

A man in a white high-visibility vest is pushing a hand truck loaded with boxes. The background is a blurred outdoor setting with a white fence and a white car. The image is framed by a large yellow circle and a black swoosh.

ANNUAL REPORT 2017



NBCRFLI

National Bargaining Council for the Road Freight and Logistics Industry

Your Road Freight Partner.

YOUR
ROAD
FREIGHT
PARTNER

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TABLE OF CONTENTS

2 CHAIRMAN'S REPORT

6 NATIONAL SECRETARY'S REPORT

10 ORGANISATIONAL PROFILE

11 NBCRFLI GOVERNING BODY/COUNCIL

15 COUNCIL BOARD MEMBERS

17 EXECUTIVE COMMITTEE (EXCO)

21 ADMINISTRATIVE ORGANISATIONAL STRUCTURE

Parties to Council	22
Risk Governance	23

24 OPERATIONS DEPARTMENT

Dispute Resolution	24
Conciliations Heard 2016/2017	25
Arbitrations Heard 2016/2017	26
Enforcement	28
New Registration	29
Survey: Client Services 2016/17	31

32 COMMUNICATION AND MARKETING

34 FUNDS ADMINISTRATION

Payouts Process	35
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38 WELLNESS FUND

Statistics	38
Background	41
Conclusion	44
In Closing	45

46 HUMAN RESOURCES

Training Development	47
Staff Pension Fund	48
Bursaries	49

50 COMMITTEE SECRETARY REPORT

51 INFORMATION TECHNOLOGY

52 FINANCE

Introduction	52
Investment Figures, Revenue & Income	53
Expenditure	54
Procurement and Payroll	57

58 ADMINISTRATION AND FACILITIES

60 AUDIT AND RISK COMMITTEE REPORT

Committee Composition and Attendance of Meetings	62
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65 INTERNAL AUDIT

Fraud Management	68
Corporate Governance Matters	69

70 AUDITED FINANCIAL STATEMENTS

72 FINANCIALS

75 REPORT OF INDEPENDENT AUDITORS

89 CONTACT DETAILS

90 PARTIES TO COUNCIL

91 2017 HIGHLIGHTS & ACCOMPLISHMENTS

92 ACKNOWLEDGEMENTS



FRED MEIER
Chairperson of the NBCRFLI

CHAIRMAN'S REPORT

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

I am able to report, with great pride, that the Council's financial performance for the 2016/2017 financial year exceeded expectations.

Despite tough economic times, the year has also been a financially positive one in that it was one of our best return periods. The Council's financial gain and positive reserve status places it in a secure position to continue servicing the industry in an effective and efficient manner.

I am further pleased with the progress that the Council has made towards developing and driving an organisation-wide cost-saving culture. Various cost saving initiatives across the organisation have been undertaken and stringent cost control measures have been built around the Council's systems and processes. In addition, we have continued to build healthy surpluses as evidenced in the Council financial statements. The NBCRFLI is currently in the process of exploring other investment opportunities in an attempt to maximise its income revenue stream in line with one of its strategic objectives. In order to achieve this initiative, Council established the Investment Committee at its last Annual General Meeting. The Investment Committee is responsible for advising on all the NBCRFLI's investment decisions.

Despite its outstanding financial achievements, the Council is fully aware of the ever fluctuating economic climate and the major impact this has on its members within the Road Freight and Logistics Industry. The Exemption Body thus continued to play a key role in reviewing and deliberating on exemption applications brought by industry companies that, amongst others, cannot afford to pay the agreed wage due to adverse economic conditions in order to try and avoid potential job losses, while also ensuring that those who can, do compensate their workers according to agreed wages as per the Council's Main Collective Agreement.

A key core function that we continue to offer to the industry is collective bargaining on a national level. For individual employers, this is a value add, as they do not have to spend time and resources on this activity. It also helps to level the playing field in the industry by standardising a minimum wage and other matters of mutual interest.

Another milestone achieved during the financial year was the promulgation of the Main Collective Agreement for another three years by the Minister of Labour. This can be attributed to strong relationships and partnerships that have been built over the years between Parties to Council, Council Administration and the Department of Labour based on ensuring peace and labour stability within the Road Freight and Logistics Industry through collective bargaining at a national level.

On behalf of the entire NBCRFLI, I would like to thank the Minister of Labour and her team for extending the Main Collective Agreement for the period up to February 2019. I would also like to acknowledge the Parties to Council for their hard work and dedication, paying particular attention to their professionalism. It is with this result that we elevate the status and economic well-being of every member within the Road Freight and Logistics Industry.

Good corporate governance underpins transparency, fairness and accountability in the NBCRFLI's interaction with all our stakeholders. Our objective is to balance the interests and expectations of our stakeholders and all other groups affected by our services. Our focus was to strengthen corporate governance issues through an enhanced Council and sub-committee structure and respond to our members' needs. As a trusted partner in the Road Freight and Logistics Industry, I have the pleasure to indicate that the Council's Governance Framework and related policies have been adopted and all our Council sub-committees are operational, except for the Social and Ethics Committee that will be prioritised within the next financial year. All Committees held meetings during the year under review to ensure that all Councils' activities were managed effectively.

During the year in review, the NBCRFLI's Trucking Wellness Project (NPC) was registered as a Section 21 Company. A decision was made by the Council to establish a public benefit organisation in order to strengthen controls and governance around the Trucking Wellness Project. With a board of directors, which includes independent members, steering the NPC, the Trucking Wellness Programme is better aligned to its cause of offering a world class service to the Road Freight and Logistics Industry.

Another highlight for us was the prestigious accreditation we received from the Commission for Conciliation, Mediation and Arbitration (CCMA). With the accreditation, we are able to continue to conduct conciliations and arbitrations, including pre-dismissal arbitrations, from March 2017 to February 2019. This decision was taken following the high

quality of dispute resolution services we have provided over the years.

We are continually working on our Internal Business Systems to ensure they are modernised, compliant with legislation and have integrity beyond repute. During the year in review, an Information Technology (IT) Governance Framework was adopted by the Council and an IT Steering Committee was set up to ensure that the Council follows best practice and protocol in all IT related matters. The IT Steering Committee's primary focus is to ensure that the Council's strategic direction and IT activities are properly aligned and coordinated.

At the Council, we are deeply aware that fraud and corruption negatively impacts on the members of the Road Freight and Logistics Industry. As members of this industry, we need to work together to fight against crime of whatever nature, which includes unlawful, dishonest and unethical behaviour such as fraud and non-compliance.

We thus continue to communicate about our "Be Heard" disclosure service whereby industry members can report any crime that they see or suspect in the workplace. We are constantly urging all industry members to join in the fight against fraud and corruption in our industry by contacting our "Be Heard" to report any form of non-compliance and/or suspected fraudulent activities. In this regard, the Council will provide Fraud Awareness and Prevention Training for all its employees across our offices in the new financial year.

We continue to foster good relations with our key partners such as the Department of Labour, the Registrar of the Labour Court, the CCMA and the Departments of Health and Transport. Without their support, many of the milestones we achieved during the year would not have been possible.

Despite the tremendous accomplishments and positive financial performance achieved during the year under review, which ensures that the Council continues to provide services to the industry and deliver on its mandate, the Council faces a major challenge relating to long-term sustainability. Accordingly, the Council held strategic sessions to discuss and provide ideas on how to remain relevant within this industry in the future and possibly increase its representativeness. For the year ahead, the Council resolves to focus its energy on putting practical measures and actions in place that will ensure long-term sustainability of the Council and its relevance to the industry it serves. Some of these may need to be quite radical shifts.

As we move into the new financial year, team work 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 members will grow in their understanding of the relevance of the Council to the stability of the industry's labour relations. Without the Council, standards could flounder and fair labour practices would be neglected in places. So let us work together, with a spirit of determined cooperation, to further the well-being of the Road Freight and Logistics Industry and to ensure our survival as a partner to it.







MR MUSAWENKOSI NDLOVU
National Secretary for the NBCRFLI

NATIONAL SECRETARY'S REPORT

The issuing of an Annual Report is always an opportune time to reflect on the successes achieved and challenges faced in the previous year. This is particularly important in the case of the National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI) as it plays a pivotal role in the economy of the country.

The 2016/2017 financial year has been very successful for the NBCRFLI. Challenges were faced and overcome and goals were achieved. Measures were put in place to save costs and effective business models were utilised to offer efficient and effective services to all the stakeholders.

The NBCRFLI performed exceptionally well financially over the 2016/17 financial period. The income generated for the year under review was R463 685 250 (last year: R391 806 491) overall and R264 493 118 (last year: R208 400 287) for the Main Council, which is 18.35% and 26.92% respectively above the targeted income. Our return on investments (interest earned) was R181 256 551 (last year: R127 208 170,) with the effective rate of return being 10.22% for the current year, up from 8.34% achieved in the previous year. Levies for the year under review were R78 973 216 (last year: R75 627 547), which is an increase of 4.42% from last year. The increase in revenue is mainly attributed to the increase in industry wages, resulting in increased levy income and contributions received which resulted in increased surplus funds available for investments.

One of the Council's strategic objectives is the maintenance of fiscal stability. The NBCRFLI is currently in the process of exploring other investment opportunities in an attempt to maximise its income revenue stream in line with this strategic objective. In order to achieve this initiative, the Council established the Investment Committee at the last Annual General Meeting.

The operational expenditure was 13.62% below the budget. Throughout the year, we kept a close watch on our expenditure without compromising on business continuity and quality service delivery. We focused heavily on implementing cost-saving methods and suspended certain Council activities, as a precautionary measure, until the Council's Main Collective Agreement was extended to non-parties. Staff members were also trained and made aware of these measures and initiatives by encouraging them to fully participate in the budgetary process and taking responsibility for their departments and sections.

The Council's financial achievements over the past financial year can also be attributed to the positive returns on the Council's invested monies.

We are committed to continue providing an effective service to the Road Freight and Logistics Industry by assisting our members with a range of industry related offerings such as the enforcement of the Main Collective Agreement, dispute resolution, and wellness and funds administration through our offices across the country.

During the year in review, the Council appointed a General Manager: Operations. This decision was undertaken to provide an effective and efficient service to Council stakeholders through the services of the Operations Department.

Another major milestone achieved during the year in review was the extension of the the Council's Main Collective Agreement period of operation to 2019. This was an important milestone for the Council considering that the Main Collective Agreement was initially extended for a period of six (6) months for the period ending September 2016. The extension is a vote of confidence in everybody involved in the Council, especially the Parties to Council.

Through our valuable hard work and dedication, we are providing a service that is of the highest standards to our members. This is shown, amongst others, by the fact that the CCMA has extended its 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.

For the year under review, it is vital that each of us continue offering impeccable service levels to our stakeholders to ensure our sustainability past 2019. Further, we have to recognise and acknowledge the risks that we face and manage these risks strategically to ensure all stakeholders ultimately benefit from the NBCRFLI.

We continuously work on system enhancements with the main aim of streamlining processes to ensure timeous and correct payment to employees.

During the year in review, we proudly introduced the Paycard Solution for all industry employee members. While the Paycard Solution is optional for South African citizens, it is compulsory for all foreign employees. The Paycard Solution, issued on behalf of the NBCRFLI, is a value add service where all benefits (sick leave, annual leave, sick bonus and 13th cheque payments) are paid into an employee's NBCRFLI account which can be accessed through the

Paycard Solution. The introduction of the Paycard Solution was necessary to ensure that employees are paid on time, every time. The Paycard Solution system means that employers no longer have to update the banking details of their employees and reduce the risk of rejected banking details or payments.

In the year under review, another highlight was the success of the year-end payouts, which yielded better results compared to the previous years.

The Council embarked on a compliance initiative, which is a mutually beneficial and co-operative working relationship with the Transnet National Ports Authority (TNPA). The working relationship ensures that the maximum number of unregistered companies falling within the jurisdiction of the Council is detected and registered, to promote awareness of the Council's existence. The aim is to create similar kinds of co-operation with all other Ports Authorities.

The IT infrastructure Turnaround Strategy, that started in February 2014, was finalised in the year under review. This was done to ensure our IT infrastructure is governed, managed and optimised in order to minimise our IT risk at an acceptable level.

One of the Councils' core beliefs is to be transparent and honest in all our offerings, and that is why communication is a key cornerstone in our operations. Our communication platform is divided into two strategies, targeted towards the employee and employer in our industry.

The Council realises that industry employees are integral to the effective functioning of the Road Freight and Logistics Industry. We have therefore made a concerted effort to promote our messages using accessible platforms to our industry members. The results of the research conducted to improve our existing communication methods pointed out that the Daily Sun newspaper catered for the majority of our employee members. For the year in review, we advertised in the Daily Sun newspaper to highlight specific Council related issues and decisions that may have an impact on them.

The Council website continues to play an instrumental role in assisting our stakeholders to find Council related information that is relevant to them. Moving ahead, we plan on exploiting further existing communication platforms to help us reach more stakeholders than ever before. This emphasises our commitment to make sure that all members are kept up-to-date with relevant Council information.

The NBCRFLI continued to make use of the mobi app which caters for both employer and employee members. The mobi app, which has similar content to that found on the website, makes it easier for those who are constantly on the road to access Council related information anytime, anywhere.

The Council has also realised the importance that our Call Centre plays in ensuring that the Council is always accessible to its members. Plans are underway to capacitate the existing Gauteng Call Centre and also 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.

Another platform used by the Council to communicate with its members during the year under review was the Stakeholder Engagement Sessions. At the NBCRFLI, we understand the importance of continuous engagement. Through this platform, we are able to educate and enlighten members about topics within the Road Freight and Logistics Industry. A major point of engagement was the changes to the Main Collective Agreement, whereby employers and unions were educated about the changes affecting the industry. During the forthcoming financial year we will use the Stakeholder Engagement Sessions to further spread the reach amongst members.

During the year ahead, we plan to nurture the relationship between the Council and its members via a National Roadshow. This will educate Road Freight and Logistics Industry members and non-members about the importance of the Council and create an awareness of the Council's services provided to the industry.

The ultimate goal of this initiative will allow us to bring the Council closer to the people within the industry, thereby creating a harmonised Road Freight and Logistics Industry.

During the year under review the 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, ultimately enabling us to better the lives of our members.

With a board of directors including independent members steering the Trucking Wellness Project (NPC), the Trucking Wellness Programme can be better aligned to its cause to offer a world class service and thereby be seen in a more strategic light.

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 is committed to investigate various viable options to ensure that the Health Plan remains within affordable range for our members.

For the year in review, the Human Resource (HR) structure was approved following an organisational structure assessment. The strategy of the Council is to elevate the HR function and ensure that the Department becomes a strategic partner to other Departments within the Council and to ensure we have the right culture, capacity and capability to achieve our objectives. The NBCRFLI embarked on an annual organisational job grading exercise. This was done to ensure that employees are placed within the correct and appropriate salary grades and address any salary discrepancies including pay parity. This strategy is to promote a Council that is caring, accountable, transparent, inclusive, learning and transformative.

The Council is further committed to developing its staff members through education and training, both for career development as well as to meet employee's personal aspirations. This commitment is also in line with the Council's endeavours to provide equal opportunities for all employees, including those from preciously disadvantaged backgrounds. Thus, bursaries were awarded to staff members during the 2016/2017 financial year. In addition, staff members were sent on a number of training courses.

During the year under review, I am pleased to report that an Agents Learnership Skills Programme, was approved by the Council, and a service provider was appointed to design the Programme in line with the Council's requirements.

The purpose of this Programme is to assist the Council's agents to understand the Main Collective Agreement. This will lead to a standardised way of interpreting the clauses

in the Main Collective Agreement and ultimately contributing towards labour harmony and productivity in the industry.

While we are pleased to celebrate our achievements and successes as the Council, we are however mindful of membership representativity challenges facing bargaining councils. Hence the Council resolved to focus its energy in the year ahead on putting practical measures in place that will ensure sustainability of the Council beyond 2019.

In conclusion, I would like to extend a warm word of thanks to all the Office Bearers, Exco members, Council members, members of the Council's Sub-Committees, the senior management team, and staff members for their dedication, hard work, commitment and unwavering support and guidance in providing an extraordinary service to our stakeholders. It is through your work that the NBCRFLI is a dynamic organisation that meets the needs of its members and transforms according to trends and challenges that we face as a Council. As we look forward to the year ahead, we will continue to facilitate a service that goes beyond the expectations of our stakeholders. I am confident that we have the right team in place to achieve our goals and continue on this exciting journey with our stakeholders.

GOVERNANCE REPORT

ORGANISATIONAL PROFILE

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

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

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

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

THE COUNCIL SUPPORTS INDUSTRY MEMBERS THROUGH A NUMBER OF VALUE-ADDED SERVICE OFFERINGS, INCLUDING:

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



NBCRFLI GOVERNING BODY

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

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

COUNCIL GOVERNANCE STRUCTURES

THE COUNCIL

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

EXCO

The Executive Committee or Exco is made up of five members appointed proportionally from the employer parties, and five members appointed proportionally from labour parties. 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 Council's Constitution.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is constituted as a statutory committee of the NBCRFLI, which includes three independent members, and is a committee of the Council. 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 management's role in creating and maintaining an effective control environment within the organisation.

WELLNESS FUND COMMITTEE

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

MEMBERSHIP AND COMPLIANCE COMMITTEE

The Membership Committee was combined with the Compliance Committee during the year under review to monitor compliance in the industry and ensure representativeness of Parties to Council. It is made up of eight 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 adjudicate 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 a senior counsel and attorneys. The Exemptions and Dispute Resolution Collective Agreement stipulates the processes to be followed during the hearings.

REMCO/HR COMMITTEE

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

OUTSTANDING WAGE MATTERS COMMITTEE

This Outstanding Wage Matters Committee was established by an agreement between parties to finalise matters that were still outstanding after the negotiations. A number of outstanding matters have since been finalised and the Council is on track to finalise the remaining matters before the next round of wage negotiations.

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.

BUILDING ACQUISITION COMMITTEE

The Building Acquisition Committee is an interim structure that was formed to establish the adequacy and safety of buildings owned by the Council, as well as those leased to the Council by different service providers. It is also made up of ten members appointed equally from employer parties and labour parties.

SECTION 21 COMPANY

This is a non-profit company set-up by the NBCRFLI to canvas for and provide funds, resources and assets in accordance with an annual budget approved by NBCRFLI, to any public benefit organisation approved in terms of Section 30 of the Income Tax Act, 1962, which is appointed as the service provider to operate Trucking Wellness whilst at the same time, carrying on any other public benefit activity as defined in Section 18A of the Income Tax Act, 1962, if approved by the NBCRFLI.

INVESTMENT COMMITTEE

The Committee shall assist Council in fulfilling its oversight responsibility for the investment of assets of the Trust Funds in its care, while thoroughly investigating investment decisions in respect of specific investment transactions including the evaluating of investment opportunities.

MEETINGS HELD FOR THE 2016/2017 FINANCIAL YEAR

COMMITTEE	NUMBER OF MEETINGS HELD
The Council	The Council held a total of five quorated meetings
Executive Committee	The Executive Committee held a total of three quorated meetings
Audit and Risk Committee	The Audit and Risk Committee held a total of seven quorated meetings
Wellness Fund Committee	The Wellness Fund Committee held a total of seven quorated meetings
Membership and Compliance Committee	The Membership and Compliance Committee held a total of six quorated meetings
Independent Exemptions Body and Independent Exemptions Appeal Body	The Independent Exemptions Body and Independent Exemptions Appeal Body Committee held a total of eleven quorated meetings
Remco/HR Committee	The Remco/HR Committee Committee held a total of seven quorated meetings
Outstanding Wage Matters Committee	The Outstanding Wage Matters Committee held a total of six quorated meetings
Governance Committee	The Governance Committee held a total of three quorated meetings
Building Acquisition Committee	The Building Acquisition Committee held one quorated meeting
Investment Committee	The Investment Committee held a total of two quorated meetings
Section 21 Company	The Section 21 Company held a total of six quorated meetings

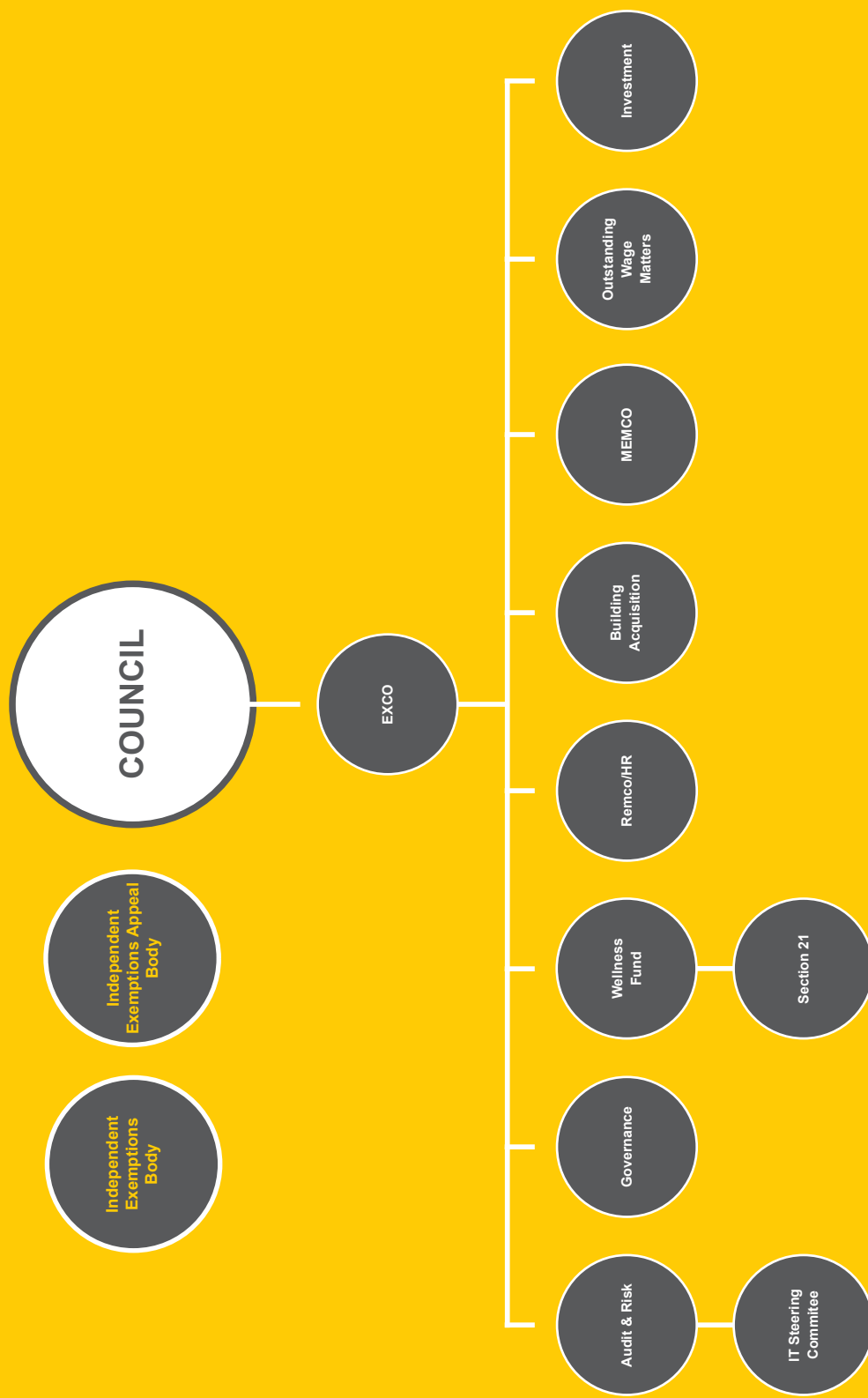
PARTIES TO COUNCIL

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 Employers' 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 2017 is as follows:

- SATAWU - 8
- MTWU - 3
- PTAWU and TAWU (acting jointly) - 1
- RFA - 11
- NEASA - 1





COUNCIL BOARD MEMBERS



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RFA

1. Meier, Fred (Chairperson)
2. Lunga, Penwell
3. Kolobe, Lucky
4. Engelbrecht, Magretia
5. Barnard, Graeme
6. Behrens, Dave

7. Hollander, Louis
8. Legodi, Pauline
9. Cronje, Nicolette
10. Schoombie, Chantal
11. D'Almeida, Tony

NEASA

12. Swart, Jaco

COUNCIL BOARD MEMBERS



SATAWU

1. Dr. Mahlangu, Zenzo (Deputy Chairperson)
2. Ramakgolo, Tabudi A
3. Shivuri, Mavhayisi
4. Mashiyane, Betty
5. Ngwane, Thandanani
6. Ndwandwe, Gift
7. Bridgens, Wayne
8. Nkwezane, Wiseman

MTWU

9. Mabaso, Mdumiseni
10. Mothibedi, Solomon
11. Mthembu, Petros

TAWU of SA & PTAWU (acting jointly)

12. Mankge, Zack

EXECUTIVE COMMITTEE (EXCO)



1



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3



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6



7



8



9



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11



12

RFA

1. Meier, Fred (Chairperson)
2. Lunga, Penwell
3. Kolobe, Lucky
4. Engelbrecht, Magretia
5. Behrens, Dave

NEASA

6. Swart, Jaco

SATAWU

7. Dr. Mahlangu, Zenzo (Deputy Chairperson)
8. Ramakgolo, Tabudi A
9. Shivuri, Mavhayisi
10. Mashiyane, Betty

MTWU

11. Mabaso, Mdumiseni

TAWU of SA & PTAWU (acting jointly)

12. Mankge, Zack

MEMBERSHIP AND COMPLIANCE COMMITTEE

EMPLOYERS	LABOUR
RFA Engelbrecht, Magretia (Chairperson) De Villiers, Hennie Barnard, Graeme	SATAWU Ramakgolo, Tabudi (Deputy Chairperson) Dr. Mahlangu, Zenzo Shivuri, Mavhayisi
NEASA Swart, Jaco	MTWU Mothibedi, Solly
	TAWU Mankge, Zack

BUILDING ACQUISITION COMMITTEE

EMPLOYERS	LABOUR
RFA Kolobe, Lucky (Chairperson) Cronje, Nicolette Legodi, Pauline	SATAWU Hlungwane, John (Deputy Chairperson) Mashiyane, Betty Nkwezane, Wiseman
NEASA Swart, Jaco	MTWU Mthembu, Petros
	TAWU Mankge, Zack

AUDIT AND RISK COMMITTEE

LABOUR/EMPLOYERS	INDEPENDENT MEMBERS
D'Almeida, Tony Gamede, Johnson	Mokgoantle, Oupa (Acting Chairperson) Ramataboe, Maemili

WELLNESS FUND COMMITTEE

EMPLOYERS	LABOUR
RFA D'Almeida, Tony (Chairperson) Engelbrecht, Magretia Barnard, Graeme Hollander, Louis	SATAWU Ramakgolo, Tabudi (Deputy Chairperson) Nkwezane, Wiseman Bridgens, Wayne
NEASA Swart, Jaco Potgieter, Dewaldt	MTWU Mothibedi, Solly
	TAWU Mankge, Zack

GOVERNANCE COMMITTEE

EMPLOYERS	LABOUR
RFA Barnard, Graeme (Chairperson) Meier, Fred Brown, Magretia Kolobe, Lucky	SATAWU Ramakgolo, Tabudi (Deputy Chairperson) Shivuri, Mavhayisi Mashiyane, Betty
NEASA Swart, Jaco	MTWU Mabaso, Mdumiseni
	TAWU Mankge, Zack

REMUNERATION COMMITTEE

EMPLOYERS	LABOUR
RFA Lunga, Penwell (Chairperson) Engelbrecht, Magretia Meier, Fred	SATAWU Gamede, Johnson (Deputy Chairperson) Shivuri, Mavhayisi
NEASA Swart, Jaco	MTWU Mabaso, Mdumiseni
	TAWU Mankge, Zack

OUTSTANDING WAGE MATTERS COMMITTEE

EMPLOYERS	LABOUR
RFA Engelbrecht, Magretia (Chairperson) De Villiers, Hennie Barnard, Graeme Cronje, Nicolette	SATAWU Shivuri, Mavhayisi (Deputy Chairperson) Ramakgolo, Tabudi
NEASA Swart, Jaco	MTWU Mothibedi, Solly
	TAWU Mankge, Zack

INVESTMENT COMMITTEE

LABOUR/EMPLOYER

RFA

Lunga, Penwell (Chairperson)

SATAWU

Dr. Mahlangu, Zenzo (Deputy Chairperson)

INDEPENDENT MEMBER

Mgwaba, Michael

Ralebepa, Reshoketswe

Mbele, Puseletso

SECTION 21 COMPANY

DIRECTORS

COUNCILLORS

Hollander, Louis

D'Almeida, Tony

Ramakgolo, Tabudi

Mothibedi, Solly

COUNCIL ADMINISTRATION

Ndlovu, Musa (National Secretary)

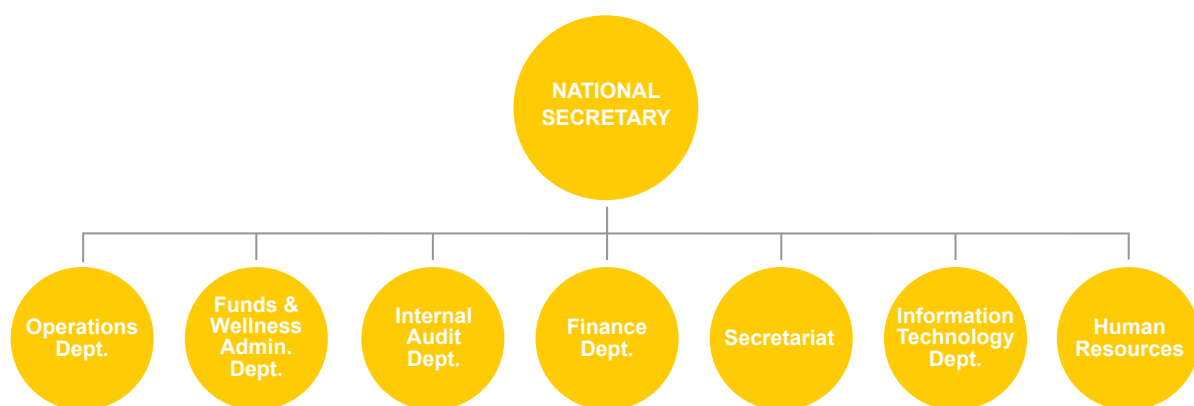
INDEPENDENT MEMBERS

Jaja, Faith

Mbonambi, Masaccha

Kubheka, Sibongile

ADMINISTRATIVE ORGANISATIONAL STRUCTURE



● 2016/17 ORGANISATIONAL PRIORITIES

KEY PERFORMANCE AREA	PERFORMANCE RATING
1. Representivity	Y
2. Marketing of NBCRFLI	G
3. Improve services to the industry	G
4. Fiscal stability	G+
5. Enforcement	G
6. Governance	G+

G Target achieved **G+** Target exceeded **R** Target not achieved **Y** Positive progress

RISK GOVERNANCE

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

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

Not only are annual risk assessments conducted, but the Council's risk management strategy also encompasses on-going risk register reviews and updates to ensure that risk management forms part of the Council's daily operations.

Risk management in the Council is managed proactively. The aim is to anticipate and, where possible, avoid risks

rather than deal with their consequences. Strategic and operational risks are identified, objectively assessed where it is considered appropriate, and actively managed.

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

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

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

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

NO	STRATEGIC OBJECTIVE	RISK
1.	Representivity	Representivity (Failure to reach representation Quota) Insufficient representivity levels by Parties to Council as defined in the Labour Relations Act (i.e. 50% + 1 on labour combined and employer organisations combined)
2.	<ul style="list-style-type: none"> Representivity Fiscal stability Improve collective bargaining structure Agreement and document simplification Enforcement Transformation in the industry Governance Provide improved services to the industry Marketing of NBCRFLI to the industry Foreign nationals 	Fraud and Corruption Misappropriation, mismanagement and theft of the organisations' assets
3.	Fiscal stability	Insufficient funding Insufficient fees, levies and interest income
4.	<ul style="list-style-type: none"> Representivity Fiscal stability Improve collective bargaining structure Agreement and document simplification Enforcement Transformation in the industry Governance Provide improved services to the industry Marketing of NBCRFLI to the industry 	Negotiation deadlock Failure for Parties to Council to reach an agreement such as wage agreements Reputational damage Negative perception of the organisation Lack of skills and capacity Inadequate skills and competencies to effectively run the organisation
5.	Enforcement	Enforcement (Failure to enforce) Non enforcement of the provisions of the Council's collective agreement or failure to enforce the Council's collective agreement consistent with the provisions

OPERATIONS DEPARTMENT

DISPUTES RESOLUTION

CCMA ACCREDITATION

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

The prestigious award was granted following the outstanding disputes resolution service 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 disputes resolution services, while paying strict attention to only using a CCMA panel of accredited commissioners.

SUBSIDIES

For each closed case, the Council receives a subsidy of R576.49 from the CCMA, which will be increased to R614.54 in the forth coming year. During the year under review, the Council received a total of R 911 528.00 from the CCMA, which is a considerable increase from last year's R 835 816.00.

CASE MANAGEMENT SYSTEM

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

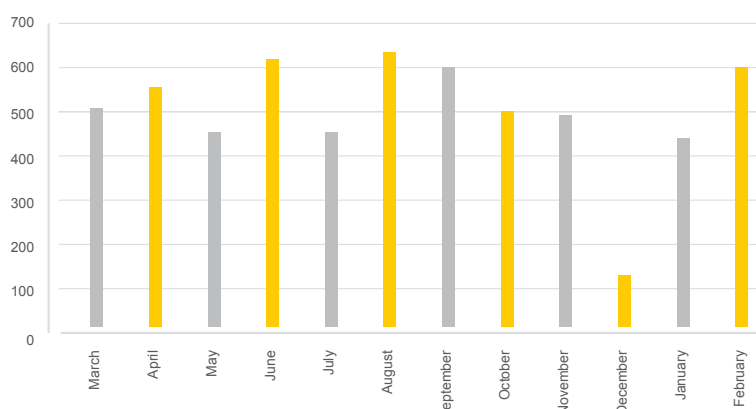
Council administration from all 18 offices countrywide makes use of the Case Management System to assist members with the progress of their cases and to communicate with the CCMA. This system is extremely user-friendly and efficient and has gone a long way in assisting the Council and the CCMA to effectively hear cases.

REFERRALS

During the 2016/17 financial year, the Council received a total number of 6 071 conciliation referrals, which is an increase from last year's 6 045.

Regions	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Total
Gauteng	249	239	212	260	184	297	257	237	212	87	105	137	2476
WC	59	93	63	82	101	76	103	52	72	14	99	67	881
KZN	79	77	90	105	76	107	91	99	81	24	84	77	990
Head Office	138	151	116	189	113	179	174	140	143	64	159	158	1724
Total	525	560	481	636	474	659	625	528	508	189	447	439	6071

GRAPHICS PRESENTATION



CONCILIATIONS HEARD 2016/2017

A total of 3 897 conciliation hearings were conducted during the year. This is a slight increase from 3 637 for the previous year.

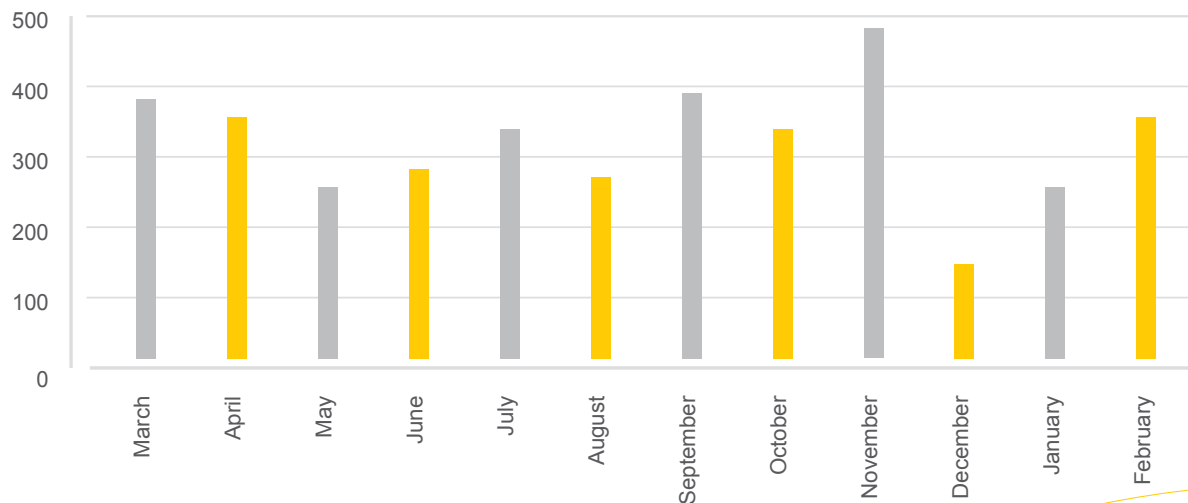
The Council also continued on a campaign highlighting conciliation as the preferred method of dispute resolution.

The reasons why conciliation is preferable are as follows:

- 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 from work to attend the arbitration and the extra 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, separately and/or together, 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.

Regions	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	TOTAL
Gauteng	171	167	103	139	184	138	210	128	216	81	100	120	1757
WC	45	45	28	36	42	48	48	39	21	30	39	32	453
KZN	29	84	54	49	36	46	73	57	101	23	60	26	638
Head Office	138	56	93	78	78	60	70	107	137	30	83	119	1049
TOTAL	383	352	278	302	340	292	404	331	475	164	282	297	3897

GRAPHICS PRESENTATION

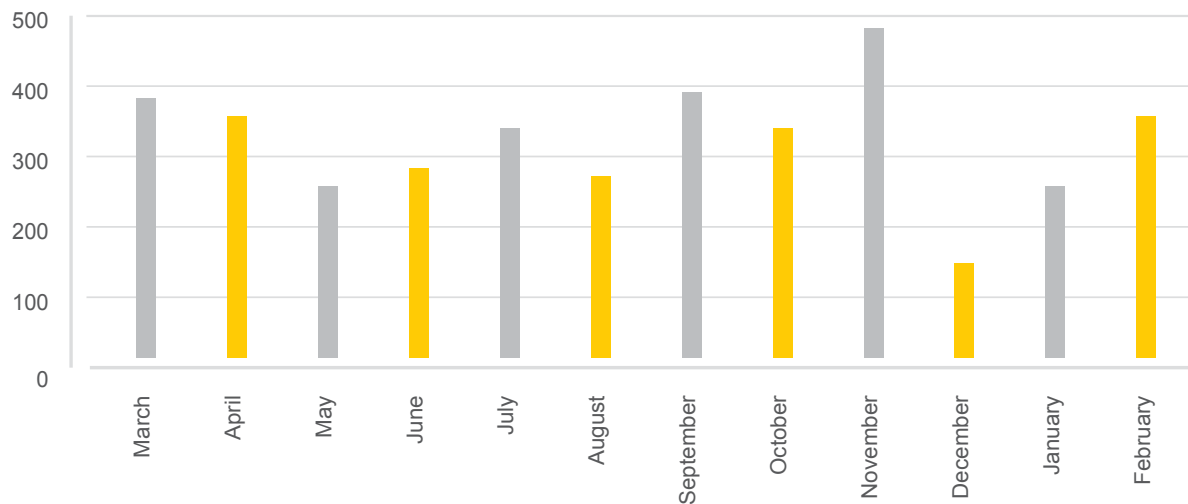


ARBITRATIONS HEARD 2016/2017

The total number of arbitration hearings conducted during the year in review was 4 840, a notable increase from last year's 4 364.

Regions	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Total
Gauteng	166	207	226	210	228	200	179	218	210	49	138	184	2215
WC	48	32	52	47	43	50	41	66	68	24	32	62	565
KZN	66	49	74	66	71	76	74	78	50	35	63	83	785
Head Office	113	93	121	146	113	104	115	97	112	63	123	75	1275
Total	393	381	473	469	455	430	409	459	440	171	356	404	4840

GRAPHICS PRESENTATION



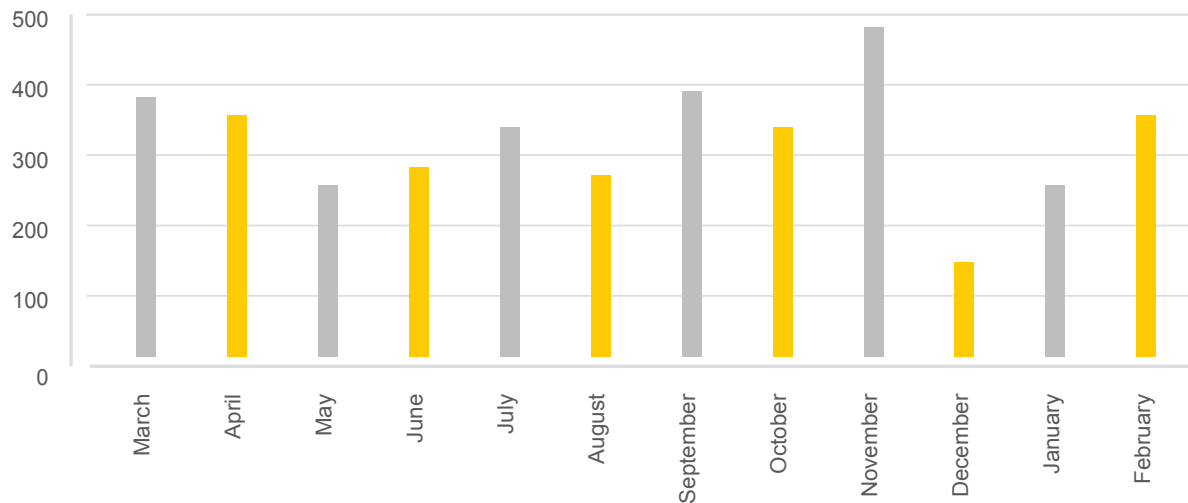
SETTLEMENT RATE

The settlement rate at conciliation and arbitration was 86% for the year in review, similar to the previous year.

Regions	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Total
Gauteng	77	79	85	85	89	74	88	77	85	84	89	86	83%
WC	93	100	100	85	79	80	80	91	88	83	87	83	87%
KZN	84	92	100	87	88	86	90	95	94	88	81	78	89%
Head Office	95	76	87	75	94	93	91	69	82	86	85	63	83%
Total	87%	87%	93%	83%	88%	83%	87%	83%	87%	85%	86%	78%	86%



GRAPHICS PRESENTATION



REFERRALS BY ISSUE

Unfair dismissal disputes continued to account for the largest percentage of issues of disputes. During the year in review, these disputes came to 84% of the caseload.

Matter	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Total
Unfair Dismissals	431	446	395	512	398	524	512	444	421	158	390	535	84%
ULP	64	70	53	75	46	62	79	57	54	26	44	85	12%
Mutual Interest	17	23	14	33	31	58	21	14	25	3	11	16	4%
Non Jurisdiction	0	3	0	1	2	0	0	0	1	0	1	0	0%
Other	3	1	6	9	7	9	13	13	9	5	13	11	0%
Total	519	547	472	633	482	654	630	533	510	194	462	650	

LITIGATION

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

The statistics around the litigation processes are as follows:

- Total number of Section 143 applications sent to the CCMA for certification: 3 147
- Number of Writs of Execution to sheriffs: 2 328
- Number of queries to tracing agents: 1 652
- Number of writs of execution to Labour Court: 2 722
- Number of matters referred to Council's attorneys: 5 104
- Number of Nulla Bona (Section 65) matters: 1 765

Demarcations between Sectors and Areas

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

- Whether any employee, employer, class of employers is or was engaged in a sector or was engaged in a sector or area.
- Whether any provision of any arbitration award, Collective Agreement or wage determination made in terms of the Wage Act is or was binding on any employee, employer, class of employees or employers.

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

Western Cape

Ruled in favour of the Council	0
Not in favour of the Council	1
Withdrawn	0
Settled	0
Under consideration	0
Postponed	0
On Appeal	0

Gauteng

Ruled in favour of the Council	0
Not in favour of the Council	3
Withdrawn	0
Settled	0
Under consideration	5
Postponed	0
On Appeal	0

KZN

Ruled in favour of the Council	0
Not in favour of the Council	0
Withdrawn	0

Settled	1
Under consideration	1
Postponed	0
On Appeal	0

Head Office

Ruled in favour of the Council	1
Not in favour of the Council	1
Withdrawn	0
Settled	1
Under consideration	3
Postponed	0
On Appeal	0

PROVIDENT FUND ENFORCEMENT

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

General Compliance Management and Enforcement

AGENTS OF THE COUNCIL

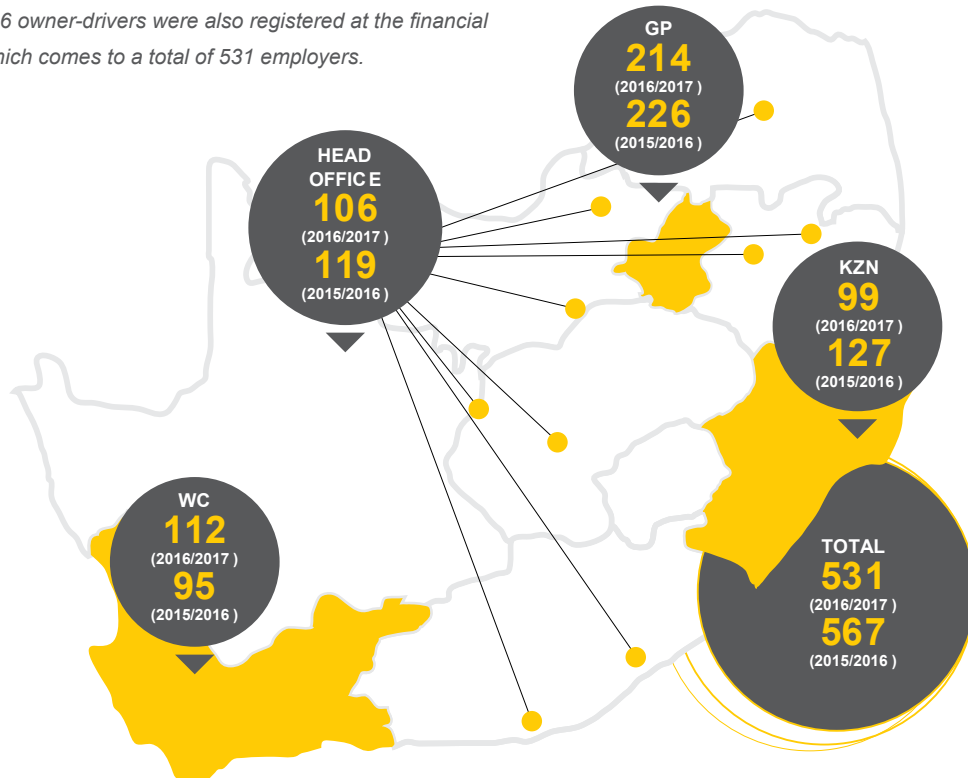
In terms of the Labour Relations Act, the Council's duty is to ensure that all stakeholders in the Road Freight and Logistics Industry comply with the provisions of the Council's Agreements. The designated agents, who are appointed by the Minister of Labour at the request of a bargaining council, play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

During the year in review, the Council's agents received training on an on-going basis and were evaluated on a regular basis. Training included the application of the Main Collective Agreement and its amendments. Due to the continuous training and education of the Council's agents there was a high level of Levy Compliance. The Council's agents also embarked on registration drives to increase membership amongst the NBCRFLI.

NEW REGISTRATION

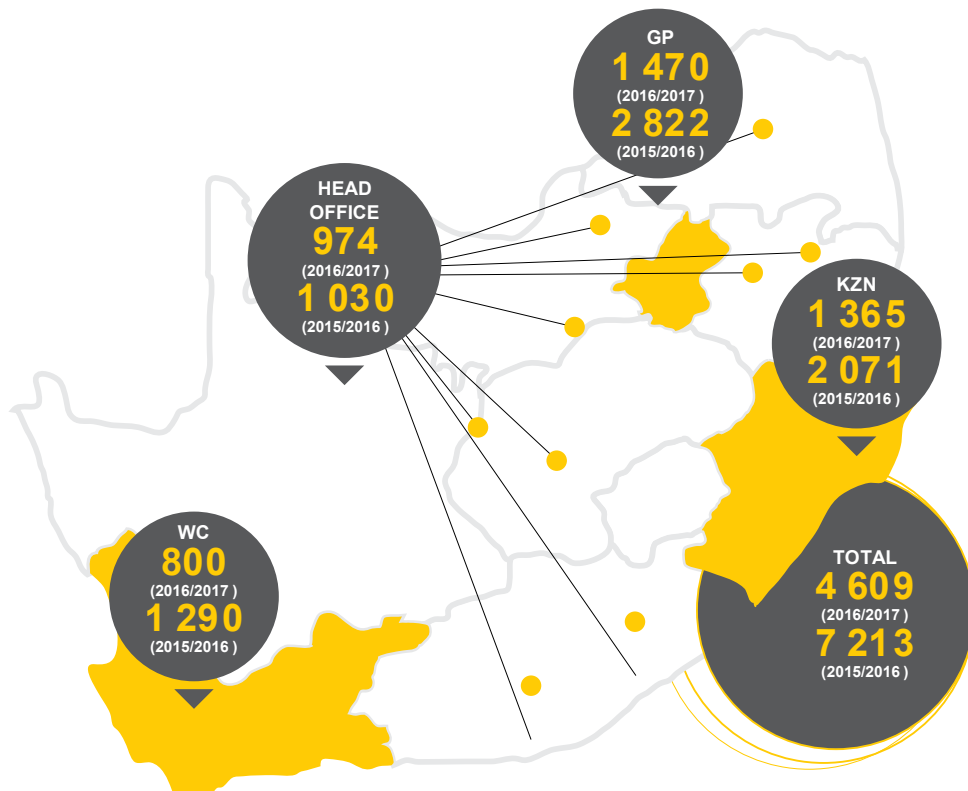
At the financial year end, 531 ordinary employers were registered with the Council. Of the 531 ordinary employers, 415 were secured during the year in review. A breakdown of these employers per region is as follows:

A total of 116 owner-drivers were also registered at the financial year-end which comes to a total of 531 employers.



INSPECTIONS COMPLETED

During the year in review, a total number of 4 609 inspections were conducted. The breakdown is as follows:



Key statistics falling under the Council's Enforcement

Role during the year under review

Number of employers that ceased to operate:	335
Number of employers under liquidation:	3
Number of complainant cases received:	1 408
Number of complainant cases settled:	229
Number of cases referred to arbitration:	843
Number of cases where the Council had no jurisdiction:	24
Number of Section 143 application (Enforcement of Arbitration Awards) sent to the CCMA for certification:	3 404

AUTOMATION OF ENFORCEMENT SERVICES

In staying relevant as an organisation, the Council began making use of an internal Enforcement System during the year in review. Parties to Council developed the Enforcement Plan in compliance with Section 33A of the Labour Relations Act, 1995, where provision is made for a bargaining council to monitor and enforce compliance with its Collective Agreements concluded.

During the year in review, the only major enforcement challenge faced was with regards to the Section 143

applications. Section 143 applications, is a Writ of Execution, which is issued against the defaulting party. The applications sent to the CCMA for certification were often delayed, which hindered the Council.

ARBITRATIONS

The Arbitration section of the Council deals with the arbitrations of agreement contraventions, such as the enforcement of complainant cases, invoices and late payment of monthly returns.

During the year in review, the Council dealt with 10 815 complainant arbitration cases as opposed to 12 902 during the previous year.

The decrease in the number of arbitrations was due to the fact that agents are continuously educated and trained on labour matters. Another factor to take into consideration was the fact that companies paid their returns on time.

STAKEHOLDER RELATIONSHIP MANAGEMENT

One of the main priorities for the Council during the year in review continued to be the establishment of strong stakeholder relationships despite being under-staffed. The



Council is highly aware that sound relationships play a big role in the success of its overall mandate to provide a high level of service to the Road Freight and Logistics Industry, as well as an atmosphere of co-operation amongst all stakeholders.

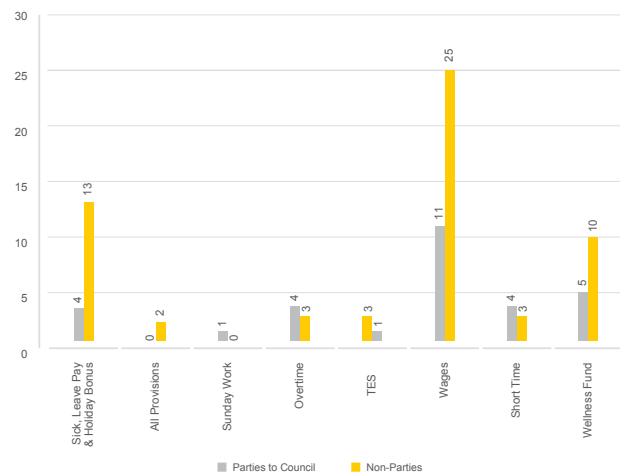
During the past year, the unions and company representatives held numerous Main Collective Agreement training sessions. Additionally, meetings were held across the country which yielded positive results for all parties involved.

EXEMPTIONS

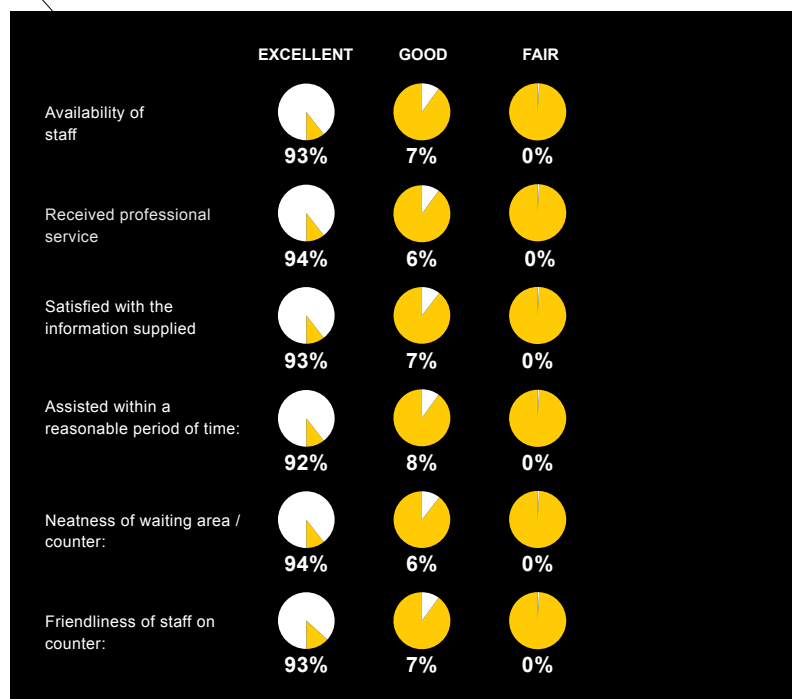
The Independent Exemptions Body received and dealt with 92 exemption applications from 1 March 2016 to 29 February 2017 pertaining to parties and non-parties. No exemption licenses were revoked.

Number of applications for exemption

by Parties to Council:	33
Number of exemption applications granted:	27
Number of exemption applications refused:	0
Number of exemption applications withdrawn:	3
Number of exemption applications placed under consideration:	2
Number of exemption applications postponed:	1
Number of applications for exemption by non-parties:	59
Number of exemption applications granted:	41
Number of exemption applications refused:	0
Number of exemption applications withdrawn:	12
Number of exemption applications placed under consideration:	0
Number of exemption applications postponed:	6



Survey: Client Services 2016/17



COMMUNICATION AND MARKETING

The Council understands that informed industry members are key to the industry's success and have therefore put many resources together to ensure that the necessary messages consistently reach the relevant stakeholders. During the year in review, key messages were successfully communicated to the Council's stakeholders via the Communications & Marketing Section.

The mobi app, which was launched in 2013, was used extensively during the year in review. 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, as the information found on the app is similar to that found on the website. When comparing the previous financial year with the current financial year in review, one can see a notable increase in the number of mobi app users. During 2016/17, the mobi app had 2 750 unique users whereas the 2015/16 financial year had 2 154 unique users. The average visitor duration decreased from 00:03:03 to 00:03:02.

The NBCRFLI website www.nbcrfli.org.za has become a strong point of communication for the Council, with regular updates being provided on a continuous basis. As a result, stakeholders have access to a multitude of information ranging from Main Collective Agreement amendments to specific service area telephone numbers. Over the years, the Council's website has grown into an extremely valuable information hub for all its members.

The NBCRFLI News, an electronic newsletter that caters specifically for the industry's HR/ Payroll personnel, was distributed on a bi-monthly basis. The newsletter is a valuable information source in that it highlights Council-related issues and decisions that impact directly on them.

A core focus of the Section was connecting with the Daily Sun newspaper for the dissemination of information to our industry members. Through our research, we concluded that most of our members are avid readers of this publication. For the year in review, it was vital to partner with the Daily Sun newspaper to ensure that correct and concise information was distributed to our members. The philosophy of the Section was to ensure that employers and employees received continuous and updated

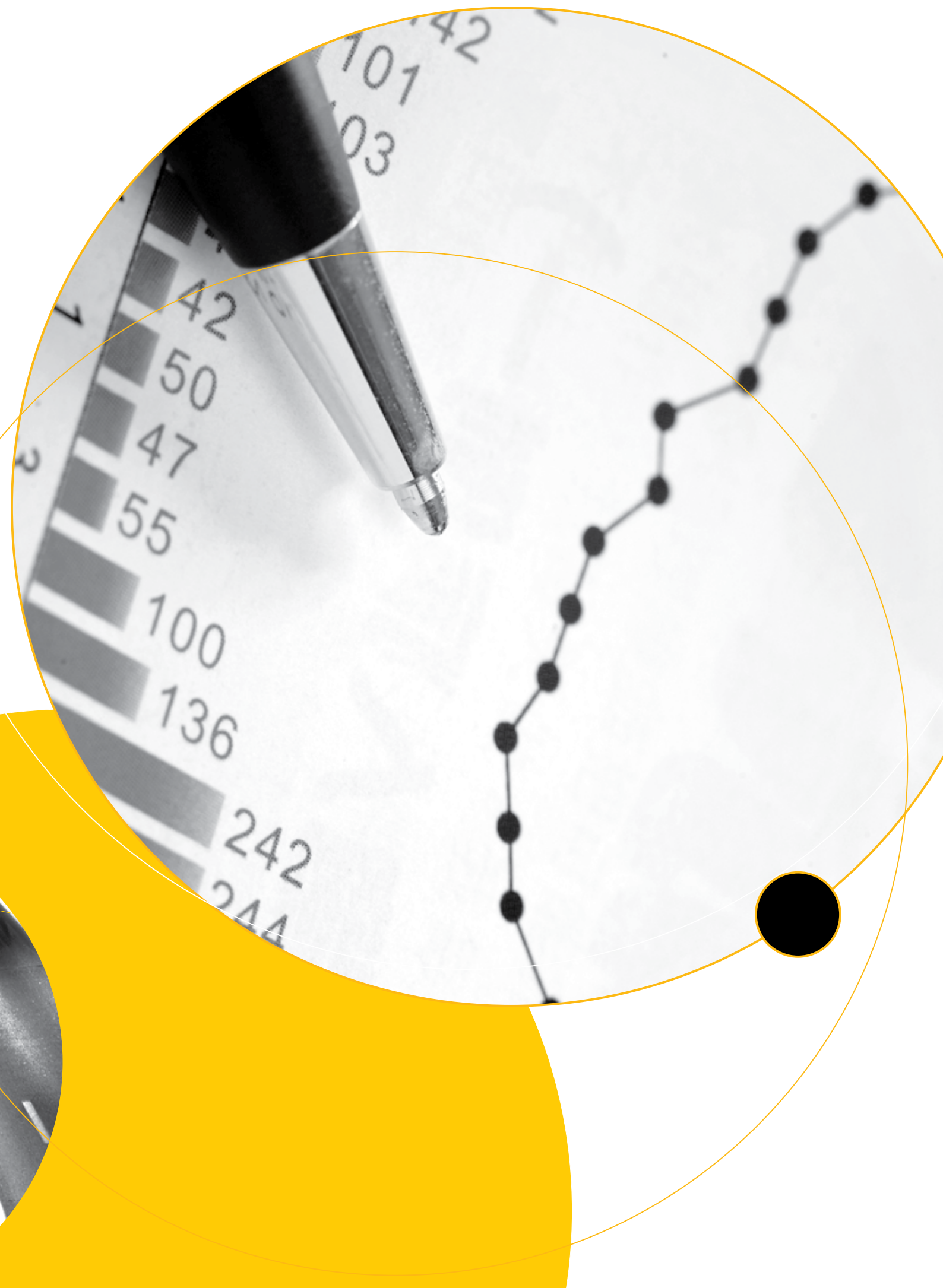
information from the Council.

With the introduction of the Protection of Personal Information (POPI) Act, it is paramount that the NBCRFLI conducts itself in a responsible manner when collecting, processing, storing and sharing personal information. The Council, in the forth coming year, will be reviewing and introducing adequate measures and controls to safeguard and protect members' information.

The online query process continues to play a valuable role in assisting members with their queries. Members can log their queries via the Council website and mobi-app and receive feedback within 72 working hours. This service has enabled the Council to further improve its service offering to its clients.

In a further effort to bring the Council's services to the people and interact with them on a personal basis, the Communications and Marketing Section was involved in a number of industry wellness days during the year.





FUNDS ADMINISTRATION

The Council's Funds & Wellness Administration Department administers all industry funds, as stipulated in the NBCRFLI's Main Collective Agreement, in an effective and efficient manner.

E-BUSINESS ONLINE AND THE FUNDS ADMINISTRATION SYSTEM

During the year in review, the Online Returns System was upgraded which resulted in faster search options and the uploading of data, thereby greatly improving efficiency. The Council continues to receive constructive feedback from employers to ensure that the system is constantly improved. See below:



The application process for holiday bonuses was also enhanced to make it more efficient, which has proved decisive in streamlining payments. The updated process automatically confirms calculations within a 72-hour period. If the employer forgets to submit or confirm calculations, a reminder is then sent to request the employer to confirm the calculations.

The online service remains an integral part of how the Council operates as it enables employer members to submit their monthly returns electronically. The Council offers online training for industry employers on an on-going basis to ensure that they are comfortable with and able to use the system.

The Council is in the process of creating an ID verification process, which will be able to confirm identity numbers, surnames and initials, as registered with the Department of Home Affairs. As part of the implementation phase, a tender has been issued to appoint a suitably qualified and experienced service provider to assist with the creation and implementation of the verification process.

PAYOUTS PROCESS

Year on year, the Funds Administration Department strives to make system enhancements with the main aim of streamlining processes in order to ensure timeous and correct payments to employees in the industry. For the 2016/2017 financial year, the NBCRFLI was proud to introduce the Paycard Solution for all industry employee members. The Paycard Solution took a total of six years to plan, source the correct product and ensure that the solution was the best option for all parties involved.

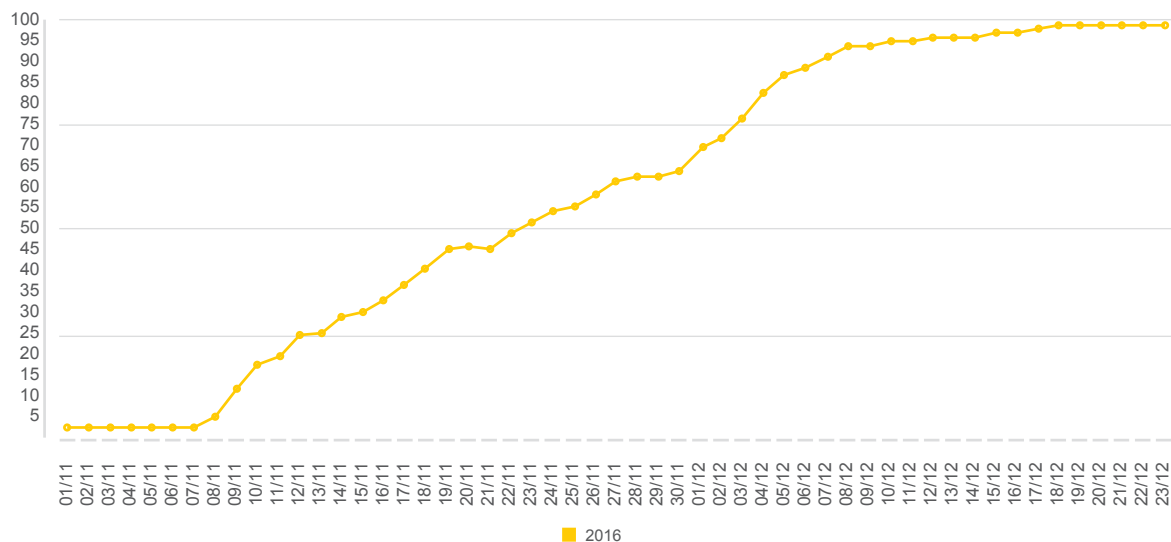
The Paycard Solution, issued on behalf of the NBCRFLI, is a value add service whereby all benefits (sick leave, annual leave, sick bonus and holiday bonus/13th cheque payments) are paid into an employee's NBCRFLI account that can be accessed through the Paycard Solution. The introduction

of the Paycard Solution was necessary to ensure that employees are paid on time, every time. It assists with employers not having to constantly update banking details for employees and reduces the risk of rejected banking details or payments.

While the Paycard Solution is optional for South African citizens, the Council has approved the compulsory implementation for all foreign employees.

Despite the success of the Paycard Solution, the Council Administration still faced a few challenges. The two main challenges were as follows: once payment was finalised, there was a request from applicants for a change in bank details; and the continuous occurrence of late submissions of leave, sick bonus and holiday bonus/13th cheque applications even though the deadline for submission was extended.

HOLIDAY BONUS PAYMENT MONITORING GRAPH



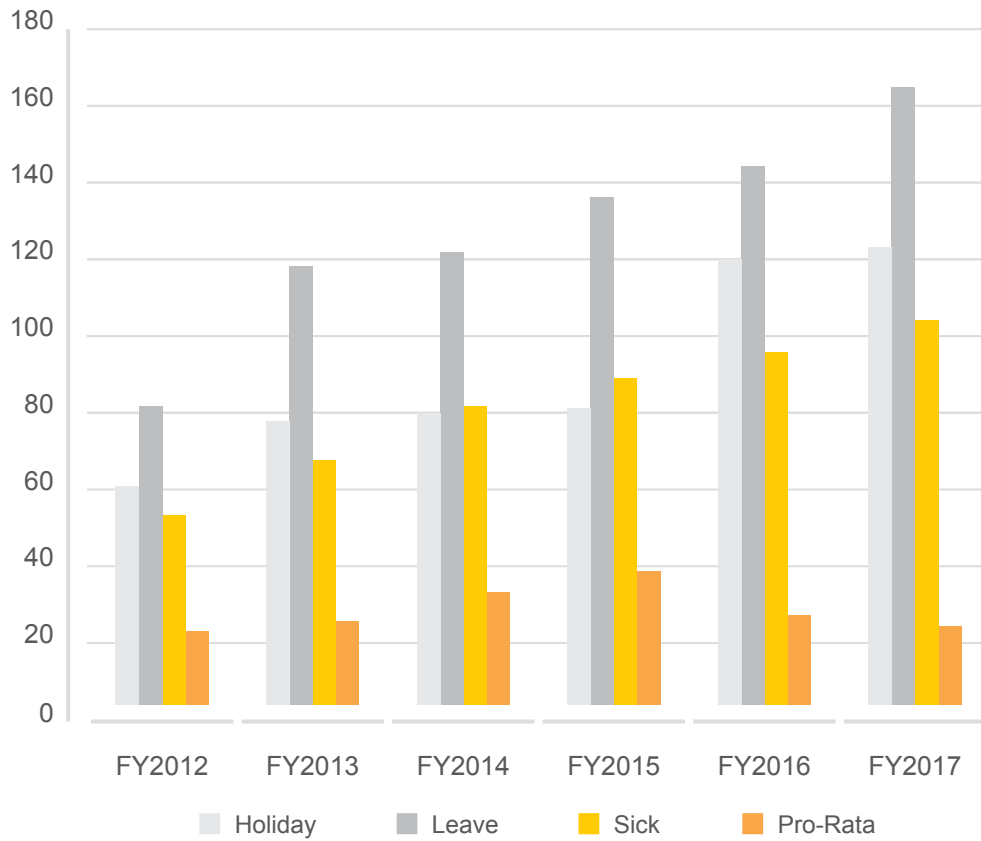
FUNDS ADMINISTRATION

Leave and Sick applications received:	2 626 Employers	54 653 Employees
Holiday bonus/13 th Cheque applications received:	4 257 Employers	114 217 Employees

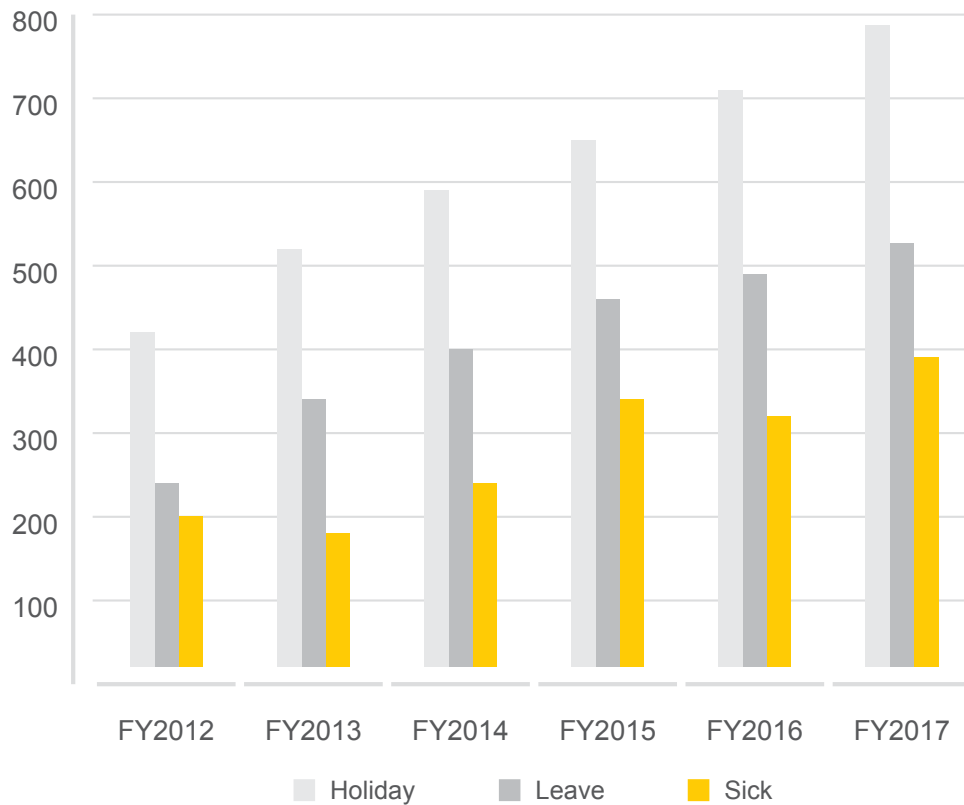
As per the previous financial year, the Funds Administration Department continued to work with its service providers to further develop the Administration System. This collaboration will continue to identify and analyse how to improve the on-going Administration System upgrade. This system will assist with making Funds Administration simpler, better and faster.



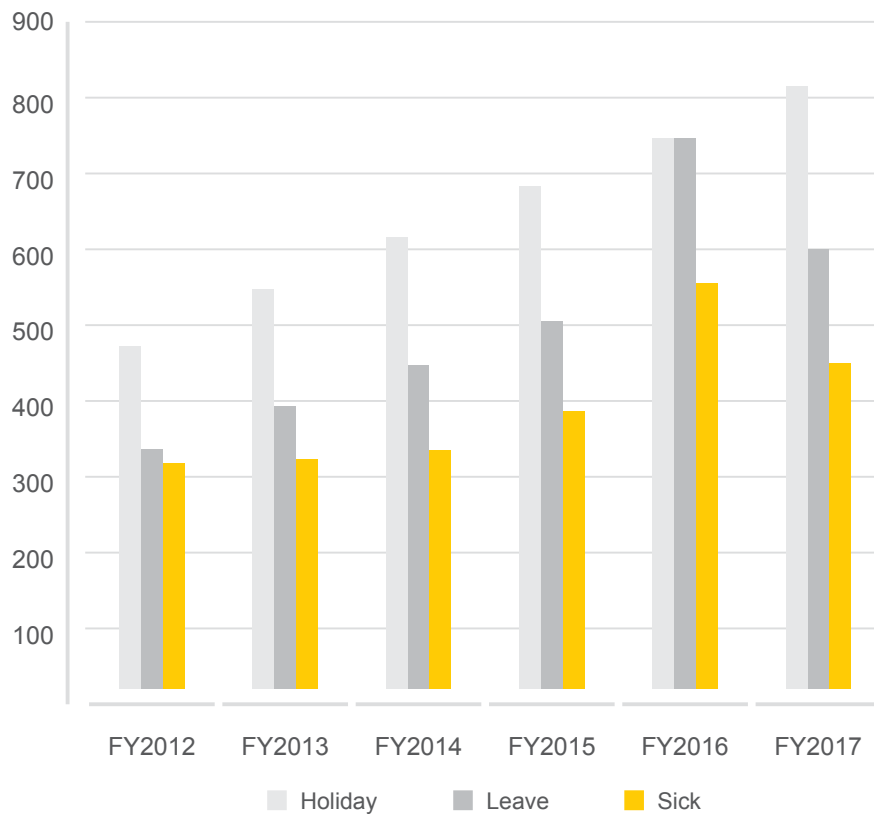
APPLICATIONS PROCESSED COMPARISON 2012 – 2017



FUNDS DISBURSED COMPARISON 2012 – 2017



FUNDS COLLECTED COMPARISON 2012 – 2017



IN THE YEAR AHEAD

The Council will continue to implement new and improved processes and systems to ensure that employers and employees are assisted with payouts.

WELLNESS FUND HEALTH PLAN

The NBCRFLI Wellness Fund Health Plan protects the wellbeing of employees within the Road Freight and Logistics Industry, and is available to all active NBCRFLI members who are contributing to the Wellness Fund and meet the stipulated eligibility criteria.

The Council, together with its Health Plan service provider, announced the refinement of the Health Plan in terms of the benefits provided. The Council and the service provider work hand in hand to identify members' specific needs annually, making the plan more focused on precisely what our industry members require, resulting in a tailor-made solution.

The 2016 benefits for the Wellness Fund Health Plan included:

- Unlimited network GP consultations, however pre-authorisation was required from the sixth consultation in a year
- Unlimited telephonic consultations and over-the-counter medications
- Chronic medicine according to the formulary at network pharmacies
- Basic radiology and pathology, as referred by a GP
- Emergency transportation services
- Acute medication up to R1 000 per member per annum
- Hospital in-patient indemnity benefit due to an accident with a maximum of R75 000 per incident
- Funeral assistance benefit of R10 000 for eligible members

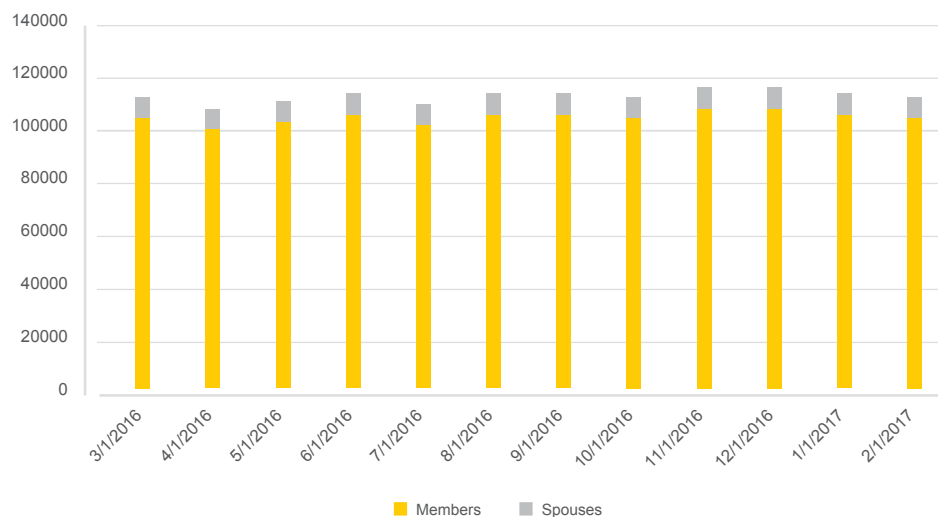
WELLNESS FUND HEALTH PLAN

STATISTICS

REGISTERED MEMBERS:

DATE	BENEFICIARIES AT START	JOINERS	LEAVERS	INDETERMINATE
31 March 2016	117 564	5 596	9 877	113 283
30 April 2016	113 283	5 340	5 583	113 040
31 May 2016	113 040	7 930	4 526	116 444
30 June 2016	116 444	6 486	7 237	115 693
31 July 2016	115 693	5 275	4 308	116 660
31 August 2016	116 660	5 824	5 170	117 314
30 September 2016	117 314	5 213	5 019	117 508
31 October 2016	117 508	4 797	4 517	117 788
30 November 2016	117 788	7 815	5 615	119 988
31 December 2016	119 988	7 714	0	127 702
31 January 2017	127 702	14	10 700	117 016
28 February 2017	117 016	7 742	7 561	117 197

USAGE STATISTICS



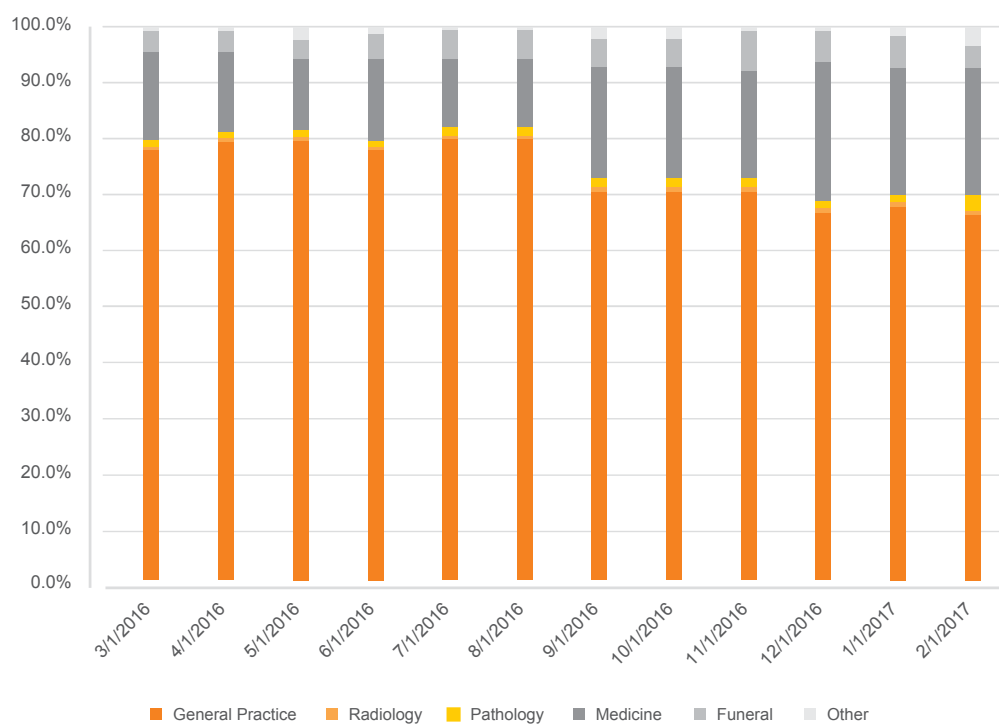
CHRONIC REGISTRATIONS:

CHRONIC DESCRIPTION	MAR 2016	APR 2016	MAY 2016	JUN 2016	JUL 2016	AUG 2016	SEP 2016	OCT 2016	NOV 2016	DEC 2016	JAN 2017	FEB 2017
Angina CAD	8	8	8	8	8	8	8	8	9	10	10	10
Asthma	133	138	133	133	135	132	130	127	127	123	132	133
Cardiac Failure	6	7	5	5	5	5	7	7	7	6	6	5
COPD	3	3	3	3	3	2	2	2	2	1	-	-
Coronary Artery Disease	28	30	29	28	29	29	29	28	31	29	24	27
Crohn's Disease	1	1	1	1	1	1	1	1	1	1	1	1
Diabetes Mellitus 1	4	5	5	4	3	3	2	2	2	2	4	4
Diabetes Mellitus 2	850	880	864	869	848	849	850	817	813	799	839	832
Dysrhythmia	3	4	4	3	3	3	3	2	2	1	1	3
Epilepsy	10	10	10	10	11	11	12	11	12	12	13	14
Glaucoma	4	4	4	4	4	4	4	4	4	3	2	1
Hypertlipidaemia	374	387	373	373	364	359	359	339	344	328	331	338
Hypertension	2 078	2 157	2 111	2 129	2 095	2 078	2 059	1 972	1 973	1 934	2 055	2 081
Hypothyroidism	16	18	18	20	18	18	19	17	18	18	17	18
Parkinson's Disease	1	1	1	-	-	-	-	-	-	-	-	-
Rheumatoid Arthritis	3	2	2	2	2	2	2	2	2	1	1	1
Total	3 522	3 655	3 571	3 592	3 529	3 504	3 487	3 339	3 347	3 268	3 436	3 468

EMERGENCY EVENTS:

DATE	EMERGENCY EVENTS	EMERGENCY TRANSPORT EVENTS
31 March 2016	1	24
30 April 2016	1	17
31 May 2016	0	18
30 June 2016	1	21
31 July 2016	4	27
31 August 2016	0	34
30 September 2016	7	27
31 October 2016	0	31
30 November 2016	4	28
31 December 2016	0	31
31 January 2017	0	26
28 February 2017	0	37

CLAIMS PERCENTAGE



TRUCKING WELLNESS PROGRAMME

BACKGROUND

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 22 Trucking Wellness Roadside Centres, which are situated at truck stops across major routes in South Africa and supported by a fleet of sleek Mobile Clinics. 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 ten days at a time for one specific area and then the vehicle services 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 Trucking Wellness Programme, there has been a remarkable increase in the number of people gaining access to primary healthcare and being counseled 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 reduce labour risk and expenses to members and positively impacts the stability and growth of the industry and the South African economy.

The additional Mobile Clinics visited and attended to companies with less than ten drivers per site, which was a tremendous accomplishment for the Trucking Wellness Programme. For the past financial year, a total of 332 companies were visited, an increase of 14 companies as compared to the previous financial year. This greatly assisted many of our employee members as they now have better access to the Council's Trucking Wellness services. The increased convenience of our Mobile Clinics also meant that our members didn't have to travel so far to a Trucking Wellness Clinic.

Patient figures remained stable, however 1 925 more people had themselves tested for HIV through the Roadside Wellness Centres, showing that there is a definite attitude change amongst people wanting to know their status.

MOBILE WELLNESS CENTRE HCT				
January - December	Total HIV	HIV+	HIV-	Prevalance
2016	9 848	450	9 398	4.57%
2015	10 182	304	9 878	2.98%
2014	11 922	841	11 081	7.05%
2013	8 498	606	7 892	7.13%
2012	9 055	638	8 417	7.04%
2011	16 220	1 429	14 791	8.81%
2010	6 204	504	5 688	8.12%

MOBILE WELLNESS CENTRE	
January - December	Sites Visited
2016	349
2015	320
2014	372
2013	318
2012	332

ROADSIDE WELLNESS CENTRE HCT					
January - December	Total HIV	HIV+	HIV-	Indeterminate	Prevalance
2016	10 626	516	10 069	41	4.86%
2015	8 701	479	8 079	143	5.05%
2014	9 825	692	9 062	71	7.09%
2013	8 165	626	7 511	28	7.69%
2012	7 415	677	6 733	5	9.13%
2011	7 342	865	6 467	10	11.58%
2010	5 379	940	4 404	35	17.58%

ROADSIDE WELLNESS CENTRES			
January - December	Awareness Education	Patients	STI Treatments
2016	31 497	33 440	1 834
2015	39 415	35 881	2 853
2014	56 152	41 125	3 651
2013	59 242	33 877	3 075
2012	57 130	33 435	3 487
2011	54 569	30 854	9 180
2010	146 318	55 275	16 647

The main focus for the Trucking Wellness Programme in the future will be to target industry employers to allow the project to screen more people at their place of work. The Council is also excited to introduce a new data capturing system for Mobile Clinics, which will enable the project to report immediately to companies the amount of staff that have gone for testing as well as give a qualitative report as to how certain lifestyle diseases may affect a specific company, thereby assisting them with developing risk analysis reports.



Future investments in the Trucking Wellness Programme grow year-on-year and through the support from the Foundation of Professional Development, the Council was able to acquire the data capturing system platform free of charge. The development of this system was estimated at R 3,6 million, which was a major cost saving for the Programme.

ARV PROGRAMME

Over the years, the Council's 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 of the NBCRFLI to CareWorks for ARV treatment.

THE NBCRFLI STRIVES TO COMBAT THE SPREAD OF HIV/AIDS EFFECTIVELY BY:

- Encouraging those who test HIV negative to remain HIV negative
- Keeping those who test HIV positive healthy and productive for as long as possible
- Positively influencing attitudes to breakdown stigma surrounding the disease

FINDINGS

Whilst the major source of new enrolments is from the Health Plan and Occupational Clinics (61%), there is an overall reduction in the influx into the treatment programme (-4.4%). Spouses of members have however increased by 21.4% for the financial year. It is remarkable that since the NBCRFLI permitted spouses to register in 2010, there have been 59 babies born, only one of whom had HIV transmitted at birth.

LINKING TO CARE AND TREATMENT

This involves continued HIV education and close psychosocial support to help someone who is HIV Positive understand their future options in keeping well. Without this bridging function, we would expect only between 10% to 20% of people to find their own way to accessing treatment. The 90% target of linking members to the NBCRFLI Treatment Programme has been achieved for the past two years.

TREATMENT ADHERENCE

The National Department of Health (NDoH) Test and Treat Policy (introduced in September 2016) proposes that Antiretroviral Treatment (ART) is provided to all newly diagnosed HIV positive people. However, not all newly diagnosed HIV positive people are ready to commit to being on ART "every day forever", and Trucking Wellness delays initiation whilst those who tested HIV positive undergo intensive drug-readiness counselling and education to ensure optimal outcomes. Therefore, we classify the total cohort into/on "ART" and "Pre-ART". The net result of this is that the number of new people starting Antiretroviral drugs (ARVs) has increased by 18% and the number on pre-ART monitoring has decreased by 23%.

ART requires high levels of adherence to minimise treatment failure and the need to change to more expensive ART regimens. It is well documented that males have poor health

seeking behaviour and that adherence amongst females is better than males. In recent research in the Kwa-Themba Clinic in Gauteng, 67.9% of the people on ARVs were female and further, 80.2% of the females adhered to ART, whilst 69.9% of the males adhered to treatment.

The NBCRFLI's ARV programme data is compelling in that it is 82% male dominated and it is notable that a consistent 90% adherence has been achieved. 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.

CONCLUSION

With a membership of more than 120 000 employees in the industry and an estimated HIV infection rate of 16%, this means that nearly 80% of the HIV positive members are not making use of the programme. One must assume that the industry is carrying the cost of this lost opportunity (absenteeism/ productivity/staff replacement costs, death & disability claims, etc.). The real challenge to achieve true return on investment for all stakeholders is to maximise the industry member numbers. Finding and enrolling the "missing 80%" on the treatment programme (through intensive case finding) is the real opportunity to maximise this investment within the Industry to the benefit of all stakeholders and members.

Current Status	Feb 2017	Feb 2016	Change/yr
ARV Category	2 765	2 343	422
Referred to MA, State or Occupational Health	- 517	- 432	- 85
On ARVs from CareWorks	2 248	1 911	337
Pre-ART monitoring	928	1 201	- 273
Registered on the CareWorks Programme	3 176	3 112	64
Active beneficiaries processed by CareWorks	3 693	3 544	
Resignations from Scheme/Company	2 143	1 570	573
Deaths (4% of all enrolments)	262	215	47
Total number known to CareWorks	6 098	5 329	769

ARV Adherence	Adherence Overall	Adherence by Category	CW ART	%
Adherence (VL <200, or 1 Log ↓ in 3m)	81% of 2 248		2 248	
On ARVs for more than 1 year	1 424	91%	1 424	63%
On ARVs for 6-12 months	267	80%	267	12%
On ARVs for 3-6 months	89	48%	89	4%
On ARVs for <3 months	52	34%	52	2%
Partial Adherence (200 < VL < 1 000)	31		31	1%
Non Adherent/Non Compliant	385		385	17%
Awaiting 1st Viral Load after starting ARVs			0	0%

IN CLOSING

With consistent investment by the Trucking Wellness Programme, we have been able to create a safe and enabling environment for the members of the Road Freight and Logistics Industry. It is also through this investment that we have developed a unique brand and identity that is easily identifiable by all beneficiaries and parties involved in the programme.

Over the years, the Council has continued to see a significant reduction in HIV and STI infections as a result of the efforts of all its stakeholders. A special word of thanks goes to all employers and employees who fall within the jurisdiction of the Road Freight and Logistics Industry as well as the following donors for their contributions in 2016:

FINANCIAL CONTRIBUTIONS:



IT SYSTEM DONATION:



HUMAN RESOURCES

The Human Resource (HR) Department continues to play an instrumental role in ensuring assistance in organisational development, as well as the health and wellness of Council employees, while also ensuring legislative compliance.

During the year in review, the Council took a resolution to incorporate Human Resource as a strategic function within the NBCRFLI. The decision also called for the disbanding of the Corporate Service Department. On approval, the organisational structure was then modified accordingly.

A major challenge that the Department experienced during the year in review was a relatively high resource shortage, but is in the process of filling all available positions.

One of the highlights of the newly elevated HR Department was the conclusion and implementation of the job grading exercise. This exercise assisted in bridging the discrepancies on salary scales within the NBCRFLI.



Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	1	0	0	0	0	0	0	0	0	0	1
Senior management	2	0	0	1	2	0	1	0	0	0	6
Professionally qualified and experienced specialists and mid-management	9	2	0	3	1	0	0	1	0	0	16
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	42	6	2	4	47	12	3	11	0	0	127
Semi-skilled and discretionary decision making	26	1	1	0	52	10	3	8	0	0	101
Unskilled and defined decision making	0	0	0	0	2	0	0	0	0	0	2
TOTAL PERMANENT	80	9	3	8	104	22	7	20	0	0	253
TEMPORARY EMPLOYEES	0	0	0	0	4	0	0	0	0	0	4
GRAND TOTAL	80	9	3	8	108	22	7	20	0	0	257

Note: A = African, C= Coloureds, I= Indians and W= Whites

TRAINING AND DEVELOPMENT

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

Name of Course
People Management
Supply Chain Management
Minute Taking Made Simply
Stakeholder Engagement Management
Corporate Governance
Data & Records Management
Report Writing
Learning Zulu
First Aid Level 1
Basic Fire Fighting Level 1
SHE Representativity
The PA Revolution
Time Management
Quality Customer Services
Complaint Handling & Conflict Management
Anger Management
Intermediated Excel
Advanced Excel
The High Performance PA
Interpersonal Skills & Emotional Intelligence
Assertiveness & Personal Productivity
Office Administration
Management Skills for Supervisor
People Management Skills
Business Communication
Advanced Problem Solving
Telephone Skills & E-Mail Correspondence
Coaching and Mentoring
Project Management for Non - Profit Manager

Assertiveness & Personal Productivity
Leadership & Management Skill
MIE Biometrics Training
ISO/IEC 27001 Foundation
Office Management
Advanced Business Management
Advance POPI Implementation
BCM & Disaster Recovery Conference
CIA
Fraud and Corruption Conference
Quality Customer Service
Professional Report & Writing Skills
Labour Relations & Labour Law
People Management
Professional Skills for Secretary
Emotional Intelligence
Negotiating for Results
Mastering Business Communications
Problem Solving & Decision Making
Quality Customer Service

During the year in review, a total of 46 employees partook in different training courses, with a total investment of R 229 364.97.

The Council is dedicated to ensuring all employees are given the opportunities to enhance their skills through the latest training methods. This has resulted in bettering the job performance of our employees. The Council is dedicated to assist employees in enhancing their skills, amplifying positive attitudes and contributing to increased knowledge in order to uplift the performance of the NBCRFLI employees. During the year in review, the Council also began allowing employees to adapt to new technology and methods to complete activities, thereby extending the efficiencies and processes within the Council while also increasing employees job satisfaction and morale.

PERFORMANCE MANAGEMENT

The NBCRFLI Performance Management Policy enables the Council to monitor and assist in the continuous improvement of its performance on an individual, departmental and organisational level. During the year in review, the policy was adhered to whereby performance contracts were developed and bi-annual assessments were completed for each employee.

HEALTH AND WELLBEING

The Council is dedicated to supporting the health and wellbeing of its employees and engages in many activities and programmes to ensure this. The Council contributes 66.6% towards employees' medical aid, and contributes the same amount when an employee retires.

The NBCRFLI entered into a partnership with Independent Counselling and Advisory Services (ICAS), an award winning industry leader in employee wellness programmes. ICAS has designed a solution specifically aligned with NBCRFLI employee wellness needs. The goal of the programme is to maintain a healthy, dedicated, responsive and productive workforce at the NBCRFLI. ICAS offers employees a range of core services such as:

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

Staff enrolled on EWP	Current no	Current %	Previous no	Previous %
Total Engagement rate	75	26.1%	101	35.2%
Individual cases	20	6.9%	32	11.1%
Group intervention participants	12	4.2%	26	9.1%
Ask the Professional	0	0.0%	2	0.7%
Profiled eCare users	43	15.0%	41	14.3%

Staff Pension Fund

All eligible permanent Council employees are required to join the Sanlam Umbrella Pension Fund as a condition of their employment. Those who are members of this Fund are also invested in the Sanlam Lifestage portfolio, which is the Fund's trustee approved investment strategy. The strategy aims to meet each member's savings requirements by working towards a target date, which would be the Normal Retirement Age or the Planned Retirement Age.

The investment strategy consists of two phases and members are automatically switched from one phase to another as they near retirement.

The two phases are:

Accumulation phase | Preservation phase

By making use of the Umbrella Fund, employees have access to a packaged and flexible retirement savings plan at a reduced cost.

Eligible employees are able to take advantage of the following benefits:

- **Retirement**
- **Death**
- **Accident**
- **Family funeral**
- **Burial repatriation**
- **Disability**
- **Trauma benefits**
- **Spouse life cover**

The Fund is managed by a board of six trustees. Sanlam appoints three of the trustees and the other three are elected by Pension Fund members from a panel of suitably qualified industry professionals. All professionals are independent of Sanlam, meaning they have not worked for Sanlam in the last ten years.

The trustees put the Fund structure in place, allowing the Council to select the most appropriate benefits and options

for their members. The trustees are ultimately responsible for the running of the Fund and must ensure that members' interests are protected at all times.

The underlying portfolio's returns for the 1st quarter for 2017 are as follows:

Phase	1 Month	3 Months	1 Year	3 Years (% p.a.)
Accumulation Portfolio	2.0%	3.3%	3.5%	7.7%
Preservation Portfolios:				
Capital Protection	0.6%	1.8%	8.7%	11.4%
Inflation-Linked	-2.1%	-0.4%	3.2%	6.3%
Living Annuity (ILLA)	1.4%	2.6%	5.7%	8.4%

Bursaries

For the year in review, the Council has awarded 28 bursaries to our employees to the value of R 1 295 045.00

WORKFORCE METRICS

For the year under review, the Department has highlighted key employee statistical data and indicators.

The table below shows that the current employee headcount is at 254 versus the budgeted positions of 290, resulting in 36 vacant positions.

Budgeted Head Count	Current Head Count	Number of Vacant Positions
290	254	36

Recruitment

The table below reflects the number of vacancies per organisational level.

There were 15 permanent appointments made during this period, which comprised of six external appointments and nine internal appointments.

A recruitment recovery plan and process review is currently being drafted to ensure that the vacancies and turnaround times are significantly reduced.

Level	No. of Vacancies
General Management	1
Management	2
Bargaining Unit Employees	33
Total	36

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 and 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 shall work 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.

INFORMATION TECHNOLOGY

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 does this by adopting IT governance, 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 Infrastructure Turnaround Strategy, that started in February 2014, consists of three phases:

Phase 1: Remediate & Stabilise (FY 2015),

Phase 2: Transform (FY2016), and

Phase 3: Govern, Manage & Optimise (FY2017).

The implementation of the final phase was concluded, and thereafter the IT Infrastructure Turnaround Strategy was completed in the financial year of 2017.

Apart from the infrastructure renewal project, the IT Infrastructure Turnaround Strategy consisted of awarding a tender to a single Core IT infrastructure service provider and consolidating all IT infrastructure services for the next three years, as a fully managed service - underpinned by comprehensive service definitions and service level agreement - under this single service provider.

This strategic approach proved to be very successful and delivered on all the anticipated benefits – significantly lower IT risk and much improved stability and reliability of the IT environment.

The year in review focused on maturing service management structures and developing comprehensive IT Governance and IT Management Frameworks with supporting processes and policies.

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 also re-evaluated and confirmed as the most appropriate IT Infrastructure Strategy for the NBCRFLI.

From a business perspective, the second phase of development of the new Enforcement System is approximately 80% completed and the system will be deployed in the coming months. The system fully automates the levy and invoice compliance process from raising the compliance order up to the point where Section 143 is returned from the CCMA. The system will radically transform the way business currently operates by removing a large portion of the manual processing, leading to a significant improvement in business effectiveness and efficiency.

In FY 2018, IT will focus on:

1. Transitioning all Core IT services to the appointed IT strategic partner
2. Implementing the IT Governance and IT Management Frameworks, supporting processes and policies
3. Rolling out and stabilising the second phase of the new Enforcement System for levy and invoice compliance case management

FINANCE

Introduction

The Council's financial performance for the period under review was outstanding, especially when considering the challenges faced by the NBCRFLI. 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 towards the end of the period. The Council recorded the highest surplus in the current financial year compared to previous years. This success can be attributed to the increase in the levies received from the industry. With continued efforts to increase compliance and the frequency of investments, together with the strict monitoring of expenditure, the financial performance is expected to increase in the year ahead.

The Council performed better than last year as revenue and surplus increased while expenditure was managed within budgeted constraints. Main Council actual expenditure increased by 10.40% compared to the previous year, while Main Council income increased by 29% to R258.9m.

The income generated for the year under review was R463 685 250 (last year: R391 806 491) overall and R264 493 118 (last year: R208 400 287) for Main Council, which is 18.35% and 26.85% respectively above the targeted income. The Council's return on investments (interest earned) was R181 256 551 (last year: R127 208 170), with the effective rate of return being 10.22% and 8.34% for the current and prior years respectively. Levies for the year under review were R78 973 216 (last year: R75 627 547) which is an increase of 4.42% from last year. Revenue overall increased by 19.08% from R383 100 491 to R456 185 209 during the year in review while the revenue for Main Council increased by 28.98% from R200 794 238 to R258 993 076.

Revenue

R456.1m

(Last year R383.1m)

NBCRFLI Overall Revenue

R258.9m

(Last year R200.7m)

Main Council Revenue

Income

R463.6m

(Last year R391.8m)

NBCRFLI Overall Income

R264.4m

(Last year R208.4m)

Main Council Income

Surplus

R97.2m

(Last year R57.2m)

NBCRFLI Overall Surplus

R96.5m

(Last year R48.2m)

Main Council Surplus

Expenditure

-R375.4m

(Last year -R334.5m)

NBCRFLI Overall Operating Expenditure

R176.8m

(Last year R160.1m)

Main Council Operating
Expenditure

Capital Expenditure

R5.2m

(Last year R8.3m)

INVESTMENT FIGURES, REVENUE AND INCOME

The overall investment balance was R 1.9b (FY2016: 1.6b) while Main Council's investments balance was R 309m (FY2016: 158m). The return on overall investments was 7.0% (FY2016: 6.92%) and the return on Main Council investments was 8.03% (FY2016: 7.90%). The CCMA subsidy income came to a total of R0.9m (FY2016: R1m).

During the year under review, the Council received a total of R 911 528 from the CCMA, which is a decrease from last year's R 1 078 116.

Property Value

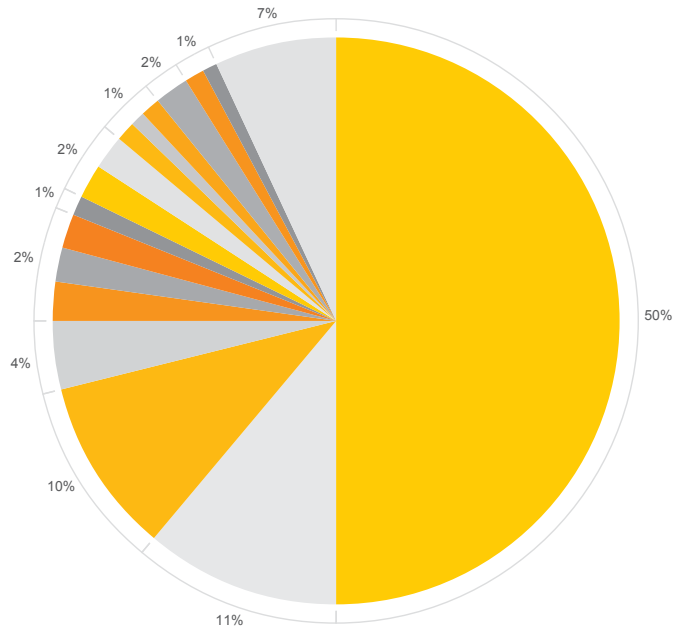
R26.0m

(Last year R26.0m)

EXPENDITURE

The operational expenditure for the year was 11.61% below the budget. The Council maintained the expenditure tightly without compromising business opportunities and service delivery to the industry.

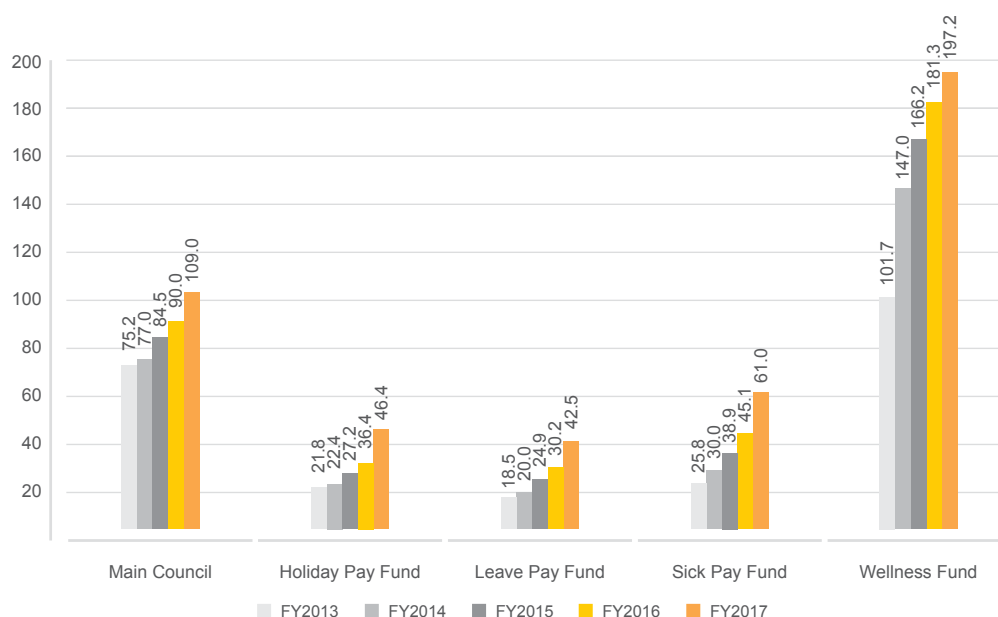
Employee costs	50%
Computer Hardware Leasing and Software Maintenance	11%
Arbitration Expenses	10%
Depreciation Amortisation and Impairments	4%
Attendance Fees	2%
Repairs and Maintenance	2%
Utilities	2%
Negotiation Paradigm	0%
Legal Expenses	1%
Lease Rentals on Operating Lease	2%
Equipment Hire	2%
Advertising	1%
Non-reclaimable VAT	0%
Bank Charges	1%
Telephone and Fax	1%
Consulting and Professional Fees	2%
Security	1%
Motor Vehicle Expenses	1%
Other	7%



As part of maintaining the Council's fiscal stability, the culture of cost saving was encouraged and promoted. The Council ensured the theme of efficiency was prominent as procurement processes were improved. Another critical element introduced was that no expenditure was incurred without budget approval. Furthermore, an improvement in controls around the procurement of goods and services was introduced whereby employees were called upon to substantiate the need of the preferred service provider/supplier.

Rm	Main Council	Holiday Pay Fund	Leave Pay Fund	Sick Pay Fund	Wellness Fund	Total
FY2016	90.0	36.4	30.2	45.1	181.3	383.1
FY2017	109.0	46.4	42.5	61.0	197.2	456.2

NBCRFLI REVENUE



BALANCE SHEET AND CASH FLOW

CAPITAL EXPENDITURE

Capital expenditure for the year decreased by 37.66% to R5.2m (FY2016: 8.3m). The decrease in the expenditure can mainly be attributed to the reduction of IT capital equipment (- 44.37%) and IT software (24.95%).

FINANCIAL ASSETS

The NBCRFLI Main Council and trust funds investments are held with major banks in South Africa. The investments yielded returns of 7.00% and 8.03% (2016: 6.92% and 7.90%). The market value of the Main Council investments was R309 068 335 (2016: R 158 044 460), a growth of 96% from 2016.

The consolidated market value of all investments, including the Holiday, Leave and Sick Pay Funds and Wellness Fund was R1 996 299 777 (2016: R1 552 010 307). The balance of the investments grew by 28.63% which is primarily attributable to an increase in contributions received from

trust funds (i.e. in respect of Holiday, Leave and Sick Pay Funds); an increase in the frequency of investments; and the reinvestment of interest yielded during the period. The surplus funds from the Wellness Fund were also invested.

TRADE AND OTHER RECEIVABLES

Trade and other receivables of the Main Council decreased by 61.16% to R1 851 264 (FY2016: R1 148 677). The Group receivables were R3 851 264 (FY2016: R1 148 677). The balance is largely attributed to the accrual of the profit share of the Wellness Fund Health Plan.

CASH FLOW

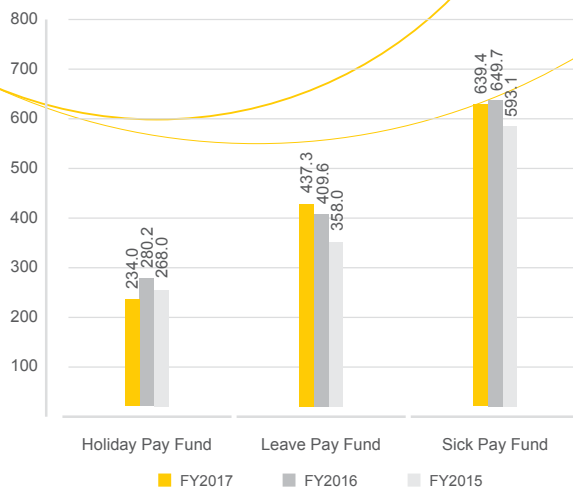
The Main Council bank balance decreased by 84.38% to R 28.9m (FY2016: 185.1m) during the year in review. The majority of the balance at the year ended 2016 was made up of amounts which were in the process of being invested.

TRUST FUND LIABILITIES

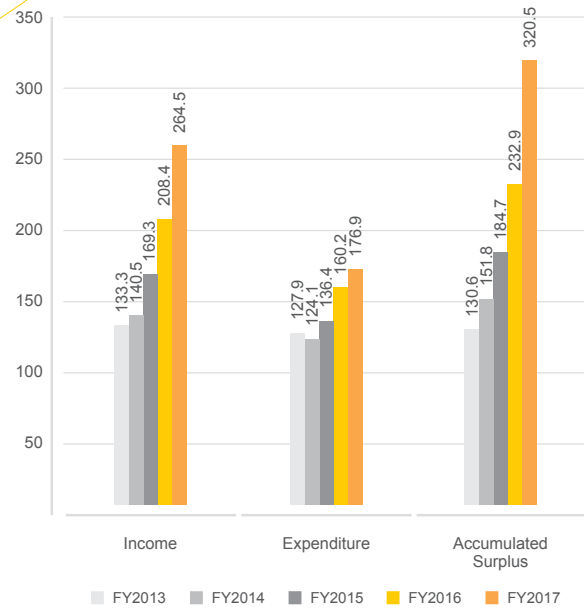
The movement and balances in the trust fund liabilities are highlighted in the graph below (amounts in Rm).

Trust Fund Liabilities (Rm)	Holiday Pay Fund			Leave Pay Fund			Sick Pay Fund		
	FY2017	FY2016	FY2015	FY2017	FY2016	FY2015	FY2017	FY2016	FY2015
Accumulated Funds - beginning of the year	280.8	268.3	243.4	409.6	357.9	326.4	649.7	593.1	570.1
Contributions Received	813.0	747.0	681.4	598.6	550.2	501.7	451.2	417	379.5
Total Payments	-775.0	-718.2	-651.4	-524.7	-489.0	-463.2	-390.7	-343.8	-347.1
Payments	-775.0	-718.2	-651.4	-524.7	-489.0	-463.2	-390.7	-343.8	-347.1
Contributions forfeited during the year	-84.2	-16.3	-5.1	-46.7	-9.4	-6.9	-71.3	-16.5	-9.4
CLOSING BALANCE	234.3	280.8	268.3	436	437.2	357.9	639.4	649.8	593.1

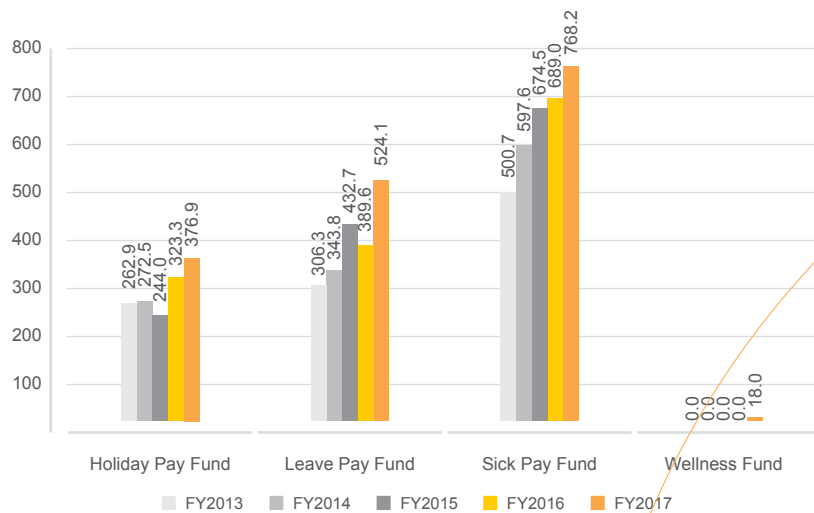
TRUST FUND LIABILITIES



MAIN COUNCIL FIVE YEAR PERFORMANCE



TRUST FUND INVESTMENT



Budget

A total budget of R202.9m was approved for the period ending 29 February 2018, plus the rollover Capex budget of R11.8m from prior years. The total Capex budget available for the period ending 29 February 2018 is R16.7m.

PROCUREMENT AND PAYROLL

PROCUREMENT

INTRODUCTION

The Procurement Section is a centralised function operating within the Finance Department. Its existence has been driven 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 integrated strategies that support the organisation's strategy, goals and objectives. To live up to this purpose, the Procurement Section is also aiming to continuously adopt best practices and adhere to all prevailing regulations.

LEGISLATIVE REQUIREMENTS

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

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

PAYROLL

INTRODUCTION

The primary mission of the Payroll Section is to ensure that all employees and other stakeholders are paid accurately and timeously with the correct withholdings and deductions, and to ensure the withholdings and deductions are remitted in a timely manner. This includes salary payments, tax withholdings, and deductions from earnings. The Payroll Section's mission is accomplished by working with all the other departments within the NBCRFLI, as well as the Human Resources Department.

LEGISLATIVE REQUIREMENTS

- The Payroll Section is required to comply with the following legislative requirements:
 - Employee Tax Incentive (ETI).
 - SARS requirements (EMP201 and EMP501).
 - BCEA.
 - Department of Labour requirements (UIF, Maternity).
 - StatsSA.
 - Workman's Compensation.
 - Pension Fund Act.



THIRD PARTY REQUIREMENTS

- The Payroll Section also has to comply with third party requirements which include:
 - Garnishee implementation – Court orders.
 - Medical aid requirements – Registration and payment of contributions.
 - Pension Fund – Registration and payment of contributions.

KEY PAYROLL ACTIVITIES THAT OCCURRED DURING THE YEAR UNDER REVIEW INCLUDE:

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

ADMINISTRATION AND FACILITIES

ACCOMPLISHMENTS

The Administration and Facilities Section achieved many objectives during the year in review. Office refurbishments were completed at the Kimberley, Witbank and Pietermaritzburg offices during the year in review. The Section also implemented an interim space solution at the Braamfontein Head Office through the refurbishment and relocation of the following departments/sections: Funds Administration, Agents and Disputes Resolution, while accommodating Archiving and Printing sections off-site.

Over the past years, parking has been a challenge within the Braamfontein area, where the NBCRFLI Head Office is situated. A highlight for the year in review was securing an additional 30 parking bays.

CHALLENGES

The Section is currently in the final phase of replacing all broken and faulty Haier air conditioning units. The Haier parts are no longer available in South Africa. The Department is analysing options for new air conditioning units.

Office space still remains an issue within Braamfontein. The Section is waiting for EXCO to approve the relocation of the Gauteng regional office to an alternative building.

OHASA

In a move to protect the safety, health and welfare of all NBCRFLI staff, the Administration and Facilities Section has ensured that the NBCRFLI is in compliance with the Occupational Health and Safety (OHAS) Act of 1993. Representatives submit monthly OHAS reports and checks to the Secretary, and thereby Facilities is able to action and identify risks to ultimately ensure a healthy and safe working environment. This is in line with the standards outlined in the National OHAS Act of 1993.

The Section updated evacuation plans and processes as well as inserted new first aid boxes. The Administration and Facilities Section appointed OHAS representatives in the Cape Town and Kwa-Zulu Natal regional offices, to ensure all offices are compliant with the OHAS Act of 1993.

RECORD KEEPING

The NBCRFLI has started with the implementation of the offsite filing process, whereby closed files are archived, in order to safeguard all Council documents. This is an on-going process of which the Council is currently drafting and finalising a Standard Operating Procedure and Archiving Policy.

FUTURE OUTLOOK

The future looks optimistic as the Council has a healthy financial standing in terms of its assets and investments. It expects a positive surplus according to its financial forecast for the year ahead. Over the past year, the Council has managed to grow the Council accumulated surplus by 32.54% (overall) and 38.06% (Main Council), in spite of economic challenges.

In the year ahead, the strategy of the organisation will be instrumental in providing guidance amidst challenging economic conditions. The Investment Committee will assist in making decisions on increasing the returns on funds invested, especially where expert advice is required. Internal cost control measures will also be introduced to ensure that funds are expended in line with business requirements.



AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee (the Committee) of NBCRFLI is pleased to present its report for the financial year ended 28th February 2017. 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 that has recently been reviewed and incorporates all the 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.

THE KEY DUTIES OF THE COMMITTEE INCLUDE:

EXTERNAL AUDITORS

- To consider and make recommendations to the Council in relation to the appointment, re-appointment and removal of the external auditors.
- To approve external auditor's remuneration, whether fees are for audit or non-audit services.
- To approve their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit.
- To assess their independence and objectivity annually, taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services.
- Review the findings of the audit with the external auditors.

FINANCIAL REPORTING

- To make submissions to the Council on any matter concerning the NBCRFLI's accounting policies, financial control, records and reporting.
- To review management's assessment of going concern and make a recommendation to the Council that the going concern concept be adopted by the NBCRFLI. To provide, as part of Annual Financial Statements, a report by the Audit and Risk Committee.

INSURANCE

The Committee reviews insurance arrangements annually and appropriate insurance cover is in place to cover insurable material risks.

INTERNAL AUDIT AND COMBINED ASSURANCE

- To ensure that the respective roles and functions of internal and external audit are sufficiently clarified and coordinated, and that the combined assurance received is appropriate to address all the significant risks.
- To ensure that written representations on internal control submitted to the Council annually by General Managers (these being representations that provide assurance on the adequacy and effectiveness of the Council's system of internal control).
- To monitor and review the effectiveness of the NBCRFLI's Internal Audit function in the context of the NBCRFLI's overall internal controls and risk management systems, including giving consideration to a periodic independent quality review of the function as deemed appropriate.

FINANCE FUNCTION

- To consider the appropriateness of the expertise and experience of the General Manager: Finance.
- To satisfy itself of the expertise, resources and experience of the finance function.



Plans to manage risks.

- Although informal measures to address business continuity are in place, Business Continuity Management has been prioritised to be formally implemented in the next financial year.
- A Compliance Framework is also prioritised for the current year under review. The work has commenced and will be finalised by end of the financial year.

INTERNAL FINANCIAL CONTROL AND INTERNAL AUDIT

Based on the assessment of the system of internal financial controls conducted by Internal Audit, as well as information explanations given 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.

IT GOVERNANCE

During the year in review, the Audit and Risk Committee provided oversight of the Council's IT governance and oversaw the implementation and review of all relevant IT governance policies, processes and control frameworks, while ensuring that they complied with the standards set out by the NBCRFLI during the year under review. The Committee also oversaw key ICT governance projects, as well as the appointment of key infrastructure and hosting service providers.

RISK MANAGEMENT

THE FOLLOWING ACTIVITIES WERE CONCLUDED DURING THE 2016/2017 FINANCIAL YEAR-END:

- Organisation Risk Register, which focused on the strategic objectives of the NBCRFLI, was completed. Seven strategic risks were identified and Task Treatment Plans were also put in place to prioritise the reduction of risk exposure to a more acceptable level. Although the strategic risk assessment was completed towards the end of the year, more efforts have been put in place to address planned mitigation action plans.
- The delay in the approval of the Council's strategy played a critical role in the development of the Council's Organisational Risk Register.
- Operational risk assessments were also completed for all departments.
- Regular Risk Register reviews and monitoring were also conducted and action plans addressed by management.
- Management made efforts during the 2016/2017 financial year to implement Operational Risk Treatment



COMMITTEE COMPOSITION AND ATTENDANCE AT MEETINGS

The Committee comprises of five independent non-executive members including the Chairperson of the Committee, who is not the Chairperson of the Council. The following members served on the Committee during the year under review:

Committee Member	Capacity	Meeting Attendance
O. Mokgoantle	Acting Chairperson	7/7
M. Ramataboe	Independent Member	7/7
J. Gamede	Independent Member	7/7
T. d'Almeida	Independent Member	5/7
D. Hlatshwayo	Chairperson	2/7

**Appointed to the Committee with effect from 1st July 2016, and resigned on the 4th November 2016 due to other commitments from the table below we can confirm a 93% committee meeting attendance rate.*

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

COMMITTEE FUNCTIONING

The Committee typically meets four times a year. The meeting date and agenda are agreed well in advance. Each meeting is preceded by the distribution of an Audit and Risk Committee pack to each Committee member, comprising of:

- A detailed agenda;
- Minutes of the previous meeting;
- A report by external auditors (where applicable);
- Written reports by management including:
 - Internal Audit;
 - Management accounts;
 - Forensic/fraud/loss statistics;
 - Compliance and legal.

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 2016/2017, for the first time, the Audit and Risk Committee developed specific key performance indicators (KPIs), in addition to aspects dealt with in the annual plan. This was a first attempt at setting objective measures for the Committee and Internal Audit function to assist management to achieve

the Council's strategic objectives. We recognise these are more qualitative in nature, but view this as a maturing process that will lead the Committee to more meaningful quantitative measures in time to ultimately provide stakeholders with a more in-depth understanding of the performance of the Committee. The Committee set the following KPIs for 2018:

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

The Committee and invitees concurred that these KPIs will be achieved in 2018. Going forward, the Chairperson of the Committee will attend the Annual General Meetings of the Council to answer any questions regarding the Committee's activities.



EXTERNAL AUDIT

The NBCRFLI's external auditor is Deloitte. The external auditor's plan for the annual audit of the NBCRFLI's financial statements, which incorporated the identification of significant risks and how they are to be addressed during the audit, is presented and approved at a meeting of the Committee before the commencement of audit fieldwork.

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

INTERNAL CONTROL AND INTERNAL AUDIT

During the year under review, the Audit and Risk Committee:

- Reviewed and approved the annual Internal Audit Plan and evaluated the independence, effectiveness and performance of the Internal Audit Department and the co-source partner.

- Considered the reports of the internal and external auditors on the NBCRFLI's systems of internal control, including financial controls, risk management and maintenance of effective internal control systems.
- Received assurance that proper accounting records were maintained and that the systems safeguarded the NBCRFLI's assets against unauthorised use or disposal.
- Reviewed issues raised by internal audit and the adequacy of corrective action taken by management in response.
- Assessed the adequacy of the performance of the Internal Audit function and found it satisfactory. Taking into account all information received from management as well as the internal and external auditors, nothing has come to the attention of the Audit and Risk Committee that indicates a material breakdown in the internal controls of the NBCRFLI.
- Reviewed and recommended for approval the Council Enterprise Wide Risk Management Policy which defines the NBCRFLI's risk management methodology.
- Reviewed the NBCRFLI's policies on risk assessment and risk management, including fraud risks and IT risks and found them to be sound.
- Reviewed the NBCRFLI's insurance cover based on the advice of the Council's insurance broker and confirmed that all significant insurable risks are appropriately covered.

AUDITOR INDEPENDENCE

The Committee is satisfied that the external auditor Deloitte and the designated audit partner are independent of the NBCRFLI and management, and are therefore able to express an independent opinion on the fair presentation of the NBCRFLI's annual financial statements.

This conclusion is, amongst others, based on the following:

- The NBCRFLI prohibits or otherwise restricts the non-audit services that may be provided by the external auditor.
- Auditing profession standards that preclude the external auditors' personnel from having other business relationships with the NBCRFLI.
- The external auditor may not provide services that could be seen as participating in the management of the NBCRFLI's affairs.
- The assurance provided by the external auditor that internal governance processes within the audit firm support the claim to independence.

The Committee made a decision to prevent the provision of non-audit services by the auditor. The auditor is restricted from rendering accounting, company secretariat, internal audit, legal, valuation, financial information system design,



actuarial, management human resources and investment services. For the period under review, an amount of R 957 161.00 was paid to external auditors as outlined in the table below. The amount includes non-audit service fees of R 272 073.89 which equates to 28% of the total spent.

Fees	Statutory Audit	Non-Audit Services
External Audit	R 685 188.45	-
VAT Exemption	-	R 221 343.89
Incentive Bonus Review	-	R 50 730.00
Total	R 685 188.45	R 272 073.89

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 made independent investigations and took appropriate follow-up action. The Committee receives reports of any complaints, whether from within or outside the NBCRFLI, relating to the accounting practices and internal audit of the NBCRFLI, the content or auditing of the NBCRFLI financial statements, the internal financial controls of the NBCRFLI and related matters.

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 the NBCRFLI.

APPROVAL OF THE REPORT

Following the review by the Audit and Risk Committee of the annual financial statements of the NBCRFLI for the year ended 28th May 2017 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 the Council as at the 28th February 2017. The Audit and Risk Committee has satisfied itself of the integrity of the remainder of the annual reported.

Having achieved the objectives for the financial year, the Audit and Risk Committee has recommended the annual financial statement and the remainder of the annual report for the year ended 28th February 2017 for approval to Council. The Council subsequently approved the financial statements, which will be open for discussion at the forthcoming Annual General Meeting.

Except for independent assurance not obtained on the adequacy and effectiveness of risk management practices, the Committee further confirms that it has functioned in accordance with its Charter for the reporting. The NBCRFLI is

still in a process of formalising the risk governance processes and structures. For the year under review, annual strategic and operational risk assessments were conducted across all NBCRFLI departments, implementation of risk mitigations was monitored, and Risk Officer and Risk Champions were appointed (2015). We still however have to finalise the Risk Management Framework, policy and risk tolerance levels. We are planning to finalise our risk governance process by the next financial year.



O. Mokgoantle

ACTING CHAIRPERSON OF THE AUDIT AND RISK COMMITTEE

28TH FEBRUARY 2017

INTERNAL AUDIT

The NBCRFLI Internal Audit Department reports 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 IV Report on Corporate Governance, the Internal Audit Department provides the Council management with the 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 in the following manner:

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

- The Council has an effective enterprise-wide risk management process in place.
- Governance processes are sufficiently designed, communicated and complied with across the Council.
- Significant financial, operational and management information is reported, and analyzed 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 General Manager Internal Audit, the Audit and Risk Committee and the General Management.
- Integrated assurance is provided as to the adequacy, effectiveness and efficiency of internal controls over risk as identified in conjunction with management, and other assurance providers.
- Senior Management follow-up and 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 will implement the approved combined assurance and internal control frameworks, while continuously auditing projects and working closely with forensic auditors 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.

The Audit and Risk Committee approved the Annual Internal Audit Plan for the 2016/2017 financial year; 19 projects were planned for the year. In order to track the progress of previously agreed management corrective actions, a follow up report is kept of all reviews until these are resolved.

PROFESSIONAL POSITIONING AND RECOGNITION

Internal Audit was subjected to one independent external Quality Assessment Review (QAR) in 2014, and another QAR was scheduled for 2017. The Internal Audit function, under the guidance of the Audit and Risk Committee, aspires to be a leading professional activity, characterized by innovation, the wide integration of global best practice and unequivocally demonstrating a commitment to upholding top standards.

INDEPENDENCE AND AUTHORITY

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

QUARTERLY 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.

SCOPE OF WORK

In the year under review there were no undue scope limitations or impairments to independence. In our professional judgement, sufficient and appropriate audit procedures have been conducted through the completion of the Risk-Based Audit Plan and evidence gathered to support the conclusions contained in this report.



The following Audit Grading Framework has been applied. This framework has been successfully integrated into the business, is well understood and elicits appropriate management responses:

Rating	Description
Good	Items identified in this report are of a housekeeping nature and, if implemented, would further strengthen the overall control environment.
Acceptable	An adequate control framework is in place but improvements are needed in certain key control activities.
Weak	The control environment may result in material exposure within the organisation and urgent management attention is required to address the situation.

Area	Description
Overall Opinion RATING - ACCEPTABLE	Based on the work completed during the year under review, which has been carried out in accordance with the International Professional Practices Framework for Internal Audit and the approved Internal Audit Plan, and provided that management has effectively implemented the agreed actions to rectify reported control weaknesses, in the opinion of Internal Audit, in all material respects, controls evaluated were generally acceptably appropriate and effectively implemented with the exception of Human Resources and Payroll, Procurement and New Enforcement Case Management Systems Development and Project Management Audit.
Tone at the top RATING - GOOD	Internal Audit has continued to note a constructive tone at the top. Senior Management generally responds timely and appropriately to reported weaknesses and demonstrates a willingness to adopt recommended improvements in the Council's governance, risk management and control.
Governance RATING - ACCEPTABLE	The quality of governance is considered in every audit and we confirm that there are generally good governance structures and processes in place.
Risk Management RATING - ACCEPTABLE	<p>Our risk management processes are still at a beginning phase. The following activities were concluded during the 2016/2017 financial year end.</p> <ul style="list-style-type: none"> • Organisation risk register which focused on strategic objectives of NBCRFLI was completed, 7 strategic risks were identified, task treatment plans were also planned to prioritise the reduction of risk exposures to a more acceptable level. Although the strategic risk assessment was completed towards the end of the year, more efforts have been put in place to address planned mitigation action plans. • Operational risk assessments were also completed for all departments. • Regular risk register reviews and monitoring were also conducted and action plans addressed by management. • Management made efforts during the 2016/2017 financial year in implementing operational risk treatment plans to manage risks. • Although informal measures to address business continuity are in place, BCM is being prioritised to be formally implemented in the next financial year. <p>Independent assurance could not be obtained on the adequacy and effectiveness of risk management practices. The NBCRFLI is still in a process of formalising the risk governance processes and structures. We still have to finalise the risk management framework, policy and risk tolerance levels. We are planning to finalise our risk governance process by the next financial year.</p>
Internal Control RATING - WEAK	We have continued to note an improvement in internal controls across the NBCRFLI, especially in areas that have been re-audited, but except in isolated instances of fraud amounting to approximately R1 million which was identified within the Procurement Section in the Finance Department. Disciplinary steps have been taken against implicated individuals and the matter has been reported to the Council's Insurance and Law Enforcement Agencies. Furthermore, Council Administration has improved internal controls as recommended by forensic investigators to avoid a repeat of a similar event in the future.

FRAUD MANAGEMENT

The Council's Internal Audit Department launched a fraud and disclosure service four years ago known as "Be Heard", in order to mitigate crime within the Road Freight and Logistics Industry.

The Internal Audit Department is responsible for investigating all incidents of fraud, corruption and other acts of unethical behaviour. These incidents are reported internally and externally via the Council's "Be Heard" disclosure service.

The objective of the disclosure service is to create an avenue for all the Council's stakeholders to report their suspicions of fraud, theft, corruption and anything that they feel uncomfortable about to the Council anonymously.

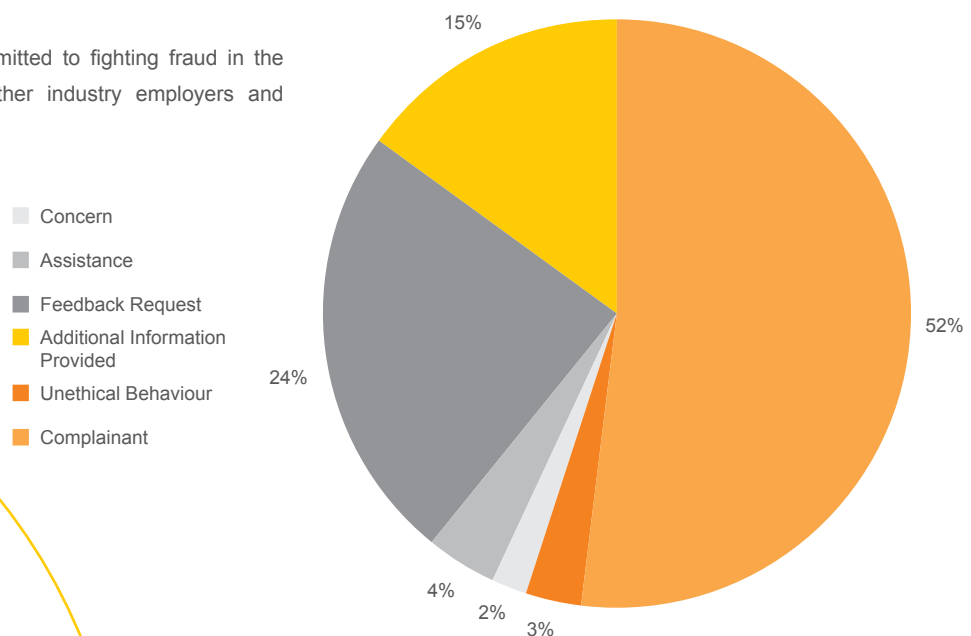
The Council is strongly committed to fighting fraud in the industry, and encourages other industry employers and

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.

The "Be Heard" disclosure service is completely independent and anonymous.

The information received from the "Be Heard" disclosure service is used as a basis for investigation into illegal activity.

The response to the "Be Heard" disclosure service has been positive and increased as compared to last year. The table below illustrates the breakdown of the disclosure reports received:



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

Since the Council adopted a zero tolerance policy, fraud remains one of its important focus areas. Internal Audit facilitates the investigation of all "Be Heard" reports. For serious fraud matters, Internal Audit partners with an independent forensic investigation firm to ensure that the zero tolerance policy of the Council is adhered to. Where necessary, civil and/or criminal cases are opened with the SAPS and disciplinary actions, mostly in the form of dismissals (depending on the matter), are taken.

For the reporting period, Internal Audit has partnered with

PricewaterhouseCoopers (PwC) to implement proactive measures to manage fraud. During the next financial year, we will be focusing on fraud prevention and awareness across all Council offices, thereby aligning all our anti-fraud policies to best practices and applicable legislations. We also plan to conduct ethics training with all Council staff members.

COMPLIANCE GOVERNANCE

Council Administration is in the process of developing a Compliance Framework Policy. The Council is responsible for ensuring that the entity complies with applicable laws and regulations, best practice codes, standards and directives. Compliance is the basis for the management of ethical conduct across all spheres of NBCRFLI activities

and interaction with internal and external stakeholders. To this end, the NBCRFLI has prioritised compliance as a key focus area.

Our governing legislation is the Labour Relations Act (LRA); all our collective agreements and procedures are reviewed on an ongoing basis for alignment to the LRA. Considering the amount of personal information that the Council deals with, Council Administration has embarked on a journey to comply with the Protection of Personal Information (POPI) Act. The Council has conducted a gap analysis and formulated a road map to work toward POPI compliance.

In FY2016 an IT Governance Framework was developed, approved and implemented for the NBCRFLI. This led to the establishment of an IT Steering Committee as a primary IT governance structure that reports to the Audit and Risk Committee. The primary function of the IT Steering Committee is to assist the Council in the governance of IT and to ensure business and IT alignment.

In FY2016 this Framework was reviewed and further expanded to include a more comprehensive IT Governance Framework supported by an IT Management framework and an IT charter with supporting processes and policies.

CORPORATE GOVERNANCE MATTERS

FINANCIAL GOVERNANCE

The Council is in a financially stable position with a considerable amount of reserves. The Council utilises Deloitte and Touche 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 a process to apply for VAT exemption as well as to provide guidance on best practice corporate governance requirements.

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

INFORMATION TECHNOLOGY GOVERNANCE

The IT Steering Committee will monitor all IT risks and the Council's IT major projects. The Council is still in the process of documenting and reviewing its IT policy to meet Governance requirements. IT best practices and frameworks like Cobit 5, ITIL, ISO 38500 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, 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 of Authority which prescribes powers and responsibilities to Council Governance Structures and Council Administration respectively. Its purpose is to give defined authority to Council Governance Structures and Council Administration.

CLOSING

For the year ahead, the Council is seeking to establish a Social and Ethics Committee and more corporate governance training for Council members and the Council subcommittees.



AUDITED FINANCIAL STATEMENTS

COUNCIL MEMBERS' RESPONSIBILITIES AND APPROVAL

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

The Council Members are required to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated annual financial statements fairly present the state of affairs of the Council as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with specific accounting policies adopted. The external auditors are engaged to express an independent opinion on the consolidated annual financial statements.

The consolidated annual financial statements are prepared in accordance with specific accounting policies adopted, and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Council acknowledges that it is ultimately responsible for the system of internal financial control established by the Council and places considerable priority on maintaining a strong control environment. To enable management to meet these responsibilities, the Council sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the Council and all employees are required to maintain the highest ethical standards in ensuring the Council's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Council is on identifying, assessing, managing and monitoring all known forms of risk across the Council. While operating risk cannot be fully eliminated, the Council endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Council is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However,

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

The Council has reviewed its cash flow forecast for the year to 28 February 2017 and, in the light of this review and the current financial position, they are satisfied that the Council has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Council's and consolidated annual financial statements. The consolidated annual financial statements have been examined by the Council's external auditors and their report is presented on page 75.

CORPORATE GOVERNANCE

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

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

APPROVAL

The annual financial statements set out on pages 76 to 88, which have been prepared on the going concern basis, were approved by the Council on 28 July 2017 and were signed on its behalf by:



MR MUSAWENKOSI NDLOVU
National Secretary for NBCRFLI



FRED MEIER
Chairperson



FINANCIALS



NBCRFLI
National Bargaining Council for the Road Freight and Logistics Industry
Your Road Freight Partner.

PROFILE OF SERVICE

Balance Sheets as at 28 February 2011

Figures in Rands

Notes

Group

2011

2010

2011

ASSETS

Non Current Assets

Property, plant and equipment
Other financial assets

868 013 126
39 342



THE NATURE OF BUSINESS

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

INTERNAL CONTROL

The Council acknowledges that it is ultimately responsible for the system of internal financial control established by the Council and place considerable priority on maintaining a strong control environment. To enable management to meet these responsibilities, the Council sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the Council and all employees are required to maintain the highest ethical standards in ensuring the Council's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Council is on identifying, assessing, managing and monitoring all known forms of risk across the Council. While operating risk cannot be fully eliminated, the Council endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Council is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

GOING CONCERN

The Council has reviewed its cash flow forecast for the year to 29 February 2018 and, in the light of this review and the current financial position, they are satisfied that the Council has access to adequate resources to continue in operational existence for the foreseeable future.

AUDITOR'S RESPONSIBILITY

The external auditors are responsible for independently reviewing and reporting on the Council's and consolidated annual financial statements. The consolidated annual financial statements have been examined by the Council's external auditors and their report is presented on page 75.

KING III CORPORATE GOVERNANCE

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

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

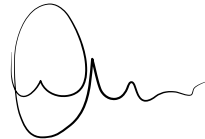
APPROVAL

The annual financial statements set out on pages 76 to 88, which have been prepared on the going concern basis, were approved by the Council on 28 July 2017 and were signed on its behalf by:



MR MUSAWENKOSI NDLOVU

National Secretary for NBCRFLI



FRED MEIER

Chairperson



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

Opinion

We have audited the financial statements of the National Bargaining Council for the Road Freight and Logistics Industry ("the Council") set out on pages 76 to 86, which comprise:

- The statement of financial position as at 28 February 2017;
- The statements of comprehensive income for period ended 28 February 2017;
- The statements of changes in funds for the period ended 28 February 2017;
- The statements of cash flows for the period ended 28 February 2017;
- The 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 the Council as at 28 February 2017, 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 (IFRS for SMEs) and the requirements of the Section 53(2) (b) of the Labour Relations Act of South Africa.

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 entity in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The members of Council are responsible for the other information. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of members of Council for the Financial Statements

The members of Council 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 requirements of Section 53(2) (b) of the Labour Relations Act of South Africa, and for such internal control as members of Council 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 members of Council 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 members of Council 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. Misstatement 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. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 purposes 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 members of the Council.
- Conclude on the appropriateness of the members of 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 to 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 of 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 members of Council regarding, among other matters, the planned scope and timing of the audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

There are no instances of non-compliance with laws and regulations that came to our attention during the course of our audit of the financial statements.

Deloitte & Touche

DELOITTE & TOUCHE

Registered Auditors
Per T Magare
Partner

31 August 2017

Statement of Financial Position

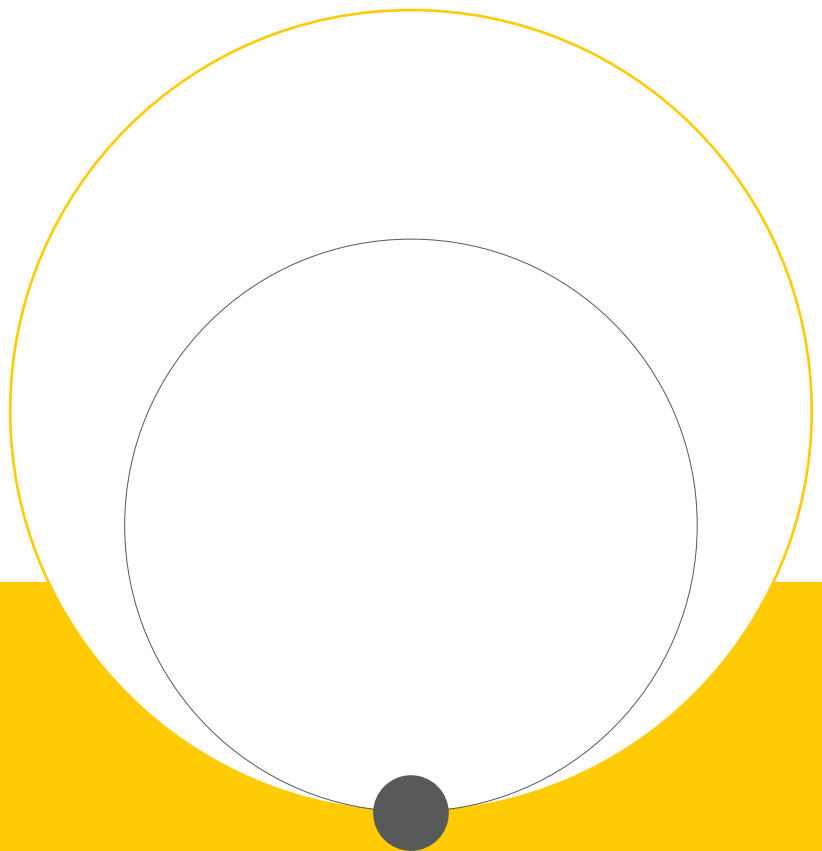
FOR THE PERIOD ENDED 28 FEBRUARY 2017

	Notes	2017 R	2016 R
ASSETS			
Non Current Assets		2 041 020 379	1 591 295 134
Property plant and equipment	2	44 720 601	39 284 827
Other financial assets	3	1 996 299 777	1 552 010 307
Current Assets		50 399 711	222 672 438
Inventories		96 811	96 554
Trade and other receivables	4	3 851 264	1 148 677
Cash and cash equivalents		46 451 637	221 427 207
Total assets		2 091 420 091	1 813 967 573
EQUITY AND LIABILITIES			
Equity		735 095 769	435 560 389
Reserves		372 604 363	161 308 206
Surplus funds		362 491 406	274 252 183
Non Current Liabilities		1 311 086 158	1 340 044 327
Industry employees trust account	7	1 311 086 158	1 340 044 327
Current Liabilities		45 238 164	38 362 857
Other financial liabilities	5	2 440 002	1 747 211
Trade and other payables	6	42 798 162	36 615 646
Total equity and liabilities		2 091 420 091	1 813 967 573

Statement of Comprehensive Income

FOR THE PERIOD ENDED 28 FEBRUARY 2017

	Notes	2017 R	2016 R
Revenue		456 185 209	383 100 491
Other Income		7 500 042	8 706 000
Income		463 685 250	391 806 491
Operating expenses	8	(375 446 028)	(334 560 160)
Operating surplus (deficit)		88 239 222	57 246 331
Surplus/(Deficit) for the year		88 239 222	57 246 331
Other comprehensive income/loss:		-	-
Gain on revaluation of assets		9 011 294	-
Total comprehensive income for the period		97 250 517	57 246 331



Statement of Changes in Funds

FOR THE PERIOD ENDED 28 FEBRUARY 2017

	Notes	Revaluation Reserve R	Forfeitures Reserve R	Total Reserves R	Surplus Funds R	Total Funds R
Balance at 28 February 2015		3 894 136	115 139 401	119 033 537	217 005 852	336 039 390
(Deficit)/Surplus for the period		-	-	-	57 246 331	57 246 331
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		-	-	-	57 246 331	57 246 331
Movement to forfeitures reserve		-	42 274 668	42 274 668	-	42 274 668
Balance at 28 February 2016		3 894 136	157 414 070	161 308 206	274 252 183	435 560 389
(Deficit)/Surplus for the period		-	-	-	88 239 222	88 239 222
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		-	-	-	88 239 222	88 239 222
Movement to forfeitures reserve		-	202 284 863	202 284 863	-	202 284 863
Gain on revaluation of assets		9 011 294	-	9 011 294	-	9 011 294
Balance at 28 February 2017		12 905 430	359 698 932	372 604 363	362 491 406	735 095 769

Statement of Cash Flows

FOR THE PERIOD ENDED 28 FEBRUARY 2017

	Notes	2017 R	2016 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	A	100 305 609	71 322 924
Transfer of forfeitures /increase in reserves		202 284 863	42 274 668
Net cash (outflow)/inflow from operating activities		302 590 472	113 597 592
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(5 214 199)	(8 363 893)
Proceeds/Loss from sale of property, plant and equipment		203 007	416 100
Increase in other financial assets		(444 289 470)	(52 954 898)
Net cash outflow from investing activities		(449 300 662)	(60 902 691)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease)/Increase in other financial liabilities		692 790	(1 288 135)
Increase in industry employees trust account		(28 958 169)	120 813 413
Net inflow/(outflow) from financing activities		(28 265 379)	119 525 278
Net increase/(decrease) in cash and cash equivalents		(174 975 569)	172 220 180
Cash and cash equivalents at beginning of year		221 427 207	49 207 028
CASH AND CASH EQUIVALENTS AT END OF YEAR	B	46 451 637	221 427 207

Notes to the Statement of Cash Flows

FOR THE PERIOD ENDED 28 FEBRUARY 2017

	2017 R	2016 R
A. RECONCILIATION OF OPERATING INCOME/(LOSS) TO CASH GENERATED FROM OPERATIONS		
Operating (Deficit)/Surplus	97 250 517	57 246 331
Adjustment for non cash items:	(424 580)	3 088 498
Depreciation and amortisation	8 665 103	4 208 340
Adjustments to computer software asset: Depreciation	-	18 109
Gains on revaluation of assets	(9 011 294)	-
Sponsorship received for purchase of vehicles	-	(749 951)
(Gain)/Loss on disposal of property, plant and equipment	(78 389)	(388 000)
Adjustment for separately disclosable items:		
Interest received	(181 256 551)	(127 208 170)
Operating cash inflow before working capital changes:	(84 430 615)	(66 873 341)
Working capital changes	3 479 673	10 988 095
Changes in inventories	(257)	81 761
Changes in trade and other receivables	(2 702 587)	13 541 181
Changes in trade and other payables	6 182 516	(2 634 847)
Cash generated from operations	(80 950 942)	(55 885 246)
Interest received	181 256 551	127 208 170
CASH GENERATED FROM OPERATING ACTIVITIES	100 305 609	71 322 924
B. CASH AND CASH EQUIVALENTS		
Bank balances		
Main Council	28 929 642	185 174 733
Wellness Fund	17 521 943	36 252 440
Holiday Pay Fund	18	18
Leave Pay Fund	18	18
Sick Pay Fund	18	(1)
	46 451 637	221 427 207

Notes to the Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2017

REPORTING ENTITY

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

1.1 Accounting Policy

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities issued by the international Accounting Standards Board. They are presented in Rands. The financial statements except for buildings and investments at fair value, have been prepared on the historical cost basis in accordance with the accounting policies set below.

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

1.2 Property, plant and equipment

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

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

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

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

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

Depreciation is calculated on cost, less residual value, using the straight-line method over their expected useful lives. If there is an indication that there has been a significant change since the last annual reporting date in the pattern by which an entity expects to consume an asset's future economic benefits, the entity shall review its present depreciation method and if current expectation differ, change the depreciation method to reflect the new pattern. The entity shall account for the change as change in an accounting estimate in accordance with paragraphs 10(15) to 10(18) of IFRS for SMEs.

The useful lives applied are as follows:

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

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

1.3 Financial Instruments

- Initial Recognition

The funds classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

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

- Loans

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

- Trade and Other Receivables

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

- Trade and Other Payables

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

- Cash and Cash Equivalents

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

- Held to Maturity and Loans and Receivables

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

1.4 Revenue

Revenue is recognised on both the accrual and cash basis.

- Levies

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

- Administration fees

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

1.5 Employee Benefits

- Defined Contribution Plans

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

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

1.6 Outstanding Levies

- Consistent to prior year, levies due but unpaid at the end of the current financial period have been brought into account.

1.7 Interest Income

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

Notes to the Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2017

2. PROPERTY, PLANT AND EQUIPMENT

	2017			2016		
	Cost/ Valuation R	Accumulated Depreciation R	Carrying Amount R	Cost/ Valuation R	Accumulated Depreciation R	Carrying Amount R
Land & Buildings	26 000 000	-	26 000 000	26 000 000	-	26 000 000
Furniture & fittings	15 019 999	(12 412 248)	2 607 752	12 603 170	(10 886 466)	1 716 704
Motor vehicles	5 700 910	(3 529 204)	(2 171 707)	5 170 861	(2 953 771)	2 217 090
Office Equipment	3 955 521	(3 482 574)	472 947	3 439 050	(3 062 115)	376 935
IT Equipment	18 823 917	(13 405 577)	5 418 340	14 562 775	(10 280 135)	4 282 640
Computer Software	25 994 512	(19 545 613)	6 448 899	20 444 381	(16 746 146)	3 698 234
Containers	2 567 733	(966 775)	1 600 958	1 616 863	(623 639)	993 224
	98 062 592	(53 341 990)	44 720 602	83 837 099	(44 552 272)	39 284 827

Notes to the Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2017

2. PROPERTY, PLANT AND EQUIPMENT (continued)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings	Furniture & Fittings	Motor Vehicles	Office Equipment	IT Equipment	Computer Software	Containers	TOTAL
28 FEBRUARY 2017	R	R	R	R	R	R	R	R
Opening carrying amount	26 000 000	1 716 704	2 217 090	376 935	4 282 640	3 698 234	993 224	39 284 827
Cost	26 000 000	12 603 170	5 170 861	3 439 050	14 562 775	20 444 381	1 616 863	83 837 099
Accumulated depreciation	-	(10 886 466)	(2 953 771)	(3 062 115)	(10 280 135)	(16 746 146)	(623 639)	(44 552 272)
Additions	-	593 945	530 049	3 825	1 807 883	1 456 405	822 092	5 214 199
Gain on revaluation through equity	-	1 822 885	-	512 646	2 453 259	4 093 726	128 778	9 011 294
Disposals at net book value	-	-	(72 610)	-	(52 005)	-	-	(124 615)
Current depreciation	-	(1 525 782)	(502 823)	(420 459)	(3 073 437)	(2 799 466)	(343 136)	(8 665 104)
Closing carrying amount	26 000 000	2 607 752	2 171 707	472 947	5 418 340	6 448 899	1 600 958	44 720 602
Cost	26 000 000	15 019 999	5 700 910	3 955 521	18 823 917	25 994 512	2 567 733	98 062 592
Accumulated depreciation	-	(12 412 248)	(3 529 204)	(3 482 574)	(13 405 577)	(19 545 613)	(966 775)	(53 341 990)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings	Furniture & Fittings	Motor Vehicles	Office Equipment	IT Equipment	Computer Software	Container	TOTAL
29 FEBRUARY 2016	R	R	R	R	R	R	R	R
Opening carrying amount	26 000 000	1 774 338	290 688	593 264	2 864 713	2 902 529	-	34 425 532
Cost	26 000 000	12 077 736	2 817 539	3 439 050	11 312 707	18 521 949	572 384	74 741 365
Accumulated depreciation	-	(10 303 398)	(2 526 851)	(2 845 786)	(8 447 994)	(15 619 420)	(572 384)	(40 315 833)
Additions	-	525 434	1 603 371	-	3 250 068	1 940 541	1 044 479	8 363 893
Additions - Sponsorship (Trucking Wellness)	-	-	749 951	-	-	-	-	749 951
Disposals at net book value	-	-	-	-	(28 100)	(18 109)	-	(46 209)
Current depreciation	-	(583 068)	(426 920)	(216 329)	(1 804 041)	(1 126 726)	(51 255)	(4 208 340)
Closing carrying amount	26 000 000	1 716 704	2 217 090	376 935	4 282 640	3 698 234	993 224	39 284 827
Cost	26 000 000	12 603 170	5 170 861	3 439 050	14 562 775	20 444 381	1 616 863	83 837 100
Accumulated depreciation	-	(10 886 466)	(2 953 771)	(3 062 115)	(10 280 135)	(16 746 146)	(623 639)	(44 552 272)

Notes to the Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2017

	2017 R	2016 R
PROPERTY PLANT AND EQUIPMENT (CONTINUED)		
Other information		
Details of properties		
Erf 2915 Johannesburg measuring 496 square meters with office building erected thereon.		
Erf 2914 Johannesburg portion 2		
Erf 7498 Parrow 141 Voortrekker Road Parrow		
- Balance at beginning of period	26 000 000	26 000 000
- Improvements	-	-
Total land and buildings before revaluation	26 000 000	26 000 000
Land and building are re-valued independently every three years.		
Revaluation of the land and buildings is performed by an independent valuator Grant Fraser (MIV. SA) of G.C Fraser & Associate who are not connected to the NBCRFLLI.		
Revaluation on the land and buildings was performed as at 28 February 2015. (The previous revaluation was performed as at 28 February 2012.) Details of the revaluation are as follows:		
Erf 2915 Johannesburg, 31 De Korte Street, Braamfontein	11 500 000	11 500 000
Erf 2914 Johannesburg, 29 De Korte Street, Braamfontein	9 400 000	9 400 000
Erf 7498 Parrow, 141 Voortrekker Road, Parrow	5 100 000	5 100 000
Total value as per the revaluation report - 28 February 2017	26 000 000	26 000 000
<i>The valuation stated for the current period was on the basis that the properties will be sold on the assumption of vacant possession.</i>		
2.1 Change in Accounting Estimate		
<i>The useful life of some assets was revised based on the indication that they will bring future economic benefits to the entity.</i>		
Details of the assets which their useful life was revised at year end		
Furnitures and Fittings	1 822 885	-
Office Equipment	512 646	-
Computer/IT Equipment	2 453 259	-
Computer Software	4 093 726	-
Containers	128 778	-
	9 011 294	-
3. OTHER FINANCIAL ASSETS		
Held to maturity and demand		
Fixed deposit and money market funds:		
Main Council Investment	309 068 335	158 044 450
Holiday Pay Fund Investment	376 889 050	323 258 295
Leave Pay Fund Investment	524 112 669	389 637 058
Sick Pay Fund Investment	768 225 575	681 070 494
Wellness Fund Investment	18 004 147	-
	1 996 299 777	1 552 101 307
The investments are held at a variety of financial institutions.		
The yield on investments was 7.00% and 8.03% (February 2016: 6.92% and 7.90%) per annum.		
Total other financial assets	1 996 299 777	1 552 101 307
4. TRADE AND OTHER RECEIVABLES		
Sundry Debtors	1 331 959	663 634
Deposits	356 218	205 479
Receivable - Prepaid Expenses	163 087	279 564
Wellness Accrued Income - Profit Share African Unity Limited	2 000 000	-
Total trade and other receivables	3 851 264	1 148 677

Notes to the Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2017

	2017 R	2016 R
5. OTHER FINANCIAL LIABILITIES		
Held at amortised cost		
Holiday Pay Bonus Fund	-	-
Leave Pay Fund	-	-
Sick Fund	-	-
Wellness Fund	-	-
Unallocated funds received	2 440 003	1 747 211
Total other financial liabilities	2 440 003	1 747 211
6. TRADE AND OTHER PAYABLES		
Trade payables and control account balances	17 038 667	11 939 834
Employee cost related payables	1 985 670	2 094 121
Incentive bonus provision	10 924 121	8 930 421
VAT	2 013 984	2 015 091
Trust account	4 363 533	5 515 234
Refunds due	4 971 665	4 859 710
Industry Unions and Agency Fees	1 500 523	1 261 235
Total trade and other payables	42 798 162	36 615 646
7. INDUSTRY EMPLOYEES TRUST ACCOUNT		
Balance at beginning of period		
Holiday Pay Fund	28 644 092	268 254 332
Leave Pay Fund	409 631 570	357 893 100
Sick Pay Fund	649 768 667	593 083 483
	1 340 044 327	1 219 230 915
Contributions received		
Holiday Pay Fund	813 025 853	747 018 122
Leave Pay Fund	598 656 276	550 222 537
Sick Pay Fund	451 652 587	416 990 754
	1 863 334 716	1 714 231 413
Less:		
Pay-outs for the year		
Holiday Pay Fund	(775 018 872)	(718 276 047)
Leave Pay Fund	(524 259 767)	(489 054 851)
Sick Pay Fund	(390 729 387)	(343 812 433)
	1 690 008 025	1 551 143 331
Less:		
Forfeitures adjustment		
Holiday Pay Fund	(84 265 800)	(16 352 315)
Leave Pay Fund	(46 752 151)	(9 429 216)
Sick Pay Fund	(71 266 910)	(16 493 137)
	(202 284 861)	(42 274 668)
(The forfeitures adjustments relates to forfeitures for the 5 year ended February 2012)		
Closing balance at the end of the year		
Holiday Pay Fund	234 385 273	280 644 092
Leave Pay Fund	437 275 928	409 631 570
Sick Pay Fund	639 424 957	649 768 667
	1 311 086 158	1 340 044 327

7.1 General Provisions of Benefits Funds in terms of Industry Collective Agreement

- The provisions of the agreement made and entered into by parties in the Council, Promulgated under Government notice dated 15 January 1971 sub clause of Holiday Pay Bonus Fund, Leave Pay Fund, Sick Fund made the following provisions on the administration of benefit 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 the benefit fund.
- Income earned on invested money accrues to the Council
- Any contribution paid to a benefit fund, which is not claimed or otherwise legally disposed off within five years of receipt of that contribution will be forfeited to the reserve funds of the contribution concerned.
- Any money in the benefit fund that 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.
- In respect of each benefit fund, the Council must appoint a registered auditor to audit the accounts of the relevant benefit fund at least once a year and prepare a statement showing all money received and expenditure incurred under all headings for the financial year to the end of February together with a statement of financial position showing the assets and liabilities of the funds as at that date.

Notes to the Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2017

	2017 R	2016 R
8. OPERATING EXPENSES		
Included in operating expenses is the following:		
Employee costs	(94 811 445)	(83 952 637)

9. TAXATION

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

10. CONTINGENCIES

- (a) In terms of the Labour Relations Act of 1995, parties to the bargaining council must be representing 50% plus one in order for the minister to promulgate for enforcement of the collective agreement to the industry.
- (b) As at reporting period ended 28 February 2013, the Council had a dispute against E-Prime Dynamix for breach of contract. The service provider was contracted to install and implement the SAP system. The contract was terminated when failures were discovered on the system and the service provider failed to rectify the system errors. Upon termination, E-Prime Dynamix instituted a counter claim against the Council with a contingent liability of R3,569,129. E-Prime Dynamix has since been liquidated and it is unlikely that the matter will proceed to court.

Detailed Income Statement

FOR THE PERIOD ENDED 28 FEBRUARY 2017

	Notes	2017 R	2016 R
Revenue			
Levies Received		78 973 216	75 627 547
Wellness Fund Contributions		195 955 441	180 264 774
Interest Received		181 256 551	127 208 170
Admin Fees Received		-	-
		456 185 209	383 100 491
Other Income			
Gains/(Loss) on disposal of assets		78 389	380 295
Rental Income		439 597	478 263
Sundry Income		6 982 055	7 847 441
		7 500 042	8 706 000
Income		463 685 250	391 806 491
Operating expenses			
Advertising		(3 285 885)	(2 715 182)
Arbitration expenses		(16 894 071)	(16 423 368)
Attendance fees		(4 248 050)	(3 634 693)
Auditor's remuneration		(904 126)	(1 129 583)
Bad debts written off		(992 721)	-
Bank charges		(2 364 174)	(2 154 503)
Bursary expense		(911 744)	(222 420)
Consulting and Professional fees		(3 124 913)	(1 822 092)
Computer Hardware Leasing and Software Maintenance		(20 171 200)	(19 193 346)
Depreciation amortisation and impairments		(8 665 103)	(4 208 340)
Employee costs		(94 811 445)	(83 952 637)
Equipment hire		(2 709 261)	(2 533 649)
Exemption body expenses		(703 548)	(599 612)
Forfeitures tracing		-	(41 348)
Loss on scrapped assets		(124 515)	-
Insurance		(861 092)	(1 099 425)
Legal expenses		(2 697 995)	(2 989 552)
Lease rentals on operating lease		(2 816 429)	(2 576 012)
Management fee - Wellness Clinics/Other		(486 780)	(718 200)
Medical expenses - Wellness employee health insurance		(146 065 790)	(128 323 862)
Mobile Office		-	(58 402)
Motor vehicle expenses		(1 544 381)	(1 595 122)
Negotiation Paradigm		(349 095)	(2 818 231)
Non-reclaimable VAT		-	(3 343 978)
Paycard		(534 489)	-
Penalties and interest		(1 611)	(703 348)
Postage		(347 888)	(286 184)

Detailed Income Statement

FOR THE PERIOD ENDED 28 FEBRUARY 2017

	Notes	2017 R	2016 R
Printing and stationery		(1 854 727)	(1 199 761)
Repairs and maintenance		(2 729 141)	(2 928 573)
Security		(1 953 780)	(1 786 967)
Seminars		(400 580)	(654 873)
Staff welfare		(1 651 503)	(1 187 230)
Staff training		(1 141 096)	(820 579)
Telephone and fax		(1 921 549)	(1 891 095)
Training Councillors		(185 034)	-
Travel local		(1 444 759)	(1 036 576)
Treatment		(30 868 059)	(27 398 311)
Trucking Wellness Funding		(11 865 655)	(9 671 909)
Utilities		(3 813 840)	(2 841 198)
		(375 446 028)	(334 560 160)
Operating Surplus(Deficit)		88 239 222	57 246 331
Other Comprehensive Income			
Gain on revaluation of assets		9 011 294	-
Surplus (Deficit) for the period		97 250 517	57 246 331

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2017 HIGHLIGHTS & ACCOMPLISHMENTS



Extension of the Council's Main Collective Agreement period of operation to 2019



Introduced the Paycard Solution



The operational expenditure was 13.62% below the budget



Overall revenue increased by 19.08%



Revenue for Main Council increased by 28.98%



0.19% reduction in HIV infections through the Trucking Wellness Centres



1 925+ people had themselves tested for HIV through the Trucking Wellness centres



46 employees partook in different training courses with a total investment of R 229 364.97



Currently the Council has awarded 28 bursaries to our employees to the value of R 1 295 045.00



Mobi app had 2 154 unique users



ACKNOWLEDGEMENTS

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

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



