reported on.

Internal Audit is further responsible for ensuring that:

- The Annual Audit Plan is implemented, including, when appropriate, any special tasks or projects are requested by the Senior Management. Internal Audit will action the request, once it has been approved by the ARC.
- Integrated assurance is provided as to the adequacy, effectiveness and efficiency of internal controls over risk as identified in conjunction with management, and other assurance providers.
- Senior Management follow-up and monitoring of all internal and external audit deficiencies to ensure that the necessary management actions have been implemented or that management has accepted the risk for not taking action, and that management has effectively documented the criteria for such risk acceptance.
- The Department implemented the approved combined assurance and internal control frameworks, while continuously auditing projects and working closely with forensic investigators to ensure the Council's compliance with all laws and regulations.

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

Independence and Authority

The independence of Internal Audit is formally considered by the Audit and Risk Committee on an annual basis, or as and when changes to the organisational positioning occur. It has been determined and confirmed that Internal Audit has remained independent of all operational functions, and that the functional reporting to the Audit and Risk Committee and administrative reporting to the National Secretary have enabled appropriate organisational positioning. The Head of Internal Audit has access to the Chairman of the Council, as well as the Audit and Risk Committee.

Annual Internal Audit Assurance Statement

Internal Audit assurance can only be reasonable and not absolute and does not supersede the Council's and management's responsibility for the ownership, design, implementation, monitoring and reporting of governance, risk management and internal controls.

Fraud Management

The Council is committed to the highest standards of good corporate governance and honesty, integrity and transparency. To this end it took a decision to maintain an outsourced, anonymous and confidential disclosure service. This was implemented in order to provide employees and other stakeholders with channels to report practices and activities that are unlawful, inappropriate and in conflict with Council policies and procedures.

The Council is strongly committed to fighting fraud in the industry and encourages other industry employers and employees to do the same, in the name of good governance.

The Council is deeply aware that crime negatively impacts on the profits, salaries and infrastructure of the Road Freight and Logistics industry.

A highlight for the year under review was that we provided extensive training on a wide range of issues pertaining to fraud and ethics awareness and held sessions in Gauteng, Durban and Cape Town.

Training

For the year under review, we reviewed and updated the Fraud and Ethics Awareness training material that we presented during 2017 with current fraud trends, updates in legislation and relevant prescripts, as well as recent relevant survey results.

Throughout the assignment, we worked in conjunction with all stakeholders to agree on the manner and level in which the Fraud and Corruption could be reduced within Council. To this end, training was scheduled and conducted in October 2018, in partnership with PwC.

Internal Audit was responsible for inviting the participants to the sessions according to the agreed-upon dates with the respective regions.

following categories:

- a) Fraud and Ethics Awareness training material;
- b) Roll-out of the Fraud and Ethics Awareness training; and
- c) Training evaluation forms.

The facilitation of the Fraud and Ethics awareness training was interactive and included practical case studies of how fraud, corruption, unethical conduct and other irregularities can manifest itself within the Council.

The three Fraud and Ethics awareness training sessions were presented in three-hourly sessions, and in accordance with the attendance registers.

We have a zero tolerance to fraud and for FY 2021 we are looking into training all staff members across Council offices on fraud awareness and prevention. We embarked on a similar process in 2016.

Be Heard

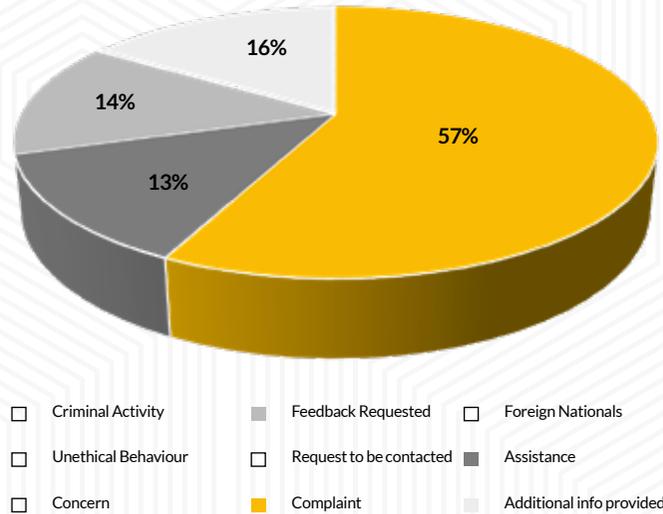
The NBCRFLI is committed to the highest standards of good corporate governance and honesty, integrity and transparency. To that end, it took a decision to introduce an outsourced anonymous and confidential disclosure service. This was implemented in order to provide employees and other stakeholders with channels to report practices and activities that are unlawful, inappropriate and in conflict with Council policies and procedures.

The service to the NBCRFLI is provided by Be Heard®, a division of Honey Badger Solutions (Pty) Ltd, which is independent of Council’s internal and external auditors.

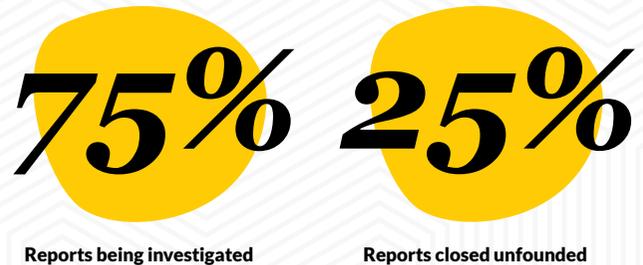
The “Be Heard” Disclosure Service is completely independent and anonymous.

Below is the statistical information of the number of Be Heard reports that were received during the financial year.

Be Heard Reports



Results



Statement of Internal Controls

The organisation’s internal audit function is co-sourced to BDO Advisory Services. Internal Audit conducted a detailed review of the systems of internal control over areas of high risk as identified in the Risk Register and approved by the Audit and Risk Committee.

BDO has performed internal audit reviews over the following processes as per the approved annual internal audit plan.

1. IT Applications control - SAP System
2. IT Applications review - VIP Payroll system
3. IT General Controls review
4. IT Applications control review - Telnet System
5. Procurement to pay review – Data Analytics
6. Finance Discipline Review - Data Analytics
7. Payroll review - Data Analytics
8. Funds Administration: Income processing review - Data Analytics
9. Funds Administration: Daily pay-outs review - Data Analytics
10. Funds administration: Year-end pay-outs review - Data Analytics
11. Agreement Administration: Enforcement compliance and Litigation process review - IT Applications controls (K2 System) & Data Analytics
12. Agreement Administration: Inspections and Complainants review – IT Applications controls (K2 System) & Data Analytics
13. Organisational Performance review.

Internal Audit conducted a full documented review of the above-mentioned processes. This was focused on the design, implementation and effectiveness of the internal controls during the period of 1 August 2018 to

28 February 2019. These reports were considered and reviewed by the Audit and Risk Committee. Controls and areas that were identified as needing improvement have either been addressed or are in the process of being addressed by the management of the various divisions within the NBCRFLI.

Based on the results of the reviews (of the above-mentioned processes) and considering the scope, information and explanations given by management, nothing came to our attention to indicate that any material breakdown in the functioning of these controls, procedures or systems occurred during the year under review.

Members benefit, as Internal Audit assists in identifying control gaps and making recommendations for control environments. With the improved control environment, Council Administration was able to service the industry better in terms of improved turnaround times to pay members their benefits, enforce the Collective Agreement, register new industry members, handle complainant cases etc.

We follow a risk-based internal audit approach, based on the outcome of the risk assessment. High risk areas are identified for audit. It should be noted that Operations, Funds and Wellness, as well as Finance are audited almost every year, as those are core to Council business and to our stakeholders.

Risk management

The following strategic risks were identified and managed in the reporting period, the table below indicates the number of action plans completed, in progress and which are ongoing to manage the risks within tolerance.

Emerging risks

The following Emerging risks were also identified and managed in the reporting period:

- Reputational Risk: Illegal employment of foreign nationals in the road freight and logistics industry.
- Cybercrime and Data breach

Risk Management Table

Risk Number	Risk Name	No. of Planned Tasks	Completed Tasks	Tasks in Progress	Ongoing Tasks	Overdue Taks
1	Representivity	5	4	-	1	-
2	Fraud & Corruption	6	6	-	-	-
3	Insufficient Funding	2	-	-	-	2
4	Negotiation deadlock	2	2	-	-	-
5	Enforcement	1	1	-	-	-
6	Reputational damage	3	2	-	-	-
7	Lack of skills & capacity	3	2	-	1	-
Total		22	17	0	2	2

Business Continuity Management

During the current year under review, Council in accordance with best practice, developed and formalised Business Continuity Management (BCM) plans that seek to ensure it is able to operate under normal and adverse operating conditions at all times.

As part of building resilience, we developed and formalised the following BCM governance documents:

- Business continuity policy: Approved by Council.
- Business Continuity strategy: Council is looking into procuring an off-site facility that will be used as a disaster recovery site, where employees can go and perform their duties in case of a disaster. As part of developing this strategy, various options were considered in order to curate a strategy that is fit for purpose and customised to meet Council's requirements. We explored various strategies including using regional offices, renting out spaces and working from home.
- Business continuity plans were also developed and approved in line with the Council's BCM policy and approved BCM strategy.

Internal audit assisted the ICT Department with reviewing the ICT Disaster Recovery Plan and the Facilities and Administration Department with the review of its Emergency Response Plan.

Corporate Governance Matters

Financial Governance

The Council is in a financially stable position with a considerable amount of reserves. The Council utilizes Nexia SAB & T as its external auditors. For the year under review, the Council obtained an unqualified audit. To ensure that the Council's expenditure is spent

appropriately and is in line with the approved budget, the Council Administration must follow the Delegation and Limit of Authority as approved by Council. Furthermore, all goods/services must be procured according to the approved Procurement Policy.

Information Technology Governance

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

Remuneration of Council Members and Council Administration

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

Council Governance Framework

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





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The purpose is to give

defined authority to

Council Governance

Structures and Council

Administration

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Audit & Risk Committee

The Audit and Risk Committee (“the Committee”) of NBCRFLI is pleased to present its report for the financial year ended 28th February 2019. The Committee complies with relevant legislation, regulation and governance practices.

Audit and Risk Committee Mandate

The Committee is governed by a formal Audit and Risk Committee Charter which incorporates the relevant requirements of the Companies Act of South Africa, No 71 of 2008 (“the Act”). This Charter guides the Committee in terms of its objectives, authority and responsibilities, both statutory and those assigned by the Council.

The Committee recognises its important role as part of the risk management and corporate governance processes and procedures within the Council and its duties are stipulated in its Charter.

Committee Composition and Attendance at Meetings

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

G Sibiya	Chairperson
O. Mokgoantle	Independent Member
M. Ramataboe	Independent Member
T. Ramakgolo	Councillor
T. d'Almeida	Councillor

Council can confirm a 100% committee meeting attendance rate. During the year under review, four Audit and Risk Committee meetings were held in accordance with the requirements of the Committee's Charter. The Committee works to a standard of programme of work. Accordingly, these meetings were spread evenly throughout the year to ensure that its core work and reports were produced at the appropriate timeline to coincide with the Council's reporting cycles.

The Chairperson of this Committee has an open invitation to attend meetings of the Council.

Committee Evaluation

The effectiveness of the Committee is assessed as part of the annual Council and Committee self-evaluation

process. In the previous financial year, the Audit and Risk Committee developed specific key performance indicators (KPIs), in addition to aspects dealt with in the annual plan. This was aimed at setting out objective measures for the Committee and internal audit function to assist management to achieve Council's strategic objectives. The Committee set the following KPIs for 2019:

- Greater oversight in the implementation of compliance governance.
- Greater oversight on information technology governance (IT) and its maturity.
- Greater oversight on IT audits and the use of computer-assisted auditing techniques.
- Greater oversight on implementation of the combined assurance model.
- Improved use of the strategic dashboard to manage and monitor the risks and associated internal controls (incl. internal financial controls).
- Greater oversight in embedding a risk management culture.
- Greater oversight in strengthening the control environment by ensuring that all policies are updated and approved by Council.

The Chairperson of the Committee attends the Annual General Meetings of the Council to answer any questions on the Committee's activities.

Effectiveness of Internal Controls

Based on the assessment of the system of internal financial controls conducted by the Internal Audit Department, as well as information and explanations provided by management and discussions held with the external auditor on the results of their audit, the

Committee is of the opinion that the NBCRFLI's system of internal financial controls is effective and forms a basis for the preparation of reliable financial statements in respect of the year under review.

External Audit

NBCRFLI's external auditor is Nexia SAB & T. The external auditor's plan for the annual audit of NBCRFLI's financial statements, which included the identification of significant risks and how they are to be addressed during the audit, is presented and approved at a meeting of the Committee before the commencement of audit fieldwork. The external auditor has unrestricted access to NBCRFLI's records and management. The external auditor furnishes a written report to the Committee on significant findings, if any, arising from the annual audit and is able to raise matters of concern directly with the Chairman of the Committee.

Internal Audit

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

Auditor Independence

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

Fees	Statutory Audit	Non-Audit Services
External Audit	R 800,034.00	-
Non-Audit Service fees	-	R 18 860.00
Total	R 800 034.00	R 18 860.00

The Committee resolved to limit the provision of non-audit services by the external auditors. For the period under review total fees of R 818 894.00 were paid to external auditors as outlined in the table below. The amount include non-audit service fees of R 18 860.00.00 which equates to 2% of the total spent.

Whistle Blowing

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

Legal And Regulatory Requirements

During the year under review, the Audit and Risk Committee reviewed with management all legal matters that could have a material impact on NBCRFLI.

Risk Management

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

- All scheduled Risk Management Committee meetings for the year were held.
- Operational risk assessments were conducted across all NBCRFLI departments.
- SNG Grant Thornton was appointed to assist with the operational risk assessment for the core business and risk management awareness training.

- Implementation of risk mitigations was monitored.
- There was effective functioning of the IT Steering Committee to monitor IT governance and capital projects.
- The Compliance Framework and Regulator Universe was developed.
- The Risk Management Framework and Policy was finalised and approved by Council.

During the new financial year, the NBCRFLI intends finalising the risk appetite and tolerance levels. The NBCRFLI also intends to finalise risk governance processes.

Approval of the Report

Following the review by the Audit and Risk Committee of the annual financial statements of NBCRFLI for the year ended 28th February 2019 and the opinion of the External Auditor, the Audit and Risk Committee is of the view that they fairly present in all material respects, the financial position of Council as at the 28 February 2019. The Audit and Risk Committee has satisfied itself of the integrity of the remainder of the annual report.

The Audit and Risk Committee has recommended the annual financial statement and the remainder of the annual report for the year ended 28th February 2019 for approval to Council.



G.R Sibiyi
Chairperson for the Audit & Risk Committee





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Operational risk

assessments were

conducted across

all NBCRFLI

Departments

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IT *Steering Committee*

The IT Steering Committee assists the National Secretary with monitoring IT governance and risk management. This Committee (through the National Secretary) reports to the Audit and Risk Committee (ARC), Exco and Council to facilitate their oversight responsibilities for Information Technology (IT).

This report by the Committee is prepared in accordance with the requirements for good corporate governance. It describes how the Committee has rolled out its duties and additional tasks assigned to it by the ARC and Council in respect of the financial year ended 28 February 2019.

A comprehensive IT strategic plan will be developed in the financial year FY2020 and recommended to the Council for consideration and approval. Comprehensive risk analysis and business requirements prioritisation exercises will inform the contents of the IT strategy, risk register and the governance work plan.

Members of the IT Steering Committee

The Committee consists of the Senior Management team, as well as an independent IT risk specialist appointed by the ARC.

Committee Meetings

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

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

Functions of the IT Steering Committee

- Governance of NBCRFLI's IT operation

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

The IT Steering Committee assists the National Secretary with monitoring IT governance and risk management. This Committee (through the National Secretary) reports to the Audit and Risk Committee (ARC), Exco and Council to facilitate their oversight responsibilities for Information Technology (IT).

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Functions of the IT Steering Committee

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

IT governance forms an integral part of NBCRFLI's business. Achievement of IT governance objectives is monitored through the Committee meetings chaired by

the National Secretary and attended by representatives of all internal stakeholders, as well as an independent IT risk specialist. The monitoring and achievement of IT governance objectives is facilitated through this forum where appropriate IT risks and related business objectives are attended to.

To enhance IT governance within the Council, an IT internal audit service exists. The Council has co-sourced the IT audit function and is assisted by BDO in this regard.

IT audits were conducted by Internal Audit and IT Risk Assessment. The IT audit included IT governance, IT general controls assessment, logical access and IT management framework reviews, as well as IT Application Controls. The Application Controls are also covered in more detail as an integral part of business process audit engagements.

The IT Steering Committee's focus areas included the following:

- Formulation of Service Level Agreements (SLAs) which are agreed with all significant IT service providers
- Oversight of IT projects and business / IT alignment
- Service management oversight and performance monitoring against SLA targets
- High-level cyber security assessments
- Review and approval of an IT controls framework
- Tracked implementation of corrective actions from audit reports
- Tracked implementation of the comprehensive IT infrastructure strategy
- Enhanced service management and reporting

All the findings and recommendation in the reports have been addressed. The update of the NBCRFLI's IT governance and management framework, as well as the alignment of IT governance and the IT strategy with business governance and strategy, have been completed.

This was the result of a detailed IT governance framework review conducted by NBCRFLI's IT and Internal Audit Departments, in consultation with the senior management team. The implementation of the IT governance framework is a long-term project receiving appropriate and prioritised attention from executive management.

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

Assessment

The ARC and IT Steering Committee are satisfied that they have fulfilled all their duties during the year under review and have made significant progress in formalising all relevant policies and implementing identified plans. The Committee is not aware of any major IT risks as evaluated by the Committee of sufficient severity that warrant inclusion in the Annual Report. Additionally, the Committee is confident that the information provided through the Council's IT infrastructure is complete, timely, relevant and accurate.

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The Committee

is confident that

the information

provided through

the IT infrastructure

is complete, timely,

relevant and accurate

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Financial *Statements*

YEAR ENDED 28 FEBRUARY 2019

STATEMENT OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2019

Figures in Rand	Note(s)	2019	2018
Assets			
Non-Current Assets			
Property, plant and equipment	2	42,012,743	40,986,972
Intangible assets	3	6,625,212	7,141,619
		48,637,955	48,128,591
Current Assets			
Inventories	6	113,620	141,978
Trade and other receivables	5	8,295,210	4,204,107
Other financial assets	4	2,405,554,360	1,910,560,466
Cash and cash equivalents	7	80,017,054	330,298,808
		2,493,980,244	2,245,205,359
Total Assets		2,542,618,199	2,293,333,950
Equity and Liabilities			
Equity			
Reserves		8,494,136	8,494,136
Surplus Funds		524,391,112	454,935,806
		532,885,248	463,429,942
Current Liabilities			
Trade and other payables	9	46,659,543	34,744,045
Industry trust and unclaimed benefit liability	10	1,947,161,423	1,781,513,746
Provisions	11	15,911,985	13,646,217
		2,009,732,951	1,829,904,008
Total Equity and Liabilities		2,542,618,199	2,293,333,950

STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Note(s)	2019	2018
Revenue	12	542,305,364	502,649,220
Other income	13	5,798,354	5,351,182
Operating expenses	14	(478,648,412)	(422,588,153)
Surplus for the year		69,455,306	85,412,249
Other comprehensive income:			
Items that will not be reclassified to surplus			
Gains on revaluation of land and buildings			(4,600,000)
Other comprehensive income for the year			4,600,000
Total comprehensive income for the year		69,455,306	90,012,249

STATEMENT OF CHANGES IN FUNDS

Figures in Rand	Revaluation reserve	Accumulated surplus	Total Funds
Balance at 1 March 2017	3,894,136	369,523,557	373,417,693
Surplus for the year	-	85,412,249	85,412,249
Gain on revaluation of Land and buildings	4,600,000		4,600,000
Total comprehensive income for the year	4,600,000	85,412,249	90,012,249
Balance at 1 March 2018	8,494,136	454,935,806	463,429,942
Surplus for the year	-	69,455,306	69,455,306
Total comprehensive income for the year	-	69,455,306	69,455,306
Balance at 28 February 2019	8,494,136	524,391,112	532,885,248

STATEMENT OF CASH FLOWS

Figures in Rand	Note(s)	2019	2018
Cash flows from operating activities			
Cash generated from operations	17	86,725,729	94,877,931
Cash flows to investing activities			
Purchase of property, plant and equipment	2	(6,653,274)	(3,790,110)
Proceeds from disposal of assets	2	17,373	113,302
Purchase of intangible assets	3	(1,025,383)	(1,842,777)
Inflow of other financial assets	4	3,944,965,107	4,380,550,768
Outflow of other financial assets	4	(4,439,959,001)	(4,294,811,456)
Net cash from/in Investing activities		(502,655,178)	80,219,725
Cash flows from financing activities			
Inflow of industry trust liability	10	2,240,074,661	2,034,187,075
Outflow of industry trust liability	10	(2,074,426,965)	(1,925,437,560)
Net cash from financing activities		165,647,695	108,749,515
Total cash movement for the year		(250,281,754)	283,847,171
Cash at the beginning of the year		330,298,808	46,451,637
Total cash at end of the year	7	80,017,054	330,298,808

Accounting Policies

General information

The National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI) is an organisation registered as bargaining council in terms of section 29 (15)(a) of the Labour Relations Act 1995. The Act allows for registered employer and employee organisations to establish a bargaining council for an industry. The Council facilitates collective bargaining whereby unions and employer organisations, which are Party to the Council, are able to negotiate matters of mutual interest in the Road Freight and Logistics Industry.

The Agreement concluded between the Parties to Council is called the Collective Agreement. The Agreement is applicable and binding to the Parties to Council who concluded the agreement as well as to non-parties, if the agreement has, in terms of provisions of section 32 of Labour Relations Act 1995, been extended to non-parties in the industry by the Minister of Labour. The parties signed a three-year agreement which was promulgated by Minister of Labour and was extended to non-parties in the Government Gazette No.42312 of 15 March 2019. The promulgated agreement came into effect from 25 March 2019.

1. Basis of preparation and summary of significant accounting policies

The financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities, issued by the International Accounting Standards Board. The financial statements have been prepared on the historical cost basis, except for the revaluation of land and buildings, and incorporate the

principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

Key sources of estimation uncertainty

Useful lives of property, plant and equipment

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

Impairment testing

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

Provisions

Provisions are inherently based on assumptions and estimates using the best information available.

Additional disclosure of these estimates of provisions are included in note 11 - Provisions.

Trade and other receivables

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

1.2 Property, plant and equipment

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

Property, plant and equipment is initially measured at cost.

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

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, except for land and buildings which are stated at revalued amounts. The revalued amount is the fair value at the

date of revaluation less any subsequent accumulated depreciation and impairment losses.

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

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

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

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

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



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

Land is not depreciated.

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

The depreciation charge for each period is recognised

Item	Depreciation method	Average useful life
Buildings	Straight line	50
Motor vehicles	Straight line	5
Office equipment	Straight line	5
Furnitures & fixtures	Straight line	5
IT equipment	Straight line	3
Containers	Straight line	5

in surplus or deficit unless it is included in the carrying amount of another asset.

Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Where major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to the components and they are depreciated separately over each component's useful life.

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

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

1.3 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are initially recognised at cost and subsequently at cost less accumulated amortisation and accumulated impairment losses.

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

1.4 Inventories

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

1.5 Trade and receivables

Trade and receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimate irrecoverable

amounts are recognised in the surplus or deficit when there is objective evidence that the asset is impaired.

1.6 Trade and other payables

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

Item	Average useful life
Computer Software	3

1.7 Industry trust accounts

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

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

Income earned on invested money accrues to the Council.

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

Any contribution paid to a benefit fund which is not claimed or otherwise legally disposed of within five years

of receipt of that contribution will be forfeited to the forfeiture liability of the contribution concerned.

1.8 Unclaimed Benefit Liability

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

1.9 Financial Instruments

Initial measurement

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

Financial Instruments at amortised cost

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

1.10 Leases

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

Operating leases – lessee

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

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

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

1.11 Impairment of assets

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

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

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets)

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

1.12 Provisions

Provisions are recognised when the Council has an obligation at the reporting date as a result of a past event, it is probable that the Council will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are not recognised for future operating losses.

1.13 Employee benefits

Short-term employee benefits

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

Defined contribution plans

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

1.14 Revenue

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

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

1.15 Cash and cash equivalents

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

1.16 Other financial assets

These financial assets are initially recognised at fair value plus direct transactions costs, and subsequently measured at amortised cost using effective interest rate method.



NOTES TO THE FINANCIAL STATEMENTS

2. Property, plant and equipment

Figures in Rand	2019			2018		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land and Buildings	31,234,573	-	31,234,573	30,600,000	-	30,600,000
Furniture and fixtures	14,775,788	(11,832,762)	2,943,026	15,176,671	(12,821,669)	2,355,002
Motor vehicles	4,534,366	(2,672,163)	1,862,203	4,004,692	(1,946,830)	2,057,862
Office equipment	4,282,407	(3,449,415)	832,992	3,944,256	(3,540,810)	403,446
IT equipment	19,160,101	(14,698,566)	4,461,535	17,658,554	(13,117,543)	4,541,011
Containers	2,347,669	(1,669,255)	678,414	2,347,669	(1,318,018)	1,029,651
Total	76,334,904	(34,322,161)	42,012,743	73,731,842	(32,744,870)	40,986,972

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Land and Buildings	30,600,000	634,573	-	-	31,234,573
Furniture and fixtures	2,355,002	1,543,005	-	(954,981)	2,943,026
Motor vehicles	2,057,862	529,694	-	(725,353)	1,862,203
Office equipment	403,446	804,335	-	(374,789)	832,992
IT equipment	4,541,011	3,141,667	(64,104)	(3,157,039)	4,461,535
Containers	1,029,651	-	-	(351,237)	678,414
Total	40,986,972	6,653,274	(64,104)	(5,563,399)	42,012,743

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of property, plant and equipment - 2018

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

Revaluations

The Council's land and buildings are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed every three years and in intervening years if the carrying amount of the land and buildings differs materially from their fair value. There was no revaluation of the land and buildings for the period ended 28 February 2019 (The previous revaluation was performed as at 28 February 2018). The revaluation on the land and buildings was performed by an independent valuer, Mr. Grant Fraser, who is not related to the Council. The valuation stated was on the basis that the properties would be sold on the assumption of vacant possession.

The carrying value of the revalued assets are as follows:

Erf 2915 Johannesburg 31 De Korte Street Braamfontein	13,400,000	13,400,000
Erf 2914 Johannesburg 29 De Korte Street Braamfontein	11,000,000	11,000,000
Erf 7498 Parrow 141 Voortrekker Road Parrow	6,834,573	6,200,000
	31,234,573	30,600,000

NOTES TO THE FINANCIAL STATEMENTS

3. Intangible assets

Figures in Rand	2019			2018		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	24,750,719	(18,125,507)	6,625,212	24,155,686	(17,014,067)	7,141,619

Reconciliation of tangible assets - 2019

	Opening balance	Additions	Amortisation	Total
Computer software	7,141,619	1,025,383	(1,541,790)	6,625,212

Reconciliation of tangible assets - 2018

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

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand	2019	2018
4. Other financial assets		
At amortised cost		
Wellness Fund Investment	15,870,952	-
Main Council Investment	477,178,870	334,434,898
Holiday Pay Fund Investment	406,786,394	387,541,800
Leave Fund Investment	636,454,126	469,197,169
Sick Fund Investment	869,254,018	719,386,599
	2,405,554,360	1,910,550,466

The investments are held at a variety of financial institutions. These investments bear interest between 7% and 7.89%. (2018:7% and 8.02% per annum.)

Current assets	2,405,554,360	1,910,560,466
At amortised cost		

5. Trade and other receivables

Deposits-Utilities and Rentals		
Sundry Debtors	574,402	395,188
Accrued Income and PAYE SARS payment	21,075	2,202,587
Current Accounts-Main and Wellness	7,519,445	1,439,012
Prepaid Expenses	6,682	26,858
	173,606	140,462
	8,295,210	4,204,107

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand	2019	2018
6. Inventories		
Inventory	113,620	141,978
7. Cash and cash equivalents		
Cash and cash equivalents consist of.		
Bank balances	79,977,181	330,253,491
Petty cash	39,873	45,317
	80,017,054	330,298,808
8. Revaluation		
Opening balance	8,494,136	3,894,136
Gains on revaluations of land and building	-	4,600,000
	8,494,136	8,494,136
9. Trade and other payables		
Trade payables	32,490,552	24,797,652
Vat VDP	3,228,743	2,015,481
Leave pay accrual	4,007,997	2,815,828
Industry Trade Unions and Subscription fees	1,122,201	-
Trust account	5,810,050	5,115,084
	46,659,543	34,744,045

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand	2019	2018
9. Trade and other payables (continued)		
Trust account relates to the enforcement cases by the industry employees against the employer. The funds paid by the employer after the award by the Commissioner and settlement between Council and the employer regarding the enforcement cases are allocated to the trust account.		
10. Industry trust and unclaimed benefit liability		
At amortised Cost		
Balance for the year	1,947,161,423	1,781,513,746
	1,947,161,423	1,781,513,746
Movements during the year		
Contribution received		
Holiday Pay Fund	977,643,557	887,464,000
Leave Pay Fund	723,197,135	654,417,567
Sick Leave Fund	539,233,950	492,305,509
	2,240,074,642	2,034,187,076
Payout for the year		
Holiday Pay Fund	(945,467,291)	(863,351,981)
Leave Pay Fund	(652,298,988)	(611,452,884)
Sick Leave Fund	(476,660,686)	(450,632,695)
	2,074,426,965	1,925,437,560
Current liabilities		
At amortised cost	1,947,161,423	1,781,513,746

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand

2019

2018

11. Provisions - 2019

Reconciliation of provisions - 2019

	Opening balance	Additions	Utilised during year	Total
Incentive Bonus	13,646,217	15,911,985	(13,646,217)	15,911,985

Reconciliation of provisions - 2018

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

12. Revenue

Interest Received			208,609,938	197,066,567
Wellness Fund Contribution			236,153,236	217,660,543
Levies Received			97,542,190	87,922,110
			542,305,364	502,649,220

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand	2019	2018
13. Other Income		
CCMA Subsidy Income	1,430,570	993,860
Legal Fees Recovered	42,079	13,876
Services Seta Income	32,994	273,275
Rental Income	406,615	395,362
Sheriff Fees Legal Arbitration	31,229	79,788
Income Arbitration Costs	1,963,723	1,750,458
Sundry Income-Wellness	167,374	-
Profit on Sale of Fixed Assets	2,854	107,570
Income - Arbitrations Penalties	1,720,916	1,736,993
	5,798,354	5,351,182
14. Operating expenses		
Operating Expenses for the year is stated after accounting for the following:		
Amortisation on intangible assets	1,541,790	1,740,588
Depreciation on property, plant and equipment	5,563,381	4,971,008
Employee costs	133,844,926	112,434,553
Pension Fund Contribution	4,436,510	3,732,385

15. Taxation

No provision has been made for taxation as the fund is currently exempt from income taxation in terms of section 10(1)(cA)(I) of the Income Tax (Confirmed on 17 February 2003).

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand	2019	2018
16. Auditor's remuneration		
Audit Fees	772,397	816,687
17. Cash generated from operations		
Profit before taxation	69,455,306	85,412,249
Adjustments for:		
Depreciation and amortisation	7,105,171	6,711,596
Loss on scrapping of assets	49,585	-
Profit on sale of assets	(2,854)	-
Movements in provisions	2,265,768	2,316,072
Changes in working capital:		
Inventories	28,358	(45,167)
Trade and other receivables	(4,091,103)	(352,843)
Trade and other payables	11,915,498	836,024
	86,725,729	94,877,931

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand

18. Commitments

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year

- in second to fifth year inclusive

2019
2018

3,017,873

3,864,806

6,296,556

1,036,534

9,314,429
4,901,340

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

19. Key Executive Management Remuneration

2019

Remuneration
Total

Executive Management and Council Members Remuneration

17,173,002

17,173,002

2018

Remuneration
Total

Executive Management and Council Members Remuneration

15,389,069

15,389,069

Key executive management personnel include 24 Council members who serve on Council board and various sub committees, 7 senior managers and the National Secretary who is the head of Council administration. The remuneration of senior managers was not disclosed in 2018, therefore has been restated.

NOTES TO THE FINANCIAL STATEMENTS

20. Categories of financial instruments

		2019		2018		
	Notes	Financial assets at amortised cost	Financial liabilities at amortised cost	Leases	Equity and non financial assets and liabilities	Total
Assets						
Non-Current Assets						
Property, plan and equipment	2	-	-	-	42,012,742	42,012,743
Intangible assets	3	-	-	-	6,625,212	6,625,212
		-	-	-	48,637,955	48,637,955
Assets						
Current Assets						
Inventories	6	-	-	-	113,620	113,620
Other financial assets	4	2,405,554,360	-	-	-	2,405,554,360
Trade and other receivables	5	8,121,604	-	-	173,606	8,295,210
Cash and cash equivalents	7	80,017,054	-	-	-	80,017,054
		2,493,693,018	-	-	287,226	2,493,980,224
Total Assets		2,493,693,018	-	-	48,925,181	2,542,618,199
Equity and Liabilities						
Equity						
Reserves		-	-	-	8,494,136	8,494,136
Accumulated surplus		-	-	-	524,391,112	524,391,112
		-	-	-	532,885,248	532,885,248
Total Assets		-	-	-	532,885,248	532,885,248
Current Liabilities						

NOTES TO THE FINANCIAL STATEMENTS

20. Categories of financial instruments (continued)

	Notes	2019		Leases	2018	
		Financial assets at amortised cost	Financial liabilities at amortised cost		Equity and non financial assets and liabilities	Total
Industry trust and Unclaimed benefit liability	10	-	1,947,161,423	-	-	1,947,161,423
Trade and other payables	9	-	43,430,800	-	3,228,743	46,659,543
Provisions	11	-	-	-	15,911,985	15,911,985
		-	1,990,592,223	-	19,140,728	2,009,732,951
Total Liabilities		-	1,990,592,223	-	19,140,728	2,009,732,951
Total Equity and Liabilities		-	1,990,592,223	-	552,025,976	2,542,618,199

Categories of financial instruments - 2018

Assets

Non-Current Assets

Property, plant and equipment	2	-	-	-	40,986,972	40,986,972
Intangible assets	3	-	-	-	7,141,619	7,141,619
		-	-	-	48,128,591	48,128,591

Current Assets

Inventories	6	-	-	-	141,978	141,978
Other financial assets	4	1,910,560,466	-	-	-	1,910,560,466
Trade and other receivables	5	4,063,645	-	-	140,462	4,204,107
Cash and cash equivalents	7	330,298,808	-	-	-	330,298,808
		2,244,922,919	-	-	282,440	2,245,205,359
Total Assets		2,244,922,919	-	-	48,411,031	2,293,333,950

Equity and Liabilities

Equity

NOTES TO THE FINANCIAL STATEMENTS

20. Categories of financial instruments (continued)

	Notes	2019		Leases	2018	
		Financial assets at amortised cost	Financial liabilities at amortised cost		Equity and non financial assets and liabilities	Total
Reserves		-	-	-	8,494,136	8,494,136
Accumulated surplus		-	-	-	454,935,806	454,935,806
		-	-	-	463,429,942	463,429,942
Total Equity		-	-	-	463,429,942	463,429,942
Current Liabilities						
Industry trust and Unclaimed benefit liability	10	-	1,781,513,746	-	-	1,781,513,746
Trade and other payables	9	-	32,728,564	-	2,015,481	34,744,045
Provisions	11	-	-	-	13,646,217	13,646,217
		-	1,814,242,310	-	15,661,698	1,829,904,008
Total Liabilities		-	1,814,242,310	-	15,661,698	1,829,904,008
Total Equity and Liabilities		-	1,814,242,310	-	479,091,640	2,293,333,950

21. Going concern

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

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

22. Events after the reporting period

There are no material subsequent events to report on.

DETAILED INCOME STATEMENT

Figures in Rand	Note(s)	2019	2018
4. Other financial assets			
Revenue			
Interest Received		208,609,938	197,066,567
Wellness Fund Contribution		236,153,236	217,660,543
Levies Received		97,542,190	87,922,110
	12	542,305,364	502,649,220
Other Income			
CCMA Subsidy Income		1,430,570	993,860
Legal fees recovered		42,079	13,876
Services Seta Income		32,994	273,275
Rental Income		406,615	395,362
Sheriff fees arbitration		31,229	79,788
Income arbitration costs		1,963,723	1,750,458
Sundry Income		167,374	-
Profit on sale of assets		2,854	107,570
Income - arbitration penalties		1,720,916	1,736,993
		5,798,354	5,351,182
		(478,648,412)	(422,588,153)
Expenses (Refer to note 15)			
Surplus for the year		69,455,306	85,412,249
Other comprehensive Income (revaluation of land and buildings)		-	4,600,000
Surplus for the year		69,455,306	90,012,249
Operating expenses			
Advertising		(6,092,993)	(8,635,762)
Non-Reclaimable Vat	16	(1,215,690)	-
Auditors remuneration		(772,397)	(816,687)
Bad debts written off		(138,971)	-
Bank charges		(2,453,765)	(2,168,302)
Computer Hardware, Leasing and Software Maintenance		(27,545,547)	(21,225,847)

	Note(s)	2019	2018
Consulting and professional fees		(4,603,191)	(4,238,541)
Depreciation, amortisation and impairments		(7,105,171)	(6,711,596)
Employee costs		(133,844,926)	(112,434,553)
Attendance fees		(3,929,304)	(3,338,839)
Pay card		(6,971)	(324,059)
Trucking Wellness Funding		(14,989,546)	(12,168,768)
Arbitration expense		(21,781,984)	(19,396,569)
Bursary expense		(970,778)	(547,919)
Equipment hire		(3,549,303)	(3,068,225)
Exemption body expense		(689,576)	(847,445)
Lease rentals		(4,833,081)	(3,864,806)
Loss on scrapped assets		(49,585)	(27,784)
Penalties and interest		(511)	(114)
Treatment program costs		(28,650,091)	(30,377,378)
Beneficiary verification		(86,505)	(19,363)
Insurance		(1,100,313)	(1,001,002)
Legal expenses		(3,963,874)	(2,926,227)
Medical expenses		(184,126,906)	(167,075,640)
Motor vehicle expenses		(1,533,995)	(1,760,661)
Management fee - Wellness		(581,889)	(530,100)
Negotiation Paradigm		(5,457,232)	-
Postage		(645,417)	(469,129)
Printing and stationery		802,806	(2,061,571)
Seminars		(203,323)	(250,920)
Meeting expenses		(582,597)	(682,769)
Repairs and maintenance		(4,076,559)	(2,851,817)
Security		(2,240,800)	(2,072,195)
Chairman allowance		(19,076)	(56,259)
Staff welfare		(1,872,050)	(1,691,776)
Utilities		(3,722,956)	(3,396,837)
Telephone and fax		(2,414,864)	(2,062,520)
Staff Training		(821,249)	(1,107,351)
Training - Councillors		(78,502)	(138,599)
Travel - local		(2,090,963)	(1,637,863)
Travel - Councillors		(608,767)	(602,360)
		(478,648,412)	(422,588,153)

Council Responsibilities and Approval

The Council members are required to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Council as at the end of the financial year and the results of its operations and cash flows for the period then ended.

The financial statements are prepared in accordance with the International Financial Reporting Standards for Small and Medium sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The external auditor is engaged to express an independent opinion on the financial statements.

The Council members acknowledge that they are ultimately responsible for the system of internal financial control established by the Council and place considerable importance on maintaining a strong control environment. To enable the Council members to meet these responsibilities, the Council 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 Council members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

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

The external auditor is responsible for independently auditing and reporting on the Council's financial statements. The financial statements have been examined by the Council's external auditor. The financial statements which have been prepared on the going concern basis, were approved by the Council members on July 25, 2019 and were signed on its behalf by:



Mr Musawenkosi Ndlovu
National Secretary

Mr Fred Meier
Chairperson

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*The financial
statements are*

prepared in accordance

with the International

Financial Reporting

Standards for Small

and Medium sized

Entities

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Signed
Independent
Audit Report



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Report of the

Independent Auditors

to the Members of the

National Bargaining

Council for the Road

Freight and Logistics

Industry

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Independent Auditor's Report

Opinion

We have audited the financial statements of National Bargaining Council for Road Freight and Logistic Industry which comprise the statement of financial position as at 28 February 2019, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly. In all material respects, the financial position of National Bargaining Council for Road Freight and Logistics Industry as at 28 February 2019, and its financial performance and cash flows for the year then ended

In accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of section 29(15) (a) of the Labour Relations Act of 1995.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Council in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (Revised November 2018) (with the IRBA Codes) and other independence

requirements applicable to performing audits of financial statements in South Africa.

We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa.

The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Council members are responsible for the other information, which includes the Detailed Income Statement. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the information obtained prior to the date of this auditor's

report, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Council Members for the Financial Statements

The Council members are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of section 29(15) (a) of the Labour Relations Act of 1995, and for such internal control as the council board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a

material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud error design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- Conclude on the appropriateness of the Council's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are

required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Nexia SAB&T

Nexia SAB&T
Per: A Darmalingam
Director
Registered Auditor

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We have fulfilled

our ethical

responsibilities,

as applicable, in

accordance with the

IRBA Codes and in

accordance with other

ethical requirements

applicable to

performing audits in

South Africa

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to Council

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NBCRFLI

National Bargaining Council for the Road Freight and Logistics Industry

Your Road Freight Partner.

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