



NBCRFLI

National Bargaining Council for the Road Freight and Logistics Industry

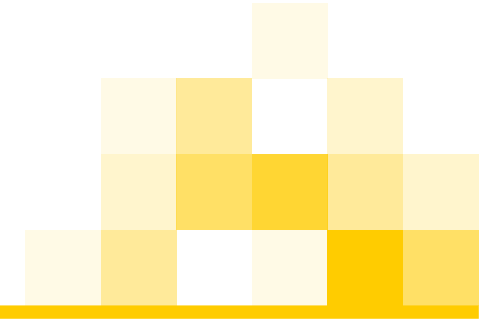
Your Road Freight Partner.

ANNUAL REPORT **2013**

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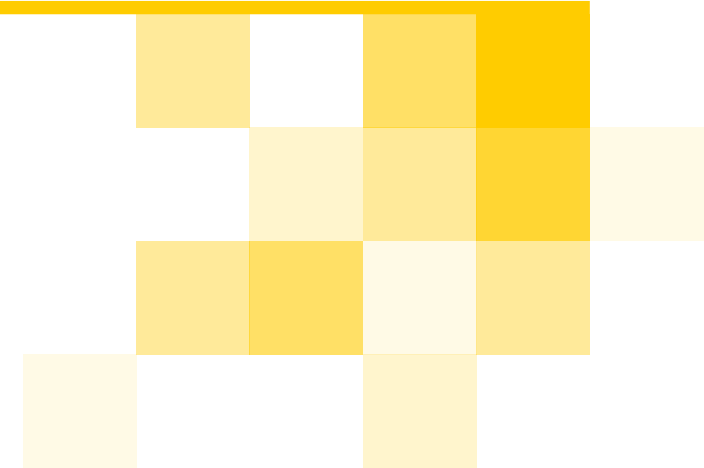
ORGANISATIONAL PROFILE

The National Bargaining Council for the Road Freight and Logistics Industry (**NBCRFLI**) is a service-centred organisation whose core function is to manage the conditions of employment in the road freight and logistics industry in order to provide cohesion amongst industry members and to promote stability within the industry.

This is achieved through a number of value-add service offerings provided by the Council, which ultimately drives prosperity within the industry. These include:

- Setting minimum standards and conditions of employment and enforcing them.
- The provision of dispute resolution services.
- Managing the industry's annual leave, sick leave and holiday pay bonus funds.
- Providing wellness services to the industry in the form of Trucking Wellness and the Wellness Fund Health Plan.
- Compliance enforcement with regard to the industry Provident Fund.

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





NBCRFLI GOVERNING BODY

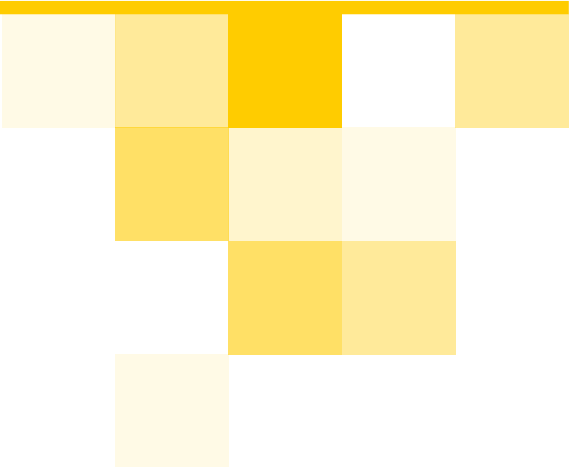
The main purpose of the **NBCRFLI**'s Governing Body is to oversee and provide strategic direction to the Council's management and administration staff in order for them to provide an excellent service to the Industry. This is achieved through the adoption of strategic plans, and determining policies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

The Governing Body 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 Committee Secretary.

The Board of Councillors consists of 24 members from the Road Freight Employers' Association (RFEA), South African Transport and Allied Workers' Union (SATAWU),

Motor Transport Workers' Union (MTWU), Transport and Allied Workers' Union of South Africa (TAWU) and the Professional Transport and Allied Workers' Union (PTAWU). The Council's National Secretary or Chief Executive Officer (CEO), Chief Operations Officer (COO), Chief Benefits Officer (CBO) and Chief Financial Officer (CFO) are also invited to attend all meetings of the Governing Body. The Governing Body is headed by the Chairperson and the Deputy Chairperson. Their names can be viewed below on pages 53 to 55.

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



CHAIRMAN'S REPORT



The year under review (March 2012 – February 2013) was a remarkably positive one for the Council, despite the nationwide strike experienced in October last year and the change of the Council's leadership structure. The Governing Body continued to steer the Council towards the attainment of greater and higher goals, and all employees worked hard to ensure the realisation hereof. The result has been the attainment of many great achievements which has helped to grow the Council's service offering to the road freight and logistics industry members.

Probably the greatest achievement of the year, which was essentially a year of negotiations between employer and employee bodies, was the signing of a three year wage agreement. The first of its kind in the industry, this agreement brings a great deal of stability to relations between employers and employees. This can be largely attributed to the spirit of centralised bargaining which endured and then was nurtured during the negotiation process.

The Funds Administration department made incredible progress towards instituting a decentralised, automated model of administration through the implementation of the online returns system. The new system enables employers to control their own database which has paved the way to the capturing of more accurate data. Other benefits of the new online system include fewer error reports or invoices being issued, more accurate calculations and quicker turnaround times, ultimately enabling the Council to provide better service delivery to its stakeholders. I further want to commend the Funds Administration department for instituting a successful year-end payouts process at the end of last year, despite challenges inherent to a strike process which placed a tremendous amount of pressure on the department. Well done!

Our Trucking Wellness programme, which provides a wide range of free primary health care services to truck drivers, their partners and the communities surrounding major truck stops, continued to do us proud. During 2012, there was an increase in the number of people receiving health information and education, as well as the number of patients treated. Since the programme's inception, approximately 212 000 patients have been

examined, over 547 000 truck drivers and women at risk have received health awareness education and more than 14 million condoms have been distributed. The Wellness Fund Health Plan, which provides basic primary healthcare benefits to members and their registered spouses, also helped to enable employees to look after their health. Both the Trucking Wellness programme and the Health Plan have thus played, and continue to play, an instrumental role in ensuring the physical health of the road freight and logistics industry employees and ultimately the health of the industry as a whole.

The Council's Disputes Resolution department continued to play a pivotal role in resolving both party and non-party labour disputes between industry members. This function, which is accredited by the Commission for Conciliation Mediation and Arbitration (CCMA), is essential to ensure fair labour relations and to preserve the harmony within the industry.

A small but worthy mention needs to be made about our move to producing electronic board packs for meetings, instead of hard copy packs as was customary in previous years. Not only was this change in line with the Council's move to keep up with technological innovation, but it also saved a lot of costs and trees in the process.

A major leadership change occurred in the latter half of last year when Joe Letswalo resigned from his role as National Secretary. I wish to thank Joe for his invaluable contribution to the Council during his time in office, and for the stability he brought to both the Council operations

and industry as a whole. His outstanding work played a key role in transforming the Council into what it is today. I further commend Tersia Ströh and Alick Kapeza who took over the roles of Acting National Secretary and CEO, and Acting Deputy National Secretary respectively, while retaining their responsibilities relating to their positions as Chief Operations Officer and Chief Financial Officer. Their hard work and dedication made the leadership transition process a smooth one which enabled the Council to continue functioning effectively.

Another key change during this period was the contracting of Sizwe Ntsaluba Gobodo to assist the Council's Governance Committee in assessing the Council's internal and external governance controls. The appointment of an external body to assist with charting a credible corporate governance structure and controls of the Council is in line with the Council's commitment to conduct its affairs with integrity and accountability.

Despite tough economic times, the year has also been a financially positive one in that it was one of our best return periods ever. The Council's financial gain and positive reserve status places it in a secure position to continue servicing the industry in an effective manner. In light of the economic meltdown, the Council assisted small, medium and micro-sized enterprises and companies who found themselves in economic difficulty by providing them with exemptions.

As always, the successes we achieve as a Council cannot be obtained without our invaluable partners.

Many thanks to the Department of Labour, and in particular to the Minister of Labour for her intervention in resolving the wage dispute last year and for her help in enabling the timeous promulgation of the Main Collective Agreement. Our other key partners include 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.

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 employers will grow in their understanding that the work of the Council is the very pulse of the industry's labour relations. Without the Council, quality standards may flounder and fair labour practices may be neglected. So let us work together, with a spirit of determined cooperation, to further the wellbeing of the road freight and logistics industry.



Dave Behrens
Chairman

NATIONAL SECRETARY 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 very important in the case of the **NBCRFLI** as the road freight and logistics industry plays a pivotal role in the economy of the country.

As recently expressed by the South African Deputy President, Kgalema Motlanthe, the freight logistics system in South Africa is the heartbeat of economic growth, just as transport is the heartbeat of the economy. The bargaining council within the road freight and logistics industry plays a crucial role by bringing together all parties involved in this critical sector to establish a more stable and sustainable industry.

This was particularly true during the national truck drivers' strike in October last year. The Council played a fundamental role in helping the parties involved in the wage negotiations reach a more speedy resolution. Besides facilitating a spirit of centralised bargaining, we provided an enabling environment for negotiation; this included approaching the labour minister to intervene in resolving the strike. The close ties fostered during

the negotiation process resulted in strong relationships between the employer and employee parties to Council.

I am extremely proud of the three year wage agreement, the first of its kind in the industry, which resulted from the negotiation process last year. Not only was the agreement signed into effect in the same year as it was negotiated, but it was completed in time to meet the 1 March 2013 deadline and affect changes more speedily to bring stability to the industry for the next three years. The new agreement ensures that all employees are guaranteed agreed upon increases for three years in a row, hence contributing to stability within the road freight and logistics industry. Such stability will not only benefit our members in assisting their businesses to run optimally, but will also benefit the South African economy as a whole as goods are moved seamlessly around the country, without any national employee relations issues developing into an economic stumbling block.

Despite the change in leadership of the Council during the latter half of last year, the Council's Governing Body and its committees continued to function efficiently and provide a high quality service to its members. Further, the Council continued to ensure easy access to its services for all its members, including those in remote areas, through the mobile unit office.

Refining our e-business processes enabled us to improve on our service delivery. In July last year, it became mandatory to submit returns online. Member accounts are now updated quicker, fewer error reports or invoices are issued, and employers are in control of their database which offers them access to more accurate data.

During the year in advance, the Council migrated from the use of hard copy board packs to soft copy board packs that are emailed to Governing Body members in advance. Not only is the new system far more eco-friendly, but it is more cost effective due to the elimination of paper and courier costs. It has also alleviated many logistical challenges and allowed for quicker and smoother communication as Governing Body members can now access the information in advance and in any location, as long as they have internet access.

I am particularly proud of the dispute resolution service we provided to the industry during the year in review. We went beyond our call of duty and helped to resolve both party and non-party disputes. In fact, the Council spent the majority of its budget on providing this vital service to the industry.

I am also proud of the continuing success of the Trucking Wellness programme which facilitates antiretroviral treatment and provides HIV/AIDS testing and counselling, as well as education and training, to those employees who fall within the Council's registered scope. Through the Programme, many lives continue to be saved and improved.

The wellness of our own employees and their families continued to be a major focus of the Council during the past year. The Council is using the Employee Wellness Programme (EWP) of ICAS Southern Africa to help employees and their immediate family manage their lives more effectively through a 24-hour telephone help desk and face-to-face counselling, when needed. We also encourage our employees to undergo health risk assessments during our Wellness at Work Days. During the year in review, we held Wellness Days for all employees nationwide.

Other internal successes experienced during the past year include our continued focus on the enforcement of our zero-tolerance anti-fraud policy. This was achieved by thoroughly investigating all fraud allegations during the year under review. We also continued to conduct on-going internal risk register reviews and updates in an effort to avoid risks rather than deal with their consequences.

I want to commend our Funds Administration team for overcoming the administrative challenges caused by October's industry strike and successfully making all the year-end payouts. Well done! We also proudly launched our improved website in April 2012, with a fresh look and user-friendly content, which has helped keep the lines of communication open between us and our members.

I am further pleased to report that the Council performed well financially, despite last year's strike and continuing economic turmoil. This is largely due to the Council keeping well within its budget. We also experienced our best returns period since 2009.

A good financial year can only be achieved with the support and commitment from both internal and external stakeholders. As always, our industry partners have played an instrumental role in assisting us to effectively serve the road freight and logistics industry. A sincere thanks goes to the Departments of Labour, Health and Transport, the Commission for Conciliation, Mediation and Arbitration (CCMA), The Registrar of the Labour Court, the National Association of Bargaining Councils and the representatives of the labour and employers organisations. I also wish to extend a special word of thanks to the Minister of Labour, Ms Mildred Oliphant, for personally giving of her time to resolve the road freight and logistics industry labour dispute last year.

A warm word of thanks also goes to all Council employees for their unwavering dedication to providing an effective service to the industry, and to the Councillors for playing an important role in guiding the Council to its success. Your partnership in steering the Council forward, through sometimes challenging times, is much appreciated. We look forward to yet another successful year ahead.



Tersia Ströh
Acting National Secretary of the NBCRFLI

OPERATIONAL REVIEW

FUNDS ADMINISTRATION DEPARTMENT

The Funds Administration section administers all industry funds, as stipulated in the Collective Agreement.

Optimising the use of technology paves the way to efficient, effective, quicker and more cost-effective business practices. With this in mind, the Funds Administration Department has worked hard to improve its technological functionality during the year in review.

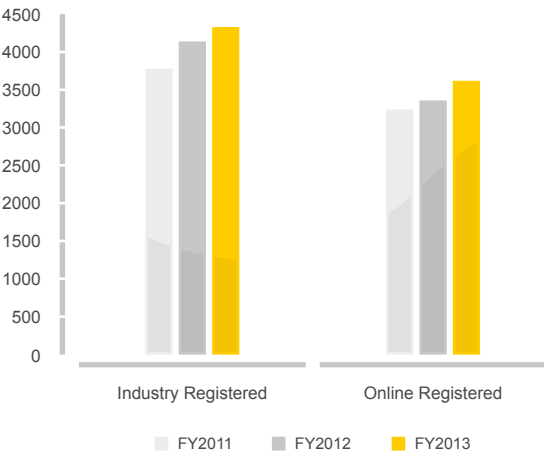
In January 2012, the new online returns system was promulgated and became part of the Main Collective Agreement. On 1 July 2012, it became mandatory for all Council members to submit their monthly returns online. The Funds Administration Department gave employers a six month period of grace to comply with the new online submission system. The Council also offered employers free training on the new system.

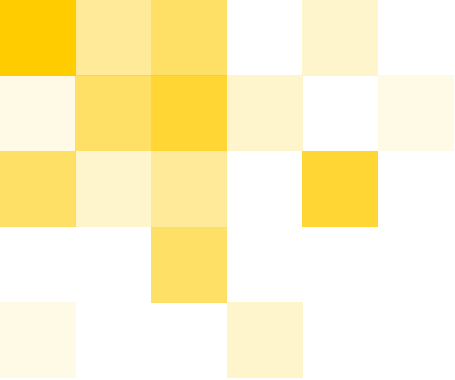
The use of the online system has been steadily increasing to a point where most employer members are now using the system, as can be viewed in the online regulations graph on the right. The benefits of the new system are many, including members' accounts being updated quicker and fewer error reports or invoices being issued. Employers are also in control of their database, thus making data more accurate.

Despite the positive inroads made with regards to technological enhancement, the Funds Administration Department also experienced some challenges during the year. The industry strike negatively affected AWOL claims which placed intense pressure on

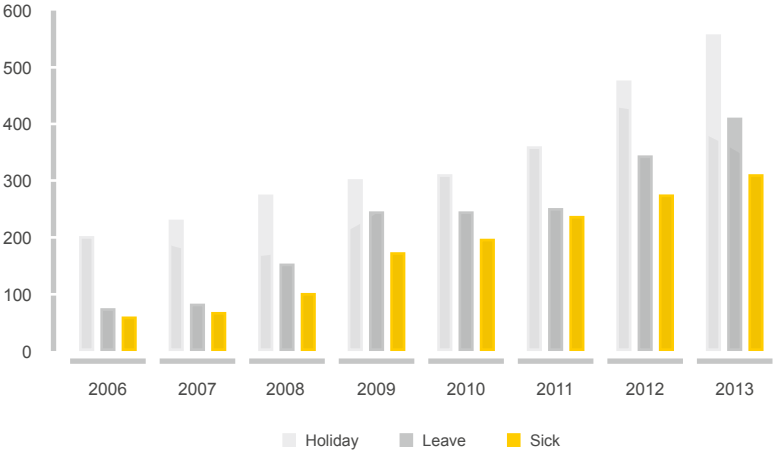
Funds Collected Comparison 2011 - 2013

YEAR	Industry Registered	Online Registered
2011	3777	3234
2012	4137	3357
2013	4324	3621

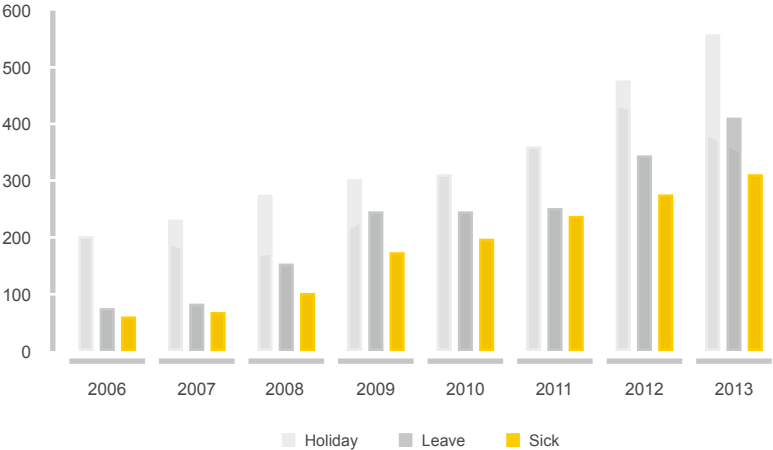




Funds Collected Comparison 2006 - 2013



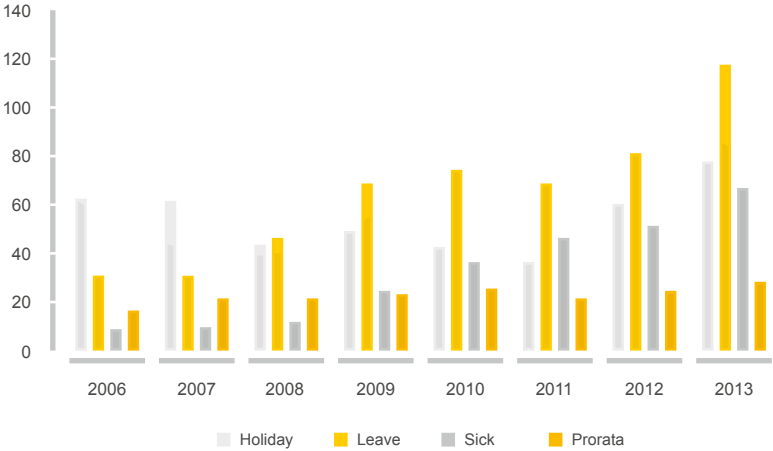
Funds Disbursed Comparison 2006 - 2013



the Department to finalise these payouts before the year end calculations and payments could be made. Outstanding banking details also placed a major amount of pressure on the staff, particularly due to the fact that trust funds cannot be made into third party accounts. Despite these various challenges, the Department still managed to make all payouts on time. One of the key contributors to the timely payouts process was the ability of the Council to stick to its closing date for payouts applications for the first time ever. This was made possible through the Council's new online system.

During the year ahead, the Funds Administration Department has an e-business focus in that it plans to further improve its online system following various suggestions and requests made by its employer members. These include tightening up gaps to make it easier to enter files correctly, making bulk updating possible, simplifying search functions, enhancing the daily payouts applications, automated daily calculations and generally tweaking the system to ensure quicker turnaround times, accurate calculations and a more user-friendly system.

Applications Processed Comparison 2006 - 2013



AGREEMENT ADMINISTRATION

The three year Agreement, which came into operation on 1 March 2013, was a product of long hours of negotiations between the parties to the Council. The Council's administration provided all the logistical support in order to make it possible for the negotiating parties to negotiate in suitable environments. This went a long way to assisting the parties in the negotiation process.

The Council's administration appointed economists to brief the parties before the start of negotiations in order to raise awareness of trends in the economy, with specific reference to the road, freight and logistics industry, as well as predictions of how the economy may perform over the coming five years. Senior Commissioners of the CCMA were appointed to facilitate the negotiation process. The Minister of Labour was also called in to assist with the negotiations and helped to facilitate a suitable compromise for both parties.

The previous Agreement provided for the extension of certain provisions to employees engaged in the Industry, but not covered by the entire agreement; the extended

bargaining unit employees. The same trend was followed and some extended bargaining unit employees, falling within grades B1 to C1 and earning not more than R237 910.40 per annum, qualified for across-the-board increases ranging between 6% and 7% per year over the next three years. These employees are now also required to pay a small monthly levy (0.075% based on a normal actual basic wage) to Council. Should extended bargaining unit employees be members of party unions to the Council, their employers are obliged to deduct union subscriptions from their wages and pay such monies over to the Council for transmission to the union concerned. No other provisions of the Main Collective Agreement are applicable to extended bargaining unit employees.

The Council has not received any complaints from Industry stakeholders regarding the new Agreement, per se. This may be due to the fact that all monetary aspects have been dealt with for the next three years, which will assist stakeholders with planning for the foreseeable future.

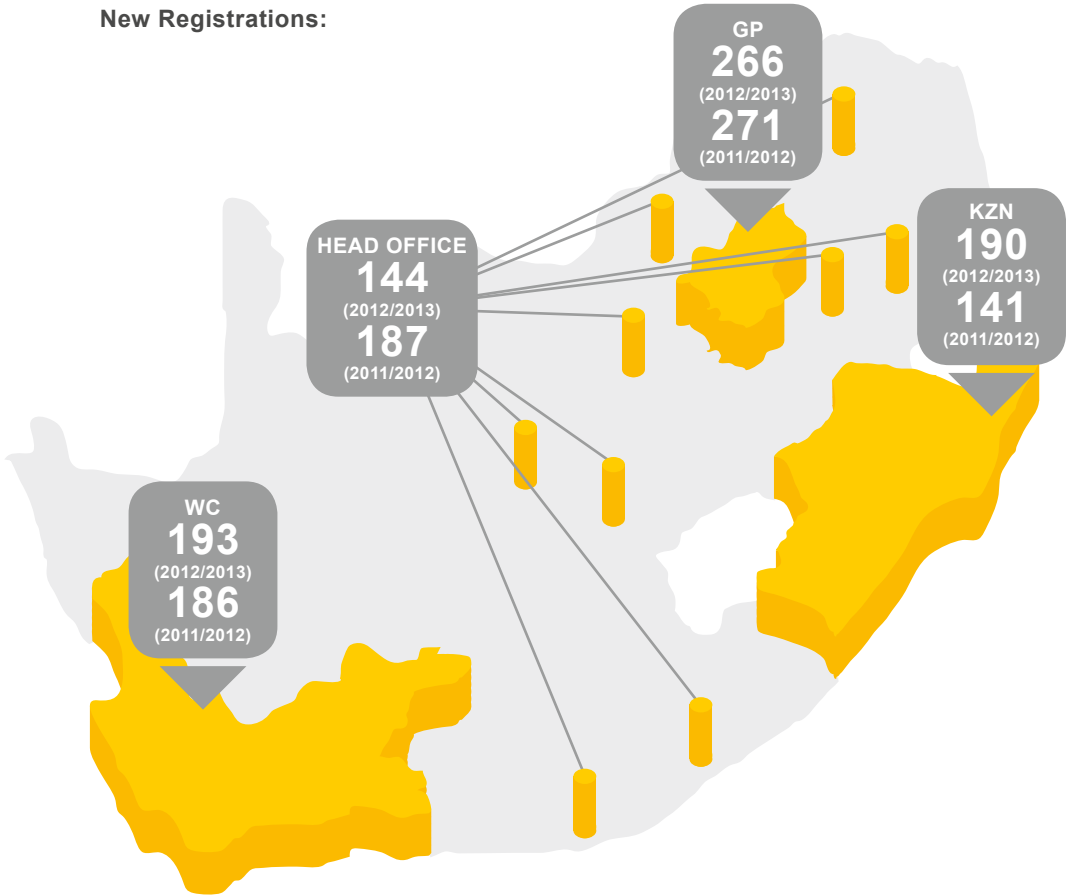
AGREEMENT COMPLIANCE

• Enforcement

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

As part of the Council's commitment to provide easy access to and communication about our services for all our members, including those in remote areas, it launched its first mobile unit office in March 2012. The mobile unit is equipped with state-of-the-art technology to provide high-quality, reliable and accurate information in real time for customers who visit it.

New Registrations:

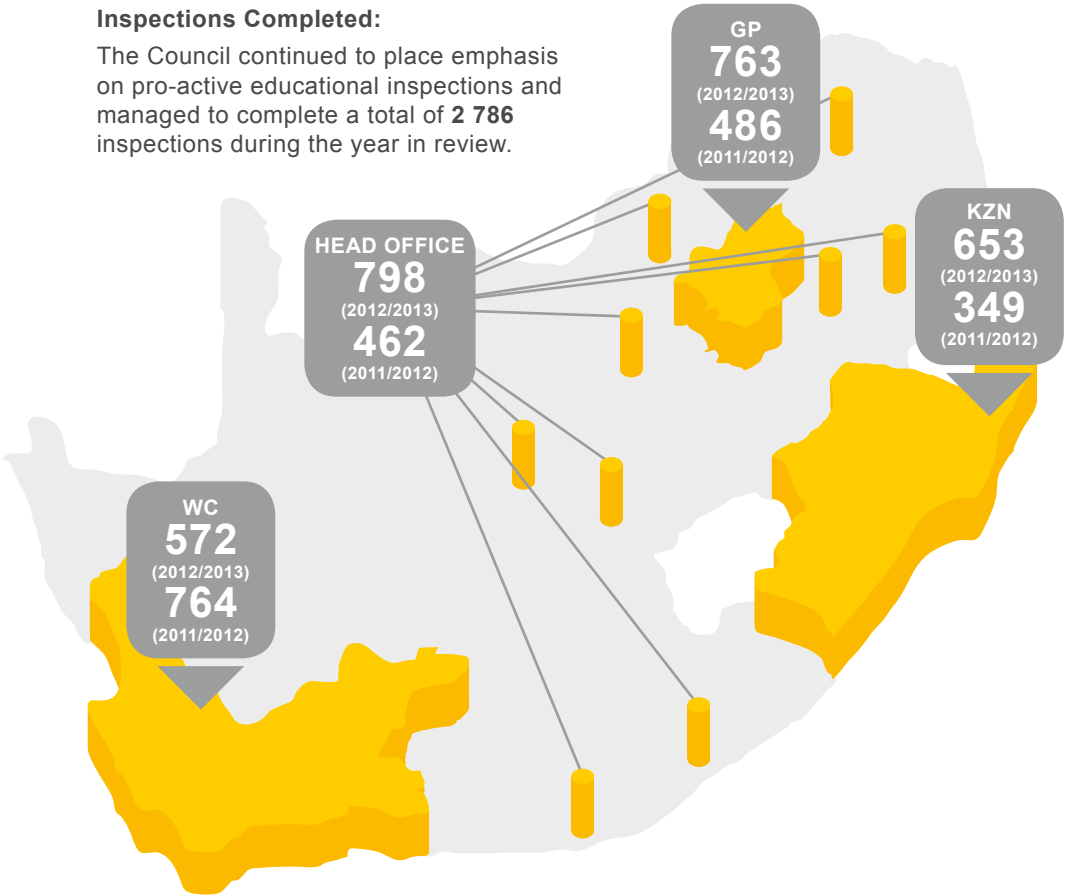


TOTAL **793** (2012/2013), **740** (2011/2012)

The total number of employers registered with the Council at the end of the financial year was 4 271, as compared to 4 518 during the previous financial year.

Inspections Completed:

The Council continued to place emphasis on pro-active educational inspections and managed to complete a total of **2 786** inspections during the year in review.



TOTAL **2 786** (2012/2013), **2 061** (2011/2012)

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

• Number of employers that ceased to operate:	504
• Number of employers under liquidation:	14
• Number of complainant cases received:	1 809
• Number of complainant cases settled:	604
• Number of cases referred to arbitration:	1 113
• Number of cases where the Council had no jurisdiction:	178

• Returns Control

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

• Arbitration

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

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



1 113
as opposed to
1 161
in the previous year

The number of Agreement Contravention Cases remained relatively stable.



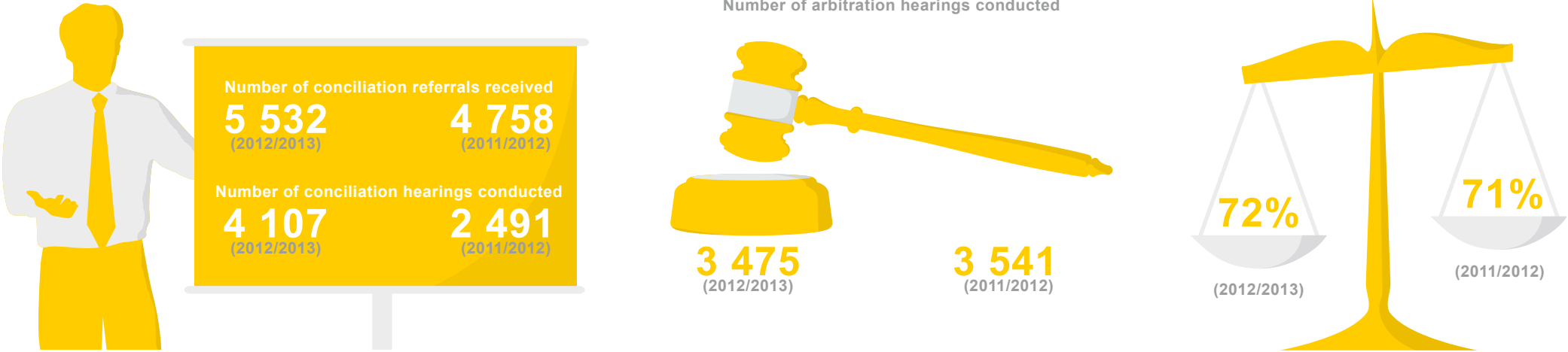
4 548
compared to
4 175
in the previous year

DISPUTES RESOLUTION

The Disputes Resolution section ensures that dispute resolutions are resolved timeously in order to help maintain harmonious relationships between employers and employees within the industry. The disputes typically involve unfair dismissal and unfair labour practices.

There was an increase in the number of conciliation referrals received and a decrease in the arbitration hearings conducted when comparing the period under review to the previous financial year. There was, however, an increase in the number of conciliation hearings conducted.

The Council dealt with the following matters for resolution during the period under review:



Subsidies

The Council received a subsidy of R520 for every closed case from the CCMA, as compared to R450 received per closed case during the previous year. This subsidy is claimed on a monthly basis. The amount received from the Commission for Conciliation, Mediation and Arbitration (CCMA) for the period under review was R 474 112.79, as compared to the R 343 120.28 received during the previous year.

CASE MANAGEMENT SYSTEM

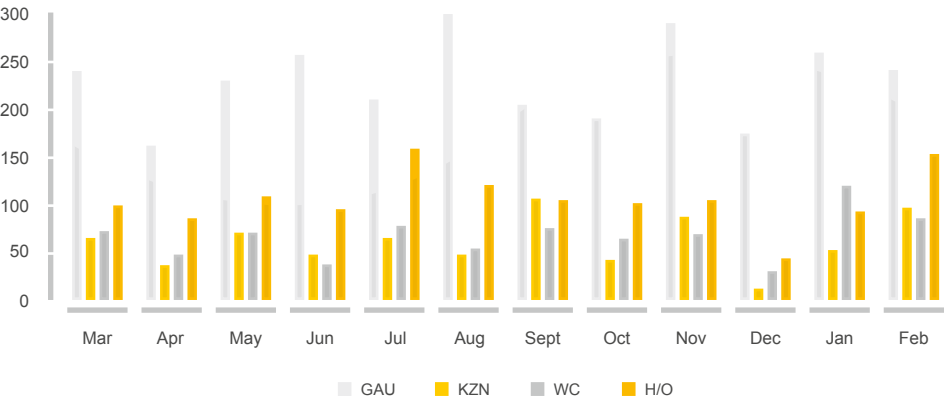
The Case Management System of the Commission for Conciliation, Mediation and Arbitration (CCMA) continues to be highly effective and user-friendly. It efficiently supplies monthly statistical reports. It is also able to quickly provide case numbers and information such as the length of service, monthly earning (i.e. lower, middle and higher group) and age group of the applicant. As the CCMA has accredited the Council as a conciliation, mediation and arbitration body, they use the Case Management System to objectively measure the Council's efficiency.

It must be noted that the Case Management System has been escalated to all the Council offices to enable Council administrators to assist members with the progress of their cases. This is a great achievement for the Council as the System enables it to render this service when needed.

• Referrals

During the 2012/2013 financial year, the Council received a total number of **5 532** conciliation referrals.

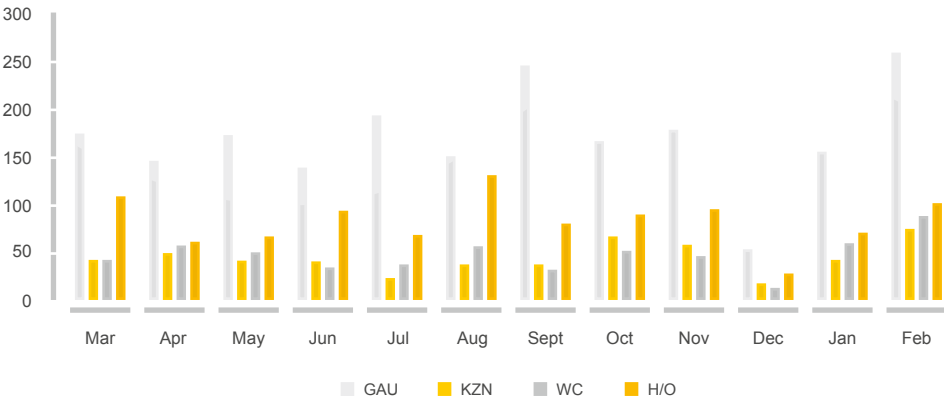
REGIONS	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	TOTAL
GAU	239	161	229	256	209	298	204	190	289	172	258	240	2745
KZN	65	36	70	48	65	48	106	42	87	12	52	96	727
WC	72	47	70	37	77	54	75	64	69	30	119	85	799
H/O	99	85	108	95	158	120	104	101	104	43	92	152	1261
	475	329	477	436	509	520	489	397	549	257	521	573	5532

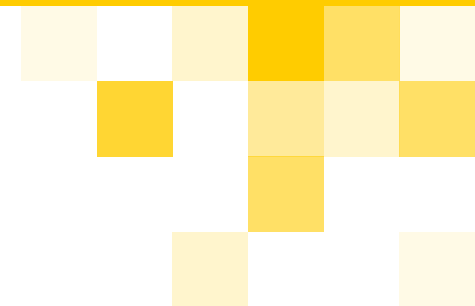


• Conciliations Heard

A total of **4 107** conciliation hearings were conducted during the year in review.

REGIONS	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	TOTAL
GAU	174	145	172	138	193	150	245	166	178	53	155	258	2027
KZN	43	49	41	40	23	37	37	66	58	17	42	74	527
WC	42	57	50	34	37	56	32	51	46	13	59	88	565
H/O	108	61	66	93	68	130	80	89	94	28	70	101	988
	367	312	329	305	321	373	394	372	376	111	326	521	4107

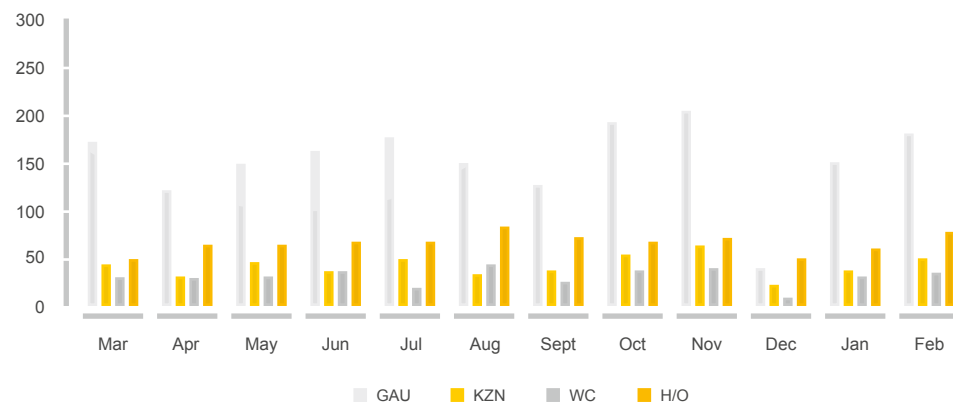




• Arbitrations Heard

The total number of arbitration hearings conducted during the year in review was **3 475**.

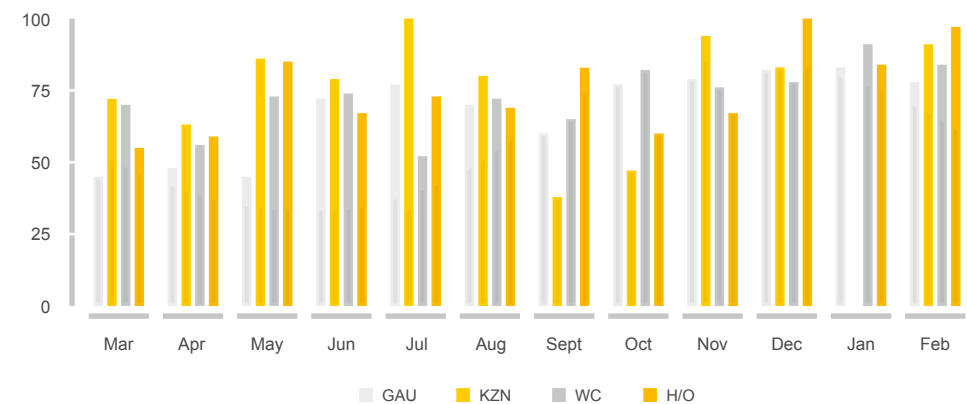
REGIONS	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	TOTAL
GAU	171	121	148	162	176	149	126	192	204	40	150	180	1819
KZN	43	31	46	36	49	33	37	54	63	22	37	50	501
WC	30	29	31	36	19	43	25	37	39	9	31	35	364
H/O	49	64	64	67	67	83	72	67	71	50	60	77	791
	293	245	289	301	311	308	260	350	377	121	278	342	3475



• Settlement Rate

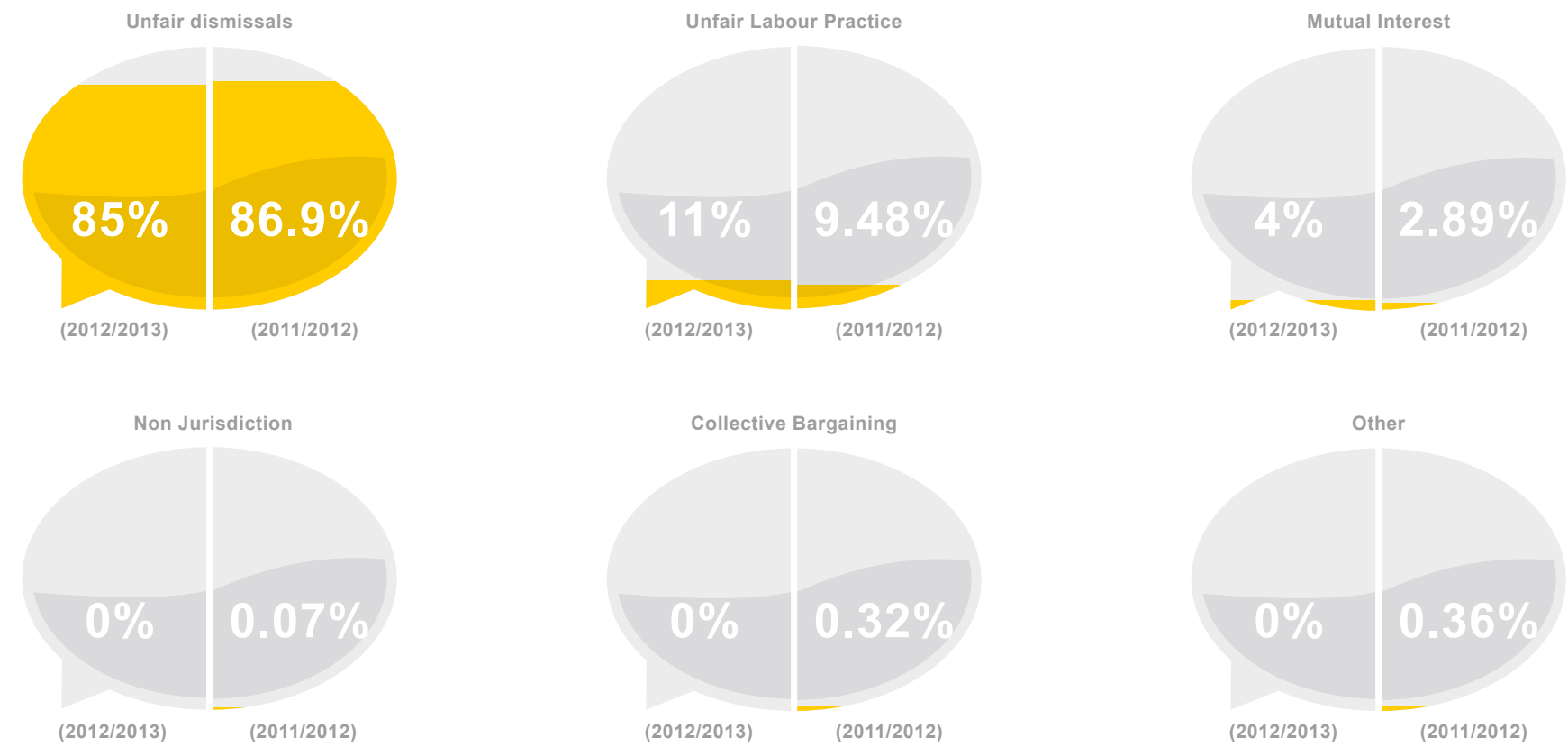
The settlement rate at conciliation hearings was **72%** for the year in review, a slight increase from the previous financial year.

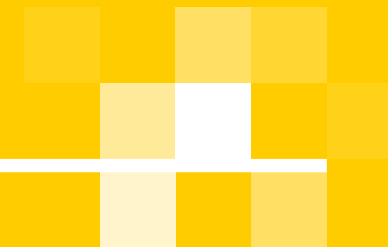
REGIONS	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	TOTAL
GAU	45%	48%	45%	72%	77%	70%	65%	77%	79%	82%	83%	78%	68%
KZN	72%	63%	86%	79%	100%	80%	38%	47%	94%	83%	0%	91%	69%
WC	70%	56%	73%	74%	52%	72%	65%	82%	76%	78%	91%	84%	73%
H/O	55%	59%	85%	67%	73%	69%	83%	60%	67%	100%	84%	97%	75%
	61%	57%	72%	73%	76%	73%	63%	66%	79%	86%	65%	88%	72%



• Referrals by Issue

Unfair dismissal disputes continue to account for the largest percentage of issues of dispute. In the year under review, these disputes amounted to 85% of the total caseload.





Litigation

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

Statistics around litigation processes are listed as follows:

- Number of Section 143 applications (Enforcement of Arbitration Awards) sent to the CCMA for certification during the period under review 2 976 (2012/2013); 1 773 (2011/2012)
- Number of writs of execution to sheriffs 1 725 (2012/2013); 993 (2011/2012)
- Number of queries to tracing agents 573 (2012/2013); 896 (2011/2012)
- Number of writs of execution to Labour Court 2 858 (2012/2013); 1 144 (2011/2012)
- Number of matters referred to the Council's attorneys 1 594 (2012/2013); 1 544 (2011/2012)
- Number of Nulla Bona (Section 65) matters 4 572 (2012/2013); 3 759 (2011/2012)

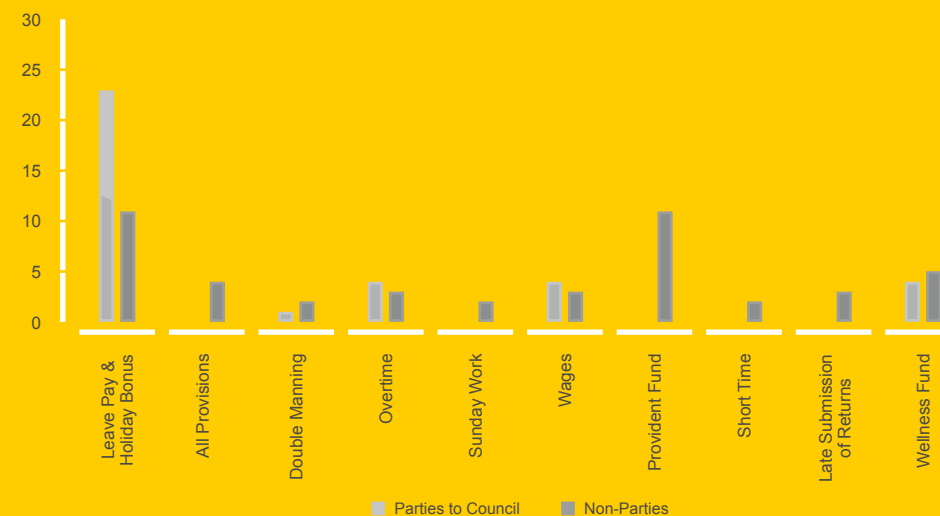


Exemptions

A total of 54 exemption applications, pertaining to parties and non-parties, were heard by the Independent Exemptions Body from 01 March 2012 to 28 February 2013.

The Independent Exemptions Body received and dealt with 54 applications during the said period. A total of 9% of the applications were withdrawn, 17% refused, 52% granted and 22% under consideration. A further 15 of applications were postponed sine die. No exemption licenses were revoked.

The type of Exemptions applied for included:



No appeal applications were received during the period under review.



PARTY TRADE UNION & RFEA MEMBERS

The Council runs a section that administratively supports the trade unions as well as the Road Freight Employers' Association (RFEA). Representativity of parties to the Council still remains a challenge. The requirement for representativity is 50+1% for both trade unions and employers association.

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

SATAWU	8
MTWU	3
PTAWU & TAWU (acting jointly)	1
The RFEA	12

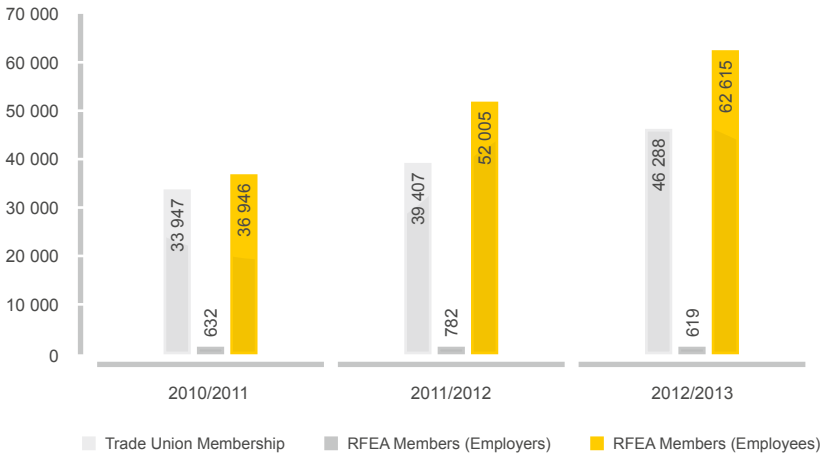
These numbers are regulated by the Constitution, and the proportional representation by unions is based on their membership.

Membership figures of the parties to the Council as at 28 February 2013 were as follows:

SATAWU	31 659
MTWU	9 596
PTAWU & TAWU (acting jointly)	5 033

• Agency Shop Fees

Number of employees who paid agency shop fees averaged per month over the reporting period	52 553
Number of employers who paid agency shop fees averaged per month over the reporting period	2 735
The number of RFEA employees	62 615
The number of RFEA trade union members	25 928
The number of RFEA members in the Industry	619

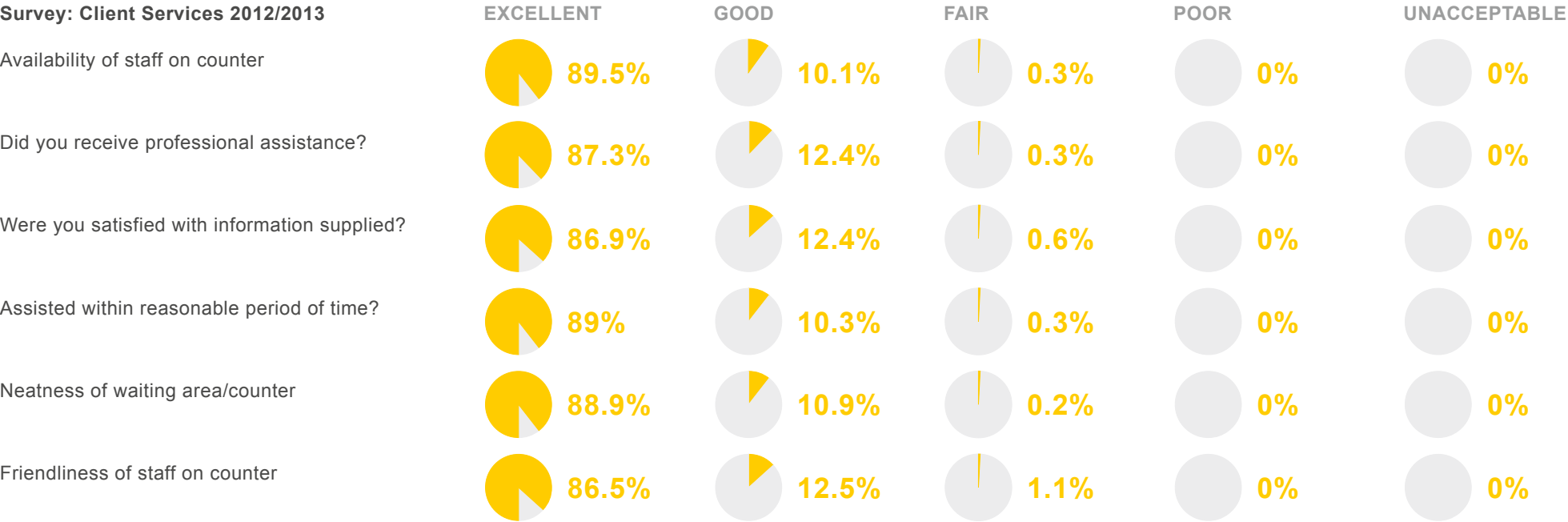


CUSTOMER SERVICE MANAGEMENT

During 2012/2013, a Client Services Survey was completed by Council employer and employee stakeholders. The survey forms are completed monthly, on a voluntary basis and are available to whomever enters the Council's offices, whether employers or employees, at the reception areas.

The survey results were highly favourable, with 99.5% of answers falling under the Excellent/Good ratings, a 0.6% increase from last year's Client Services Survey. The rest of the responses came under Fair/Poor.

The overall survey results confirm that Council service centres and branches continue to be professionally and efficiently run, resulting in great customer satisfaction. This is something the Council can be proud of as it means it is delivering a valuable service to the road freight and logistics industry, which in turn drives prosperity within the industry.





BENEFITS DEPARTMENT

Industry Wellness

The Council is particularly concerned about the well-being of its employee members; if they are ill and cannot work, the entire industry is negatively affected. The Council provides for the well-being of Industry employees through the Trucking Wellness programme, the provision of ARVs through CareWorks and healthcare benefits through the Wellness Fund Health Plan.



Driving the well-being of the industry.

BACKGROUND

The Trucking Wellness Programme was launched in 1999 by the **NBCRFLI** to create HIV&AIDS and STI awareness amongst long distance truck drivers and commercial sex workers. Over the years, the Programme has evolved into providing a holistic approach to health and wellness, encompassing a wide range of free primary health care services through a blend of 5 mobile Wellness Clinics and 22 fixed Wellness Centres. These Wellness Centres, which are situated on all major trucking routes, are run in collaboration with industry partners, local government and relevant health departments. Trucking Wellness is a sterling example of a successful and sustainable public-private partnership.

FOCUS AREAS

The main focus areas of the Programme are as follows:

- Condom distribution.
- STI diagnosing, treatment and education.
- HIV awareness, information, education, counselling and testing.
- Referrals to appropriate service providers for ART as well as HIV and AIDS treatment and care.
- TB awareness, information, education, screening and referrals for treatment and care.
- Malaria awareness, information, education, screening and referrals for treatment and care.
- Screening tests for blood pressure, blood sugar, cholesterol and body mass index.
- Diagnosis, treatment, care and support of any primary care health problem or concern.

REFLECTING ON THE YEAR

Reflecting over the past 14 years, since the launch of the Trucking Wellness programme by the **NBCRFLI** in 1999, it is most encouraging to note the astounding growth of the programme as well as the vast difference it has made not only to the road freight and logistics industry as a whole, but to the individual lives of the industry workers and their families.

Since the programme's inception, approximately 212 000 patients have been examined, over 547 000 truck drivers and women at risk have received health awareness education and more than 14 million condoms have been distributed.

The Trucking Wellness programme experienced many successes during 2012. In South Africa, a total of 10 922 employees accessed health screening tests and health information in the mobile Wellness Centres, with 9 055 accessing HIV counselling and testing. This reflects an 89.9% uptake in HIV testing.

Just over 10% of people seeking care at the Wellness Centres were treated for Sexually Transmitted Infections (STIs) with over one and a half million condoms distributed. The ongoing decline in the number of patients treated for STIs is a positive trend as it again confirms the impact of Trucking Wellness's targeted programmes on the road freight and logistics sector and in the communities that the Council does business in.

An area that received special focus during the year in review was the improvement of quality care delivered to patients by all the Trucking Wellness healthcare providers. This was achieved through the annual five-day Trucking Wellness employee workshop, the training of the mobile drivers as HIV counsellors and testers, the establishment and meeting of a clinical Wellness Working Committee and the development of clinical standard operating procedures (SOPs) to guide registered nurses.

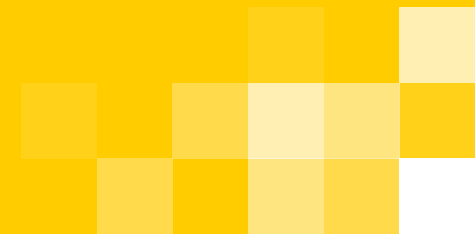
The year in review saw significant qualitative and quantitative improvements in Trucking Wellness' data tracking, health information management and monitoring and evaluation systems. All the clinical work and patient data was streamlined through the final roll-out of Syscare, an electronic health management system, with all Roadside Wellness Centres now running on the customised version. All staff members were also trained on how to analyse and report on the newly implemented clinical data management system.

The Trucking Wellness programme was subjected to international peer review through three posters presented at the International World AIDS Conference in Washington, USA. Further, in 2012, the University of the Witwatersrand Business School included the work of Trucking Wellness as a case study of successful programming into its HIV Workplace Management Curriculum under the title Trucking Wellness: An Industry's Response to Managing

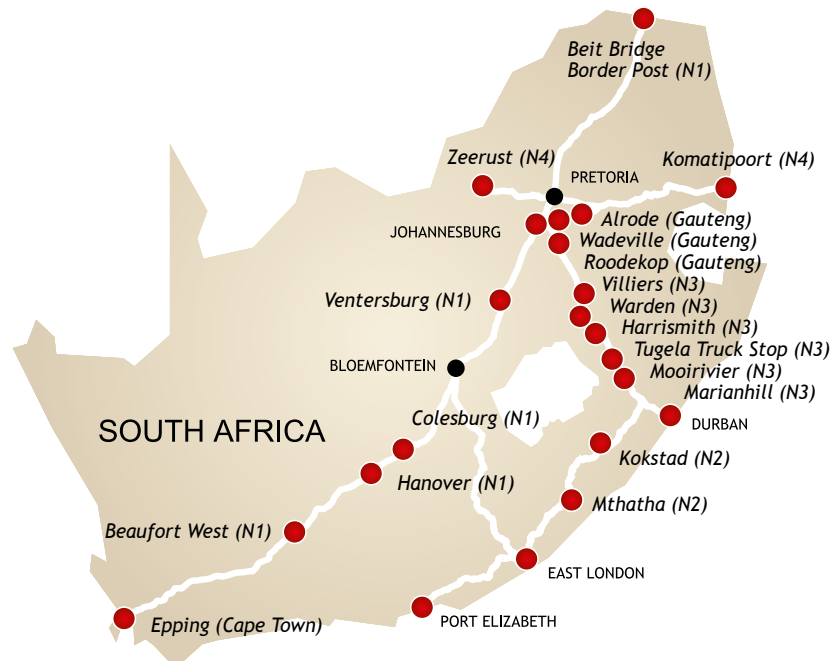
HIV/AIDS. This prestigious recognition is confirmation that the Trucking Wellness programme is indeed an international leader in the prevention of HIV in the transport sector.

The most pressing challenges faced by Trucking Wellness continued to be staff retention, buy-in from industry and support from local government in providing the required primary care medication. Going forward, the Council aims to dramatically increase health screening and HIV testing during primary clinical care consultations at Roadside Wellness Centres.

Trucking Wellness's achievements over the past year were made possible with the support of its friends, stakeholders, donors and partners. A special word of thanks also goes to the Corridor Empowerment Project (CEP), which has successfully managed Trucking Wellness for over ten years. During the year ahead, there are plans to ensure alignment with national, regional and global strategic priorities in tackling HIV, tuberculosis (TB) and other critical health challenges affecting enterprises, workers and communities in the road freight and logistics industry.



22 National Roadside Wellness Centres to choose from.



ARV PROGRAMME

CareWorks, in partnership with Trucking Wellness, provides HIV/AIDS counselling, and where necessary, ARV treatment to HIV-infected members of the **NBCRFLI** through the **NBCRFLI** Treatment Programme.

Together, CareWorks and the **NBCRFLI** strive to combat the spread of HIV/AIDS effectively:

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

It is estimated that approximately 20% of road freight and logistics industry employees are HIV-positive. From 2012 to 2013, the Council experienced a growth of 52% in the number of employees on ARVs. Further, 82% of those already on ARVs have been on them for over one year. This high adherence rate to the treatment is an indication of the effectiveness of the programme. The target is to maintain adherence rates above 80%.

Taking ARVs is a lifetime commitment. Therefore, once an employee is part of the **NBCRFLI** Treatment Programme, the Council goes to great lengths to ensure the employee continues their ARV treatment, even after retirement.

Once an employee leaves the Industry, whether due to retirement or a job change, the Council allows him/her to stay on the programme until he/she is placed in a government programme.

Statistics as at end of February 2013

- The total number of active beneficiaries processed by **NBCRFLI** Treatment Programme now totals 2 046.
- 982 members are in Pre-ART.
- 422 members are in the enrolment process awaiting CD4 counts.
- 1 064 members are on ARV Treatment.
- Referrals to the **NBCRFLI** Treatment Programme come from the Health Plan and the Trucking Wellness Programme.
- Adherence by members on ARVs for more than one year is 82%.



CareWorks ARV
Toll Free Call Centre
0800 212 768

WELLNESS FUND HEALTH PLAN

• Improvement of Health Plan offering

The Health Plan commenced on 1 July 2011, providing basic primary healthcare benefits of three GP visits per annum, R500 acute medicines, chronic medication for seven chronic conditions, basic dentistry and limited optometry, radiology and pathology, as well as R2 000 per day hospital cash-back and emergency medical services to members and their registered spouses.

The Council improved the Fund offering from 1 July 2012 when it increased the GP visits from three to four visits per annum.

Funded by the RFL industry, a targeted communication campaign has been undertaken to raise awareness of the Health Plan, including how it works, the benefits it provides and what members need to do to tap into these benefits. Since the launch of the communication campaign, the number of employees using the Health Plan has more than doubled.

• International World AIDS Conference in Washington

Trucking Wellness sent a delegation consisting of 3 councillors and 4 administrative staff to the International World AIDS Conference in Washington from 22 to 27 July 2012. At the Conference, the delegation members showcased the successes achieved through the Trucking Wellness programme by presenting three poster abstracts to conference attendants on a rotational basis.

The Conference exposed the Trucking Wellness staff

to the latest information and breakthroughs regarding preventing and living with HIV/Aids, thereby equipping them to deal better with the disease within the trucking industry.



AUDIT & RISK GOVERNANCE

INTERNAL AUDIT

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

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

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

The Internal Audit function works closely with the Council's external auditors to ensure effective and efficient coordination of efforts from both sides. The Internal Audit function is managed by the Chief Internal Auditor who appoints a co-sourced partner for internal audit plan execution.

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

The Internal Audit function is authorised to:

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

For the period under review, below are some of the audits that were performed:

- SAP post implementation audit.
- Procurement & accounts payable.
- Disputes Resolution – Commission payments.
- Year-end pay-outs audit.
- Health plan payment process review.
- Information Technology LAN Audit.
- Private cell phone calls and traffic fines expenses.

FRAUD MANAGEMENT

The Council's Internal Audit function is in the process of implementing an independent disclosure service to ensure credibility and to promote the anonymous reporting of incidents. The disclosure service will not only address issues relating to fraud but a number of matters as well, including:

- Unlawful conduct.
- Irregular conduct.
- SHE issues.
- Sexual harassment.
- "Transformation issues".
- "Anything that anyone feels uncomfortable about".
- Enforcement matters.

Stakeholders will make disclosures anonymously and confidentially in most of South Africa's official languages 24 hours a day, 7 days a week, and it's independent of any auditing or legal firm. The Council also plans to use this service for general tips and recommendations in order to improve processes and procedures.



RISK MANAGEMENT

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

The risk and control policies followed by the Council are based upon the guidelines of the King III Report of Corporate Governance. All risk management activities are aligned to the Council's objectives and aim to protect and enhance the reputation and the standing of the Council. The process of risk management and the system of internal control is regularly reviewed for effectiveness.

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

Risk management in the Council is managed proactively. The aim is to anticipate and, where possible, avoid risks rather than deal with their consequences. Strategic and operational risks are identified, objectively assessed and, where this is the appropriate response, actively managed. In determining an appropriate response, the cost of control/risk management, and the impact of risks occurring will be balanced with the benefit of reducing and/or managing the risk. This means that the Council does not necessarily set up and monitor controls to counter risks where the cost and efforts are disproportionate to the

impact or expected benefits. The Council also recognises that some risks can be managed by transferring them to third parties.

Should the Council ever be faced with a disastrous incident that impacts on its activities, it has a disaster recovery plan built into its IT processes. It should be noted that the Council is in the process of formalising its business continuity process.

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

- **Non-Compliance status of parties to the agreement**
This is the risk that parties that have participated in the collective bargaining process may not be statutory compliant or constituted properly. This makes the collective agreements vulnerable to be challenged as null and void.
- **Inadequate Representation**
This is the risk that the Minister of Labour may not extend the Collective Agreement to non-parties in terms of the Labour Relations Act subsection 32 (1) A due to employee representation that is less than 50% plus one.
- **Solvency Risk**
This is caused by the health plan take-up rate that is higher than the planned estimated take-up rate.

- **Party conflicts**

The collective bargaining processes its very nature adversarial in terms of managing the Employer interests and the employee interest. The **NBCRFLI** constitution ensures that the board represents both the adversarial parties. There are instances wherein the adversarial parties may solely act in their own self-interests to the detriment of the Council.

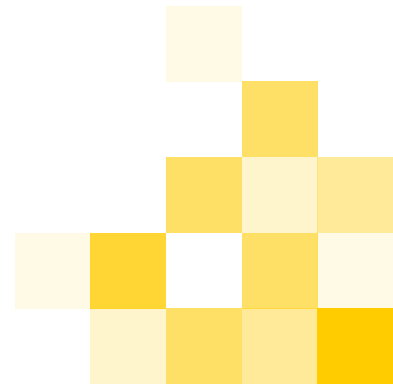
- **Differences in interpretation of certain clauses in the simplified collective agreement by stakeholders**

- **Inadequate Capacity or skill and Undue Reliance on key staff**

This is the risk that the nature and extent of the organisation's dependence on its own staff leads to a loss being suffered. This could be due to the loss of specific knowledge or skills held by certain individuals, or through inadequate skills being available within the organisation. Across the departments there are no current controls in place.

- **No adequate and formal active monitoring of compliance with relevant legislation and regulations**

- **Lack of IT Governance**



AUDIT & RISK COMMITTEE

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

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

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

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

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

In respect of the external auditors and audit:

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

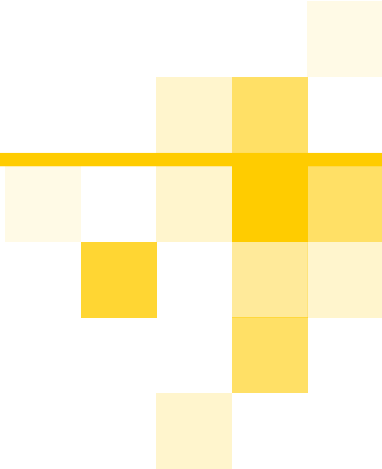
In respect of the financial statements:

- i. Examine and review the quality of draft annual financial statements, the interim reports, the accompanying reports to Councillors, the preliminary announcements of results and any other announcements regarding the Council's results or other financial information to be made public, prior to submission to and approval by the Council Governing Body.

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

In respect of internal control and internal audit:

- i. Review the effectiveness of the organisation's systems of internal control, including internal financial control.
- ii. Review and approve the internal audit charter and internal audit plans.
- iii. Evaluate the independence, effectiveness and performance of the internal audit and compliance with its mandate as approved by the Committee.
- iv. Assess the adequacy of available internal audit resources, including the qualifications of internal audit employees.

- 
- v. Review significant matters reported by the internal audit function and the adequacy of corrective action taken in response to significant internal audit findings.
 - vi. Review significant differences of opinion, if any, between management and the internal audit function.
 - vii. Review significant difficulties in the completion of the audit plan, including any restrictions on the scope of work or access to required information.
 - viii. Review the co-ordination between the internal audit function and external auditors and deal with any issues of material significant dispute or concern.
 - ix. Ensure that the Head of internal audit has the right of direct access to the chairperson of the Committee.
 - x. Review the Council's statement on internal control systems prior to endorsement by the Council Governing Body.
 - xi. Review the organisations policies and procedures for preventing or detecting fraud.
 - xii. Review the Council's processes for ensuring that it complies with relevant regulatory and legal requirements, and consider management's reaction to any transgressions detected.
 - xiii. Monitor that proper and adequate accounting records are maintained.
 - xiv. Obtain assurance from the internal auditors that adequate records are being maintained.

In respect of risk management:

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

In respect of organisational integrity/ethics:

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

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



CORPORATE SERVICES DEPARTMENT

HUMAN RESOURCES/PEOPLE AT COUNCIL

During the year in review, the HR section continued to play an instrumental role in ensuring the happiness and equitable treatment of the Council's staff members. One of the greatest achievements of the year, which is enabling the HR section to operate optimally, was the implementation of the SAP HCM system.

The HCM software streamlines and automates many of the day-to-day record-keeping processes and provides a framework for the HR staff to manage benefits administration and payroll, and document such things such as personnel actions and compliance with industry and/or government regulations.

The new system helps to maximise the value of business information for the Council. More importantly, the solution integrates HR and finance data, giving the Council access to consistent, highly accurate information that drives decision-making and employee services across the organisation.

Other important accomplishments of the HR section during the year in review included the successful review of the

Council's HR Policy, the payment of employee bonuses according to the Performance Management Policy as well as the finalisation and sign-off of the relationship and procedural rights agreement with SACCAWU, the majority union for the Council's staff.

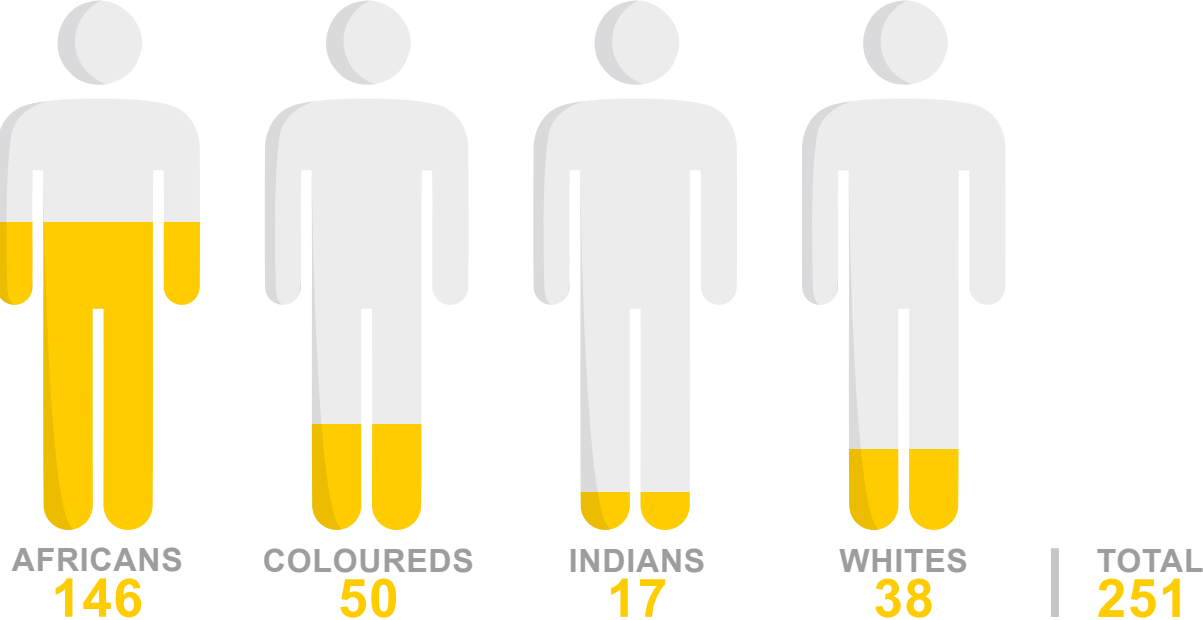
On a lighter note, through the efforts of the HR section, the Council supported a staff soccer team who participated in the CAMAF Corporate Cup, a soccer tournament held in Sun City in September 2012. The team impressively achieved 2nd place. They also participated in a Corporate Soccer league throughout the year and achieved top five status out of 35 teams.

The **NBCRFLI** is committed to creating an environment that permits equal opportunity for all entering the Council, and for further advancement within the Council. In line with this commitment, the Council employs suitably qualified persons at all levels to ensure that there is appropriate representation of all employees – in terms of race, gender and skills – particularly at senior levels within the Council. This is clearly evident in that most of the Council's executives are from previously disadvantaged groups.

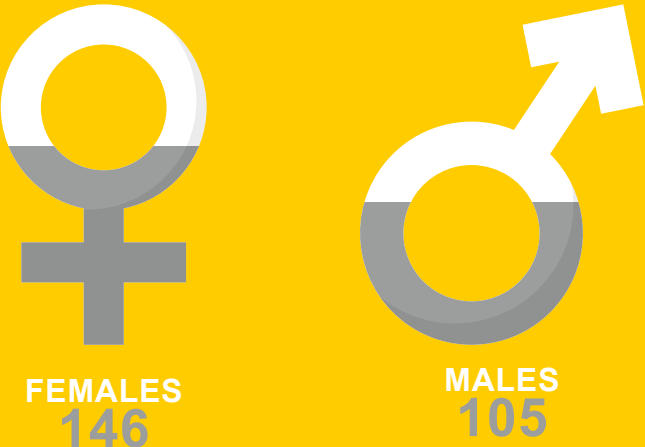
Of the 26 vacancies that became available during the year under review, 8 were successfully filled. 70% of the males employed were black, 20% were coloured and 10% were white while 100% of the females employed were black. No coloured or white women were employed. Fifty eight percent of the Council's positions were held by females as at February 2013, compared to 57% in February 2012. These figures align with the Council's Employment Equity Plan and transformation goals.

The Council continues to boast a high level of representivity with regards to Employment Equity as evidenced by the graphs on the page 37:

Racial Profiles of Permanent Employees as at February 2013



Gender Profile of Permanent Employees as at February 2013



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

A key way to equip employees for further advancement within an organisation, particularly those from previously disadvantaged backgrounds, is via relevant education and training. During the year under review, bursaries were awarded to staff to the value of R250 000. In addition, a number of staff members were sent on training courses, the content of which was in line with the business requirements of the Council. This has helped these employees to become more proficient in their responsibilities, thereby improving their job performance. This achievement was key to completing the Council's Skills Development Plan.

Looking after the health and wellbeing of the Council's employees is also high on the agenda of the HR section. Healthy employees are happy employees, and without such employees, it is impossible for an organisation to function optimally. A total of 18 Employee Wellness Days were held at the Council's national offices during the year under review. The Wellness Days in KwaZulu-Natal

and Cape Town were held in August 2012, while those in Johannesburg and the various Council branches took place in March 2013.

The aim of the Wellness Days was to raise awareness of health-related conditions that may potentially develop into chronic ailments if not well managed, and to make healthcare facilities accessible to employees whilst at work. The day also served as a morale booster for employees.

During the year, the HR section introduced the ICAS Employee Wellbeing Programme (EWP) in an effort to protect the wellbeing of its staff members while also moving towards becoming an employer of choice. The ICAS EWP is extremely comprehensive and offers employees access to services that contribute to home-work balance, such as psychological counselling, life management services as well as critical incident and trauma management.

To further protect both the health and safety of all employees, the Council has a Health & Safety Committee consisting of health and safety representatives. These

representatives are required to submit monthly safety audit reports on the areas in the organisation they are assigned to. Following the issues highlighted in these audits, the Maintenance section is able to resolve minor safety issues and prevent injuries.

The Health & Safety Committee representatives underwent both first aid and basic fire fighting training during the year under review. The Committee also continued to meet on a regular basis to discuss and find resolutions to safety issues. Two fire drills were completed during the year.

During the year ahead, the HR section plans to stabilise the SAP HCM function and ensure that it performs according to expectation through in-depth management and adequate system support. It also plans to develop a sound relationship with SACCAWU, the majority staff union, via ongoing communication through monthly meetings to address issues. It ultimately hopes to reach a successfully negotiated wage agreement between staff and employees with the majority union. The HR section will also continue to ensure that the Council's Employment Equity obligations are met.



STAFF PENSION FUND

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

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

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

must ensure that members' interests are protected at all times.

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

COMMUNICATION & MARKETING

Communication is the glue that binds the stakeholders of an organisation, and even an industry, together. The Communication and Marketing section worked hard during the previous financial year to amplify the communication between the Council and its members, and as always, to explain the important role that the Council plays within the road freight and logistics industry.

In a further effort to bring the Council's services to the people and interact with them on a personal basis, it was involved in a number of industry Wellness Days and Road Shows during the year.

At the 2012 Freight-Intra Africa Conference, held in Pretoria on Tuesday 27 March, the Council not only showcased its key services and networked with various decision makers, but also brought attendees up-to-date with important developments within South Africa's transport industry.

Last year, for the first time ever, the Council partnered with the Transport Education and Training Authority (TETA) at the Career Expo 2012 to promote careers

within the Road Freight and Logistics Industry amongst the Council's stakeholders.

On 1 September 2012, the Council sent a mobile Wellness Centre to the OrangeRiver Tankers "Driver of the Year" competition in Upington. This competition offers the opportunity for OrangeRiver Tankers' truck drivers to be made aware of road safety while creating a platform to help develop and sharpen their skills. While the truck drivers were battling it out in the competition, those waiting to compete were given the option to undergo a basic health assessment at the Trucking Wellness Mobile Wellness Centre.


The Road Shows/Wellness Days not only helped to uplift the profile of the **NBCRFLI**, but also furthered the wellbeing of the transport and logistics industry.

Another important achievement was accomplished when the Communication and Marketing section proudly launched the Council's improved website in April 2012. The new site boasts a fresh look and feel as well as user-friendly content that is easily accessible. The content is

updated on a regular basis, making the website a key location that many Council members now approach when requiring up-to-date information about the Council.

The Communication and Marketing section continued to play a key role in communicating the successes and milestones achieved by the Council over the year. These key developments included free training for all industry employers who utilise the Council's online returns system; the inclusion of extra benefits for members in the Wellness Fund Health Plan; the promulgation of the Simplified Main Collective Agreement by the Minister of Labour on 6 January 2012; and the Council's stance against fraud and corruption, including tips on how companies can overcome this problem, such as how to prevent EFT fraud. Following the resignation of Joe Letswalo from his role as National Secretary, communication also assisted in the leadership transition.

The Communication and Marketing section made a point of heightening brand awareness through a number of different platforms, including regular adverts and advertorials in industry publications, branded security



guard badges, branded iPads for board members, a building sign and branded wall and tent calendars. Part of the brand upliftment initiative also included the revamping of the Council's CSI manual.

Other communication initiatives included the distribution of Tseleng, the Council's quarterly magazine to industry members; promoting understanding of the Council's services via the creation of a Council Services brochure and a Disputes Resolution brochure; as well as widened exposure of the Council through participation in an interview on Radio Sonder Grense. Information sessions were also held between the Department of Labour (DoL) and the Council's offices in the Northern and Western Cape offices, resulting in improved communication between the two bodies.

Despite the Council being a non-profit organisation, it still tries to give back to the community where possible. In July last year, the Council – together with other institutions – helped the Siyathuthuka Education and Community Development Initiative to provide approximately 1 000 students across 10 schools in KwaZulu-Natal with career

guidance and tertiary tuition information that they would not ordinarily have had access to. Besides supplying Siyathuthuka with a rental motor vehicle to visit the 10 schools, which are far apart, the Council also provided them with promotional materials, T-shirts and stationery, some of which were distributed to the learners, as well as funding to cover some of the operational costs such as fuel, printing and telephone expenses.

FINANCIAL REVIEW

INTRODUCTION

Despite tough economic conditions, the Council still managed to achieve a stable and solid financial performance. In fact, the past financial year has been one of the Council's best return periods since 2009, particularly due to the higher contribution members are paying to the Council following annual wage increases. This resulted in the Council experiencing an increase of 14.81% in levies income compared to the previous financial year. Subsequently, the Council managed to secure an increase of 12.83% in revenue as compared to the 2011/2012 financial year.

The Council's capital expenditure decreased in 2013 as most assets are still within their useful life and thus not many assets were procured for the year under review. SAP HCM was implemented towards the end of 2012 financial year, so no notable expenditure was recognised for the project within the year under review.

The Council's net surplus is R19m more than the budgeted. It is investing a lot more than it used to, and is investing in ventures that produce better returns than what the general market is offering, which is also bringing in more money for the Council. Building a reasonable

reserve of funds is extremely important as it will enable the Council to continue operating should unexpected financial difficulties arise.

Despite the challenge of higher than anticipated expenses, particularly for the wage negotiation process and IT training, the Council managed to keep well within its budget. It was still able to implement the SAP Human Capital Management (HCM) system, regardless of these unforeseen extra expenses.

HIGHLIGHTS

Revenue

- **NBCRFLI** group revenue up by 16.64% to R243.05m
- Main Council revenue up by 12.83% to R133.26m

Surplus for the period

- **NBCRFLI** group deficit up by 40.54% to -R81.79m.
- Main Council surplus down by 23.27% to R9.78m.

Capital expenditure

- Capital expenditure down by 0.04% to R4.085m.
- Council property remained valued at R29.6m

PERFORMANCE OVERVIEW

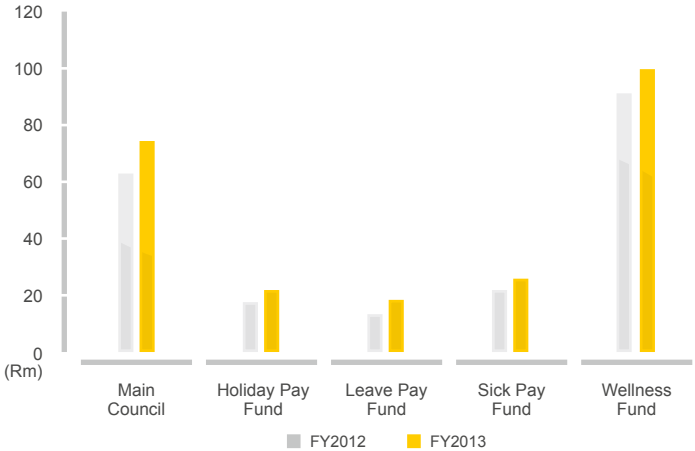
Revenue for the period rose by 12.83% to R133.3m (2012: R118.11m). The increase in revenue can be attributed to the increased frequency of investments, investing in ventures that produce better returns than what the general market is offering and the fact that the levies income increased by 14.81% this year when compared to last year.

The decrease in surplus is due to an increase in expenditure incurred during the period. The operational expenditure increased by 14,30% to R127.9m (2012: R111.9m). Amongst others, increased expenditure include increases in employee costs (17%); equipment rental expenses, computer software and hardware maintenance costs (57%) and increases in audit fees due to reviews and verification done on the implementation of HCM (53%).

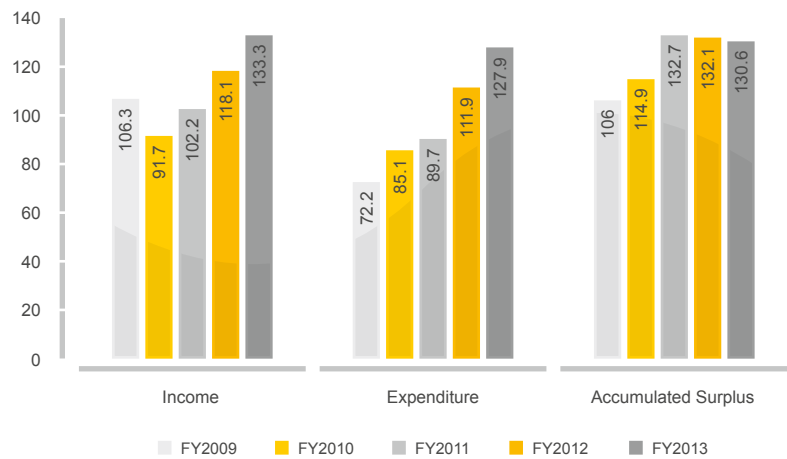
To the right is a table highlighting the group revenue and charts analysing revenue and expenditure compared to the prior financial periods.

NBCRFLI Group Revenue Analysis

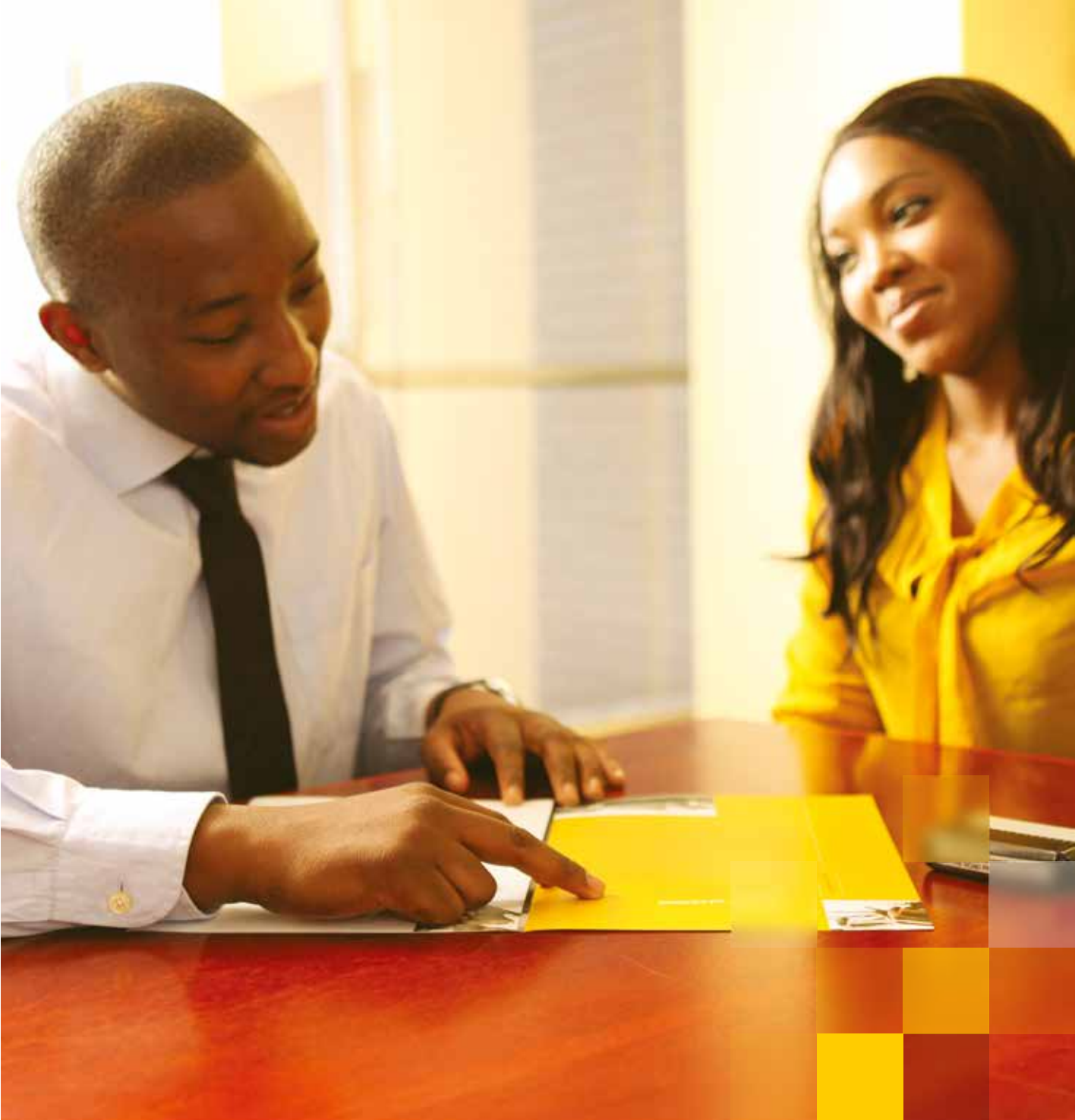
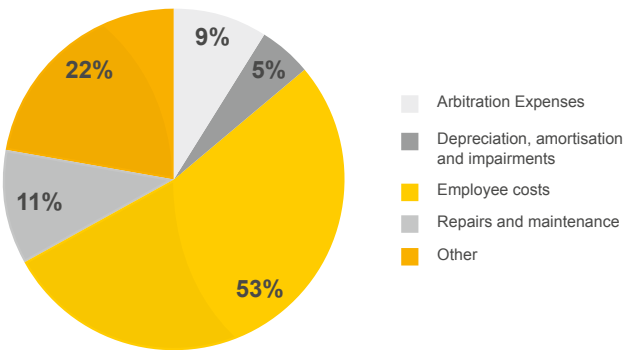
Rm	MAIN COUNCIL	HOLIDAY PAY FUND	LEAVE PAY FUND	SICK PAY FUND	WELLNESS FUND	TOTAL
FY2012	63.59	17.49	12.80	21.73	92.78	208.38
FY2013	75.23	21.84	18.48	25.84	101.66	243.05



Main Council Five Year Performance (Rm)



Main Council Expenditure Analysis



BALANCE SHEET & CASH FLOWS

Capital Expenditure

The capital expenditure decreased in 2013. The decrease in expenditure was however insignificant. Actual capital declined by 0.04%.

The decline is primarily attributable to the Council's strategy of outsourcing and leasing IT infrastructure. As at 28 February 2013, the Council had leased IT equipment to the value of R5.9m. The Council's property was valued at R29.6m as at period end. The Council continues to maintain its properties in good condition to ensure its properties increase in value year on year.

A total additional capex budget of R5m was approved for the period ending 28 February 2014, plus the rollover capex budget of R10.2m from prior years. The total capex budget available for the period ending 28 February 2014 is R15.2m.

FINANCIAL ASSETS

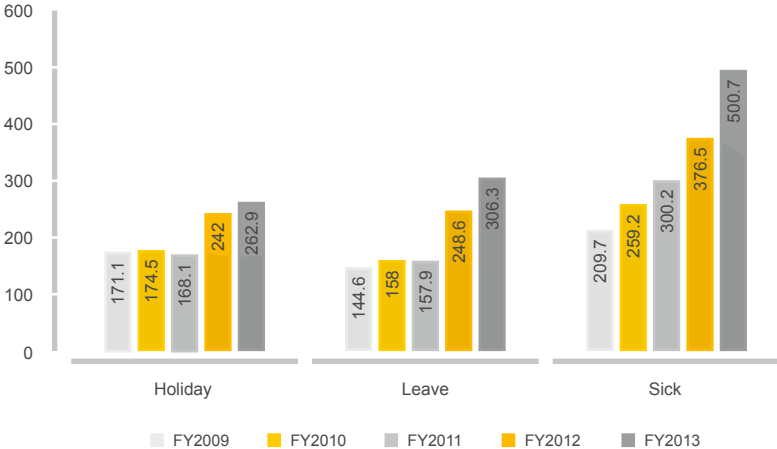
The NBCRFLI Main Council and trust funds investments are held with major banks in South Africa.

The investments yielded returns of 5.89% and 6.28% (2012: 5.2% and 7%). The market value of the Main Council investments was R122.7m (2012: R115.5m), a growth of 6.23% from 2012.

The consolidated market value of the Holiday Pay Fund, Leave Pay Fund and Sick Pay Fund was R1.07bn (2012: R867.1m). The balances of the investments grew by 23.4% which is primarily attributable to an increase in contributions received from trust funds (i.e. in respect of Holiday, Leave and Sick Pay Funds); increased frequency of investments; and reinvestments of interest yield during the period.

To the right is a five year chart presentation of the market value of the trust funds investments.

Trust Funds Investments (Rm)



TRADE & OTHER RECEIVABLES

Trade and other receivables of the Main Council increased by 10% to R5.4m (2012: R4.9m).

The balance is largely attributable to an outstanding debt on administration fees. The group trade and other receivables declined 11% to R4.4m (2012: R4.9m). This is also attributable to outstanding debt on administration fees.

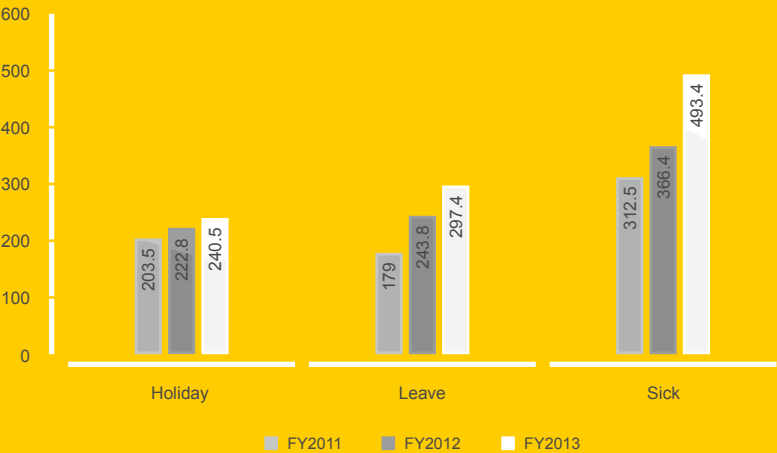
CASH FLOW

The Council experienced a negative cash flow from operations of –R9.1m, amounting to a decline of 135% (2012: +R26.5m). This is attributable to working capital changes of R2m, salaries being written off to the value of -R11.2m, as well as increases in cash paid to trade and other payables of -R13.5m.

TRUST FUND LIABILITIES

The movement and balances in the trust fund liabilities are highlighted in the graph below.

Trust fund liabilities – funds due to industry employees (Rm)



FUTURE OUTLOOK

The greatest challenge that the Council continues to face is the weak global economic conditions that affect the road freight and logistics industry as well as the world at large.

Although 2013 was a difficult year for the Council, in particular at an operational level, it is making progress in respect of managing its capital structure and balance sheet position. The Council plans to secure its future financial performance by continuing to work efficiently, monitoring its expenditure and keeping a watchful eye on its

financial income. Maintaining the current effective financial system means steadily continuing to process income and upholding the necessary discipline in terms of financial controls so that expenses remain within the budget parameters determined by the strategy for the year.

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



GOOD GOVERNANCE

Financial Governance

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

Information Technology Governance

Information Technology (IT) plays an important role in enabling the Council to deliver an effective and efficient service to its stakeholders and customers.

To ensure IT security, the Council has implemented fire walls and web content filters to prevent unauthorised access to the Council's network. All IT risks are managed closely by the Council's IT steering committee which oversees all the Council's major IT projects. It is important to note that the Council is in the process of documenting and reviewing its IT policy to meet governance requirements.

Should the Council ever be faced with a disastrous incident that impacts on its activities, it has a business continuity and disaster recovery plan built into its IT processes. For example, in terms of building, the Council has regional offices that can be used in case of a disaster. It should be noted that the Council is in the process of formalising its business continuity process.

Remuneration

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

Appointment of a new National Secretary

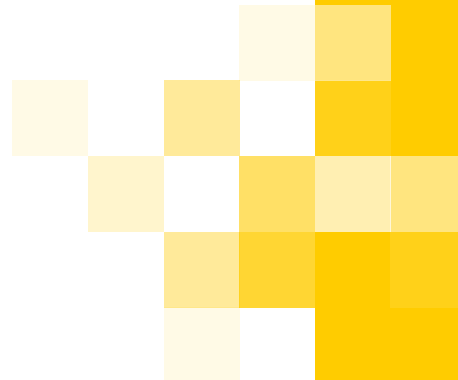
The Council's Governance Task Team is carefully deliberating the type of person that will be best to lead the Council into the new financial year and beyond. As the Council is governed by a Constitution with which the incoming National Secretary will have to comply, it is expected that the Council will continue to function as it always has under the leadership of the new National Secretary.

Meetings

During the previous financial year, nine Council meetings were held – including the AGM and special sittings to deal with negotiations – as well as three EXCO meetings. The Audit and Risk Committee held four meetings, one of which was reconvened on a second day. All meetings quorated.

ACKNOWLEDGEMENTS

Strategic partnerships are an essential contribution to a successful financial year. With this in mind, a warm word of thanks goes to all our internal and external stakeholders for their hard work and support over the past year. This includes all Council employees, Councillors, industry employers and employees, Deloitte & Touche, the Departments of Labour, Health and Transport, the CCMA, The Registrar of the Labour Court (Gauteng) and the National Association of Bargaining Councils.



COUNCIL ORGANISATIONAL PERFORMANCE

INTERNAL BUSINESS PROCESSES

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

G – Target Achieved

G+ – Target Exceeded

R – Target not Achieved

Y – Positive Progress

ORGANISATION & LEARNING

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

FINANCE

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

CUSTOMER & STAKEHOLDER

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

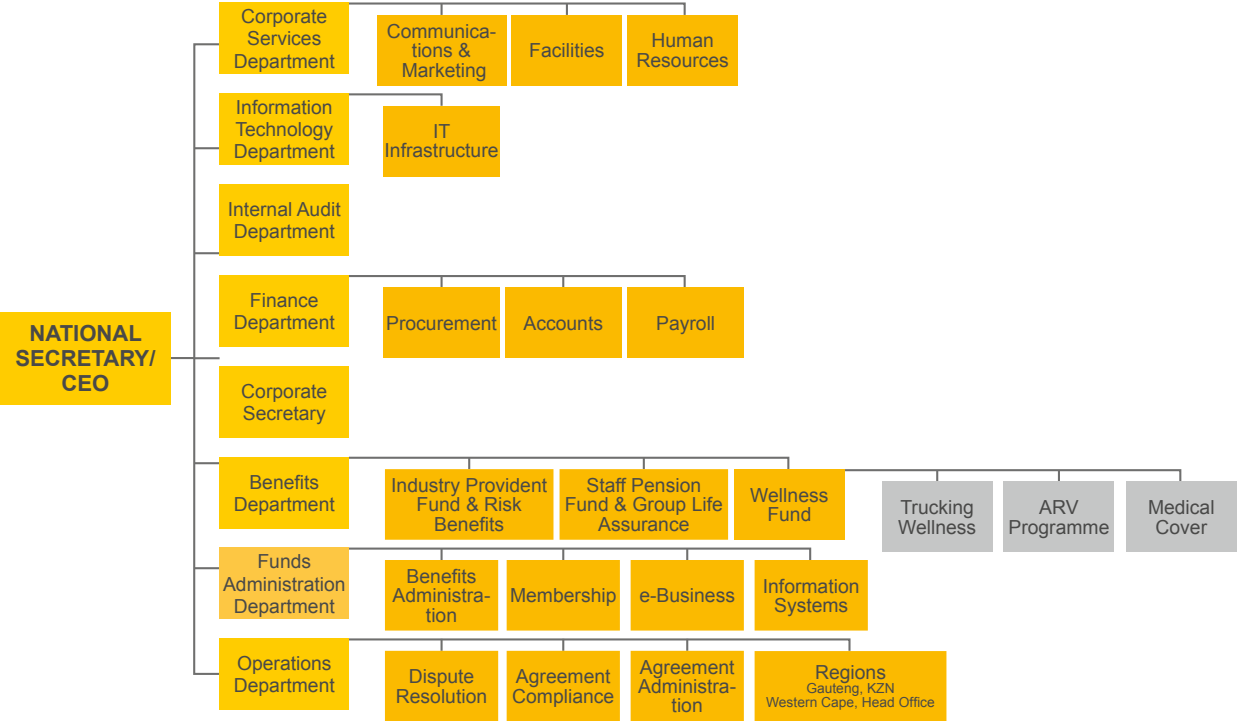
G – Target Achieved

G+ – Target Exceeded

R – Target not Achieved

Y – Positive Progress

COUNCIL ADMINISTRATION ORGANISATIONAL STRUCTURE



COUNCIL MEMBERS



RFEA

1. Heather Badenhorst
2. Graeme Barnard
3. Dave Behrens (Chairperson)
4. Magretia Brown-Engelbrecht
5. Tony D'Almeida
6. Louis Hollander
7. Lucky Kolobe
8. Pauline Legodi
9. Penwell Lunga
10. Peter Mathapo
11. Fred Meier
12. Trevor Short

SATAWU

1. Michael Gwedashe (D. Chair)
2. June Dube
3. Mbonwa J Gamede
4. Portia Khumalo
5. David Mahlanza
6. Doris Nhlapo
7. Nthimutse Pakkies
8. Tabudi Ramakgolo

1.



2.



3.



4.



5.



6.

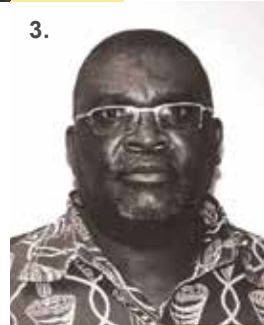


7.



8.





MTWU

1. Mdumiseni Mabaso
2. Solomon Mothibedi
3. Lucky November

TAWU & PTAWU

1. Zack Mankge

ALTERNATES

RFEA

Chantal Adamstein
Cindy-Leigh Webb

SATAWU

Carl Maketsie
Paulos Dlamini
Danny Du Plessis
John Hlungwane
Sam Lefuwa
Justice Mosiakoko
Phindile Radebe
Mavhayisi Shivuri

MTWU

Zakhele Mathenjwa
Zodwa Zama

TAWU & PTAWU

V Madolo

EXECUTIVE COMMITTEE (EXCO)

RFEA

Dave Behrens
Magretia Brown-Engelbrecht
Penwell Lunga
Lucky Kolobe
Fred Meier

Alternates

Trevor Short
Cindy-Leigh Webb

SATAWU

Michael Gwedashe
Tabudi Ramakgolo
June Dube

Alternate

Mbonwa J Gamede

MTWU

Mdumiseni Mabaso

Alternate

Solomon Mothibedi

TAWU & PTAWU

Zack Mankge

Alternate

Reckson Baloyi

AUDIT & RISK COMMITTEE

Independent

Melusi Ntumba (Chairperson)
Anesh Soonder

RFEA

Cindy-Leigh Webb

SATAWU

Mbonwa Johnson Gamede

INDEPENDENT BODIES

INDEPENDENT EXEMPTIONS BODY

1. Yusuf Nagdee
2. Rosalie Manning
3. Gerhard Wessels

INDEPENDENT EXEMPTIONS APPEAL BODY

1. Advocate Mark Antrobus
2. Advocate Tshepo Sibeko
3. Imraan Haffeggee

FINANCIALS

COUNCIL MEMBERS' RESPONSIBILITIES AND APPROVAL

The **NBCRFLI** is an organization registered as a bargaining council in terms of section 29(15)(a) of the Labour Relations Act 1995. The organization changed its name from the National Bargaining Council for the Road Freight Industry (NBCRFI) to National Bargaining Council for the Road Freight and Logistics Industry (**NBCRFLI**) with effect from 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 members acknowledge that they are ultimately responsible for the system of internal financial control established by the Council and place considerable priority on maintaining a strong control environment. To enable management to meet these responsibilities, the Council members sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Council and all employees are required to maintain the highest ethical standards in ensuring the Council's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Council is on identifying, assessing, managing and monitoring all known forms of risk across the Council. While operating risk cannot

be fully eliminated, the Council endeavour's to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Council members are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the 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 members have reviewed the Council's cash flow forecast for the year to 28 February 2014 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.

COUNCIL MEMBERS' RESPONSIBILITIES AND APPROVAL

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

The external auditors are responsible for independently auditing and reporting on the Council's consolidated financial statements. The consolidated annual financial statements have been examined by the Council's external auditors and the report is presented on page 59.

King III Corporate Governance

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

The Council's corporate governance processes which includes 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 members.

Approval

The annual financial statements set out on pages 60 to 73, which have been prepared on the going concern basis, were approved by the Council members on 28 June 2013 and were signed on its behalf by:



Tersia Ströh
Acting National Secretary of the NBCRFLI



Dave Behrens
Chairman

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

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

- The consolidated and separate statements of net assets for the period ended 28 February 2013;
- The consolidated and separate statements of comprehensive income for period ended 28 February 2013;
- The consolidated and separate statements of changes in funds for the period ended 28 February 2013;
- The consolidated and separate statements of cash flows for the period ended 28 February 2013;
- A summary of significant accounting policies and other explanatory notes, as set on pages 60 to 73.

Management's Responsibility for the Financial Statements

The council is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with basis of accounting set out in pages 65 and 66, and in manner required by the Labour Relations Act of 1995 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on

Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the accompanying Group and Council annual financial statements of the National Bargaining Council for the Road Freight and Logistics Industry have been prepared

in all material respects, in accordance with the basis of accounting as set out in Note I of the financial statements, and in a manner required by the provisions of its constitution relating to financial matters and Section 53(2) (b) of the Labour Relations Act.

Emphasis of matter- Supporting Schedules

Without qualifying our opinion we draw attention to the fact that the supplementary information set out on page 74 does not form part of the annual financial statements and is presented as additional information. We have not audited this schedule and accordingly we do not express an opinion thereon.

Restriction on use

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



Deloitte & Touche
Registered Auditors
Per D Munu
Partner
28 June 2013

THE NATIONAL BARGAINING COUNCIL FOR THE ROAD FREIGHT AND LOGISTICS INDUSTRY CONSOLIDATED STATEMENT OF NET ASSETS FOR THE PERIOD ENDED 28 FEBRUARY 2013

		GROUP		MAIN COUNCIL	
Figures in Rands	Notes	2013	2012	2013	2012
ASSETS					
Non Current Assets		1,231,467,226	1,119,035,969	161,394,916	152,522,960
Property, plant and equipment	2	38,041,953	40,450,824	37,879,664	40,131,597
Other financial assets	3	1,193,425,273	1,078,585,145	123,515,252	112,391,363
Current Assets		44 672 646	51,934,853	25,263,317	30,890,400
Inventories		88,802	68,027	88,802	68,027
Trade and other receivables	4	4,368,460	4,925,734	5,446,883	4,925,734
Cash and cash equivalents		40,215,384	46,941,092	19,727,633	25,896,639
Total assets		1,276,139,872	1,170,970,822	186,658,233	183,413,360
EQUITY AND LIABILITIES					
Equity		202,612,135	284,406,560	138,085,243	139,553,653
Reserves		50,154,833	50,154,833	7,494,136	7,494,136
Surplus funds		152,457,302	234,251,727	130,591,107	132,059,517
Non Current Liabilities		1,031,229,904	832,959,786	–	–
Industry employees trust account		1,031,229,904	832,959,786	–	–
Current Liabilities		42,297,833	53,604,476	48,572,990	43,859,707
Other financial liabilities	5	5,712,428	4,952,181	13,638,333	(4,581,700)
Trade and other payables	6	36,585,405	48,652,295	34,934,657	48,441,407
Total equity and liabilities		1,276,139,872	1,170,970,822	186,658,234	183,413,360

**THE NATIONAL BARGAINING COUNCIL FOR THE ROAD FREIGHT AND LOGISTICS INDUSTRY
CONSOLIDATED STATEMENT OF NET ASSETS FOR THE PERIOD ENDED 28 FEBRUARY 2013**

Figures in Rands	GROUP		MAIN COUNCIL	
	2013	2012	2013	2012
Income	243,051,509	208,381,734	133,264,741	118,109,111
Other Income	7,174,750	6,763,171	4,421,993	6,533,197
Operating expenses	(332,020,684)	(273,346,306)	(127,896,807)	(111,883,494)
Operating surplus/(deficit)	(81,794,425)	(58,201,401)	9,789,927	12,758,814
Surplus/(Deficit) for the year	(81,794,425)	(58,201,401)	9,789,927	12,758,814
Other comprehensive income:				
Shortfall in staff pension fund	—	(13,408,596)	—	(13,408,596)
Gain on revaluation of properties	—	3,961,743	—	3,961,743
Total comprehensive income for the period	(81,794,425)	(67,648,254)	9,789,927	3,311,961

THE NATIONAL BARGAINING COUNCIL FOR THE ROAD FREIGHT AND LOGISTICS INDUSTRY CONSOLIDATED STATEMENT OF CHANGES IN FUNDS FOR THE PERIOD ENDED 28 FEBRUARY 2013

GROUP

Figures in Rands	Notes	Revaluation Reserve	Forfeitures Reserve	Total Reserves	Surplus Funds	Total Funds
Balance at 01 March 2011		3,532,393	9,699,744	13,232,137	306,435,846	319,667,983
(Deficit)/Surplus for the period		–	–	–	(58,201,401)	(58,201,401)
Other comprehensive income		3,961,743	–	3,961,743	(13,408,596)	(9,446,853)
Total comprehensive income for the period		3,961,743	–	3,961,743	(71,609,997)	(67,648,254)
(Deficit)/Surplus for the period to 28 February 2011 - AIDS SIDA		–	–	–	(574,122)	(574,122)
Movement to forfeitures reserve		–	32,960,953	32,960,953	–	32,960,953
Balance at 01 March 2012		7,494,136	42,660,697	50,154,833	234,251,727	284,406,560
(Deficit)/Surplus for the period		–	–	–	(81,794,425)	(81,794,425)
Other comprehensive income		–	–	–	–	–
Total comprehensive income for the period		–	–	–	(81,794,425)	(81,794,425)
Movement to forfeitures reserve		–	–	–	–	–
Balance at 28 February 2013		7,494,136	42,660,697	50,154,833	152,457,302	202,612,135

MAIN COUNCIL

Balance at 01 March 2011	3,532,393	–	3,532,393	132,709,299	136,241,692
(Deficit)/Surplus for the period	–	–	–	12,758,813	12,758,813
Other comprehensive income	3,961,743	–	3,961,743	(13,408,595)	(9,446,852)
Total comprehensive income for the period	3,961,743	–	3,961,743	(649,782)	3,311,961
Balance at 01 March 2012	7,494,136	–	7,494,136	132,059,517	139,553,652
(Deficit)/Surplus for the period	–	–	–	9,789,927	9,789,927
Adjustments: Irrecoverable salaries paid iro Wellness staff	–	–	–	(11,258,338)	(11,258,338)
Total comprehensive income for the period	–	–	–	(1,468,411)	(1,468,411)
Balance at 28 February 2013	7,494,136	–	7,494,136	130,591,106	138,085,242

**THE NATIONAL BARGAINING COUNCIL FOR THE ROAD FREIGHT AND LOGISTICS INDUSTRY
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 28 FEBRUARY 2013**

		GROUP		MAIN COUNCIL	
Figures in Rands	Notes	2013	2012	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	A	(86,837,997)	(24,072,803)	(9,181,348)	39,940,704
Transfer of forfeitures/Increase in reserves		—	32,960,953	—	—
Shortfall in staff pension fund		—	(13,408,596)	—	(13,408,596)
(Deficit)/Surplus for the period to 28 February 2013 - SIDA		—	(574,122)	—	—
Net cash (outflow)/Inflow from operating activities		(86,837,997)	(5,094,568)	(9,181,348)	26,532,108
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(4,085,996)	(4,197,967)	(4,085,996)	(4,073,532)
Proceeds from sale of property, plant and equipment		8,049	47,342	2,193	47,342
Increase in other financial assets		(114,840,128)	(249,915,529)	(11,123,889)	2,706,288
Net cash outflow from investing activities		(118,918,076)	(254,066,153)	(15,207,691)	(1,319,902)
CASH FLOWS FROM FINANCING ACTIVITIES					
(Decrease)/Increase in other financial liabilities		760,247	(1,121,875)	18,220,033	(34,919,679)
Increase in industry employees trust account		198,270,118	138,034,847	—	—
Net inflow/(outflow) from financing activities		199,030,365	136,912,972	18,220,033	(34,919,679)
Net increase/(decrease) in cash and cash equivalents		(6,725,708)	(122,247,750)	(6,169,006)	(9,707,472)
Cash and cash equivalents at beginning of year		46,941,092	169,188,841	25,896,639	35,604,111
CASH AND CASH EQUIVALENTS AT END OF YEAR	B	40,215,384	46,941,092	19,727,633	25,896,639

THE NATIONAL BARGAINING COUNCIL FOR THE ROAD FREIGHT AND LOGISTICS INDUSTRY CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 28 FEBRUARY 2013

Figures in Rands	GROUP		MAIN COUNCIL	
	2013	2012	2013	2012
A. RECONCILIATION OF OPERATING INCOME(LOSS) TO CASH GENERATED FROM OPERATIONS				
Operating (deficit)/surplus	(81,794,425)	(58,201,401)	9,789,927	12,758,814
Adjustment for non cash items:	6,486,819	7,005,052	6,335,736	6,835,163
Depreciation and amortisation	6,491,354	6,908,398	6,337,929	6,738,509
(Gain)/Loss on disposal of property, plant and equipment	(4,535)	96,654	(2,193)	96,654
Adjustment for separately disclosable items:				
Interest received	(81,138,011)	(75,084,176)	(11,552,429)	(13,006,595)
Operating cash inflow before working capital changes	(156,445,617)	(126,280,525)	4,573,234	6,587,382
Adjustments through surplus funds: Irrecoverable salaries paid iro Wellness staff	—	—	(11,258,337)	—
Working capital changes	(11,530,391)	27,123,546	(14,048,674)	20,346,728
Changes in inventories	(20,774)	81,403	(20,774)	81,403
Changes in trade and other receivables	557,273	5,755,765	(521,149)	(2,304,736)
	(12,066,890)	21,286,378	(13,506,751)	22,570,061
Cash generated from operations	(167,976,008)	(99,156,979)	(20,733,776)	26,934,110
Interest received	81,138,011	75,084,176	11,552,429	13,006,595
CASH GENERATED FROM OPERATING ACTIVITIES	(86,837,997)	(24,072,803)	(9,181,347)	39,940,704
B. CASH AND CASH EQUIVALENTS				
Bank balances	40,215,384	46,941,092	19,727,633	25,896,639
	40,215,384	46,941,092	19,727,633	25,896,639

THE NATIONAL BARGAINING COUNCIL FOR THE ROAD FREIGHT AND LOGISTICS INDUSTRY NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2013

REPORTING ENTITY

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

The consolidated annual financial statements of the **NBCRFLI** for the period ended 28 February 2013 comprise the Main Council and its subsidiary funds (Holiday Pay Fund, Leave Pay Fund and Sick Pay Fund) and the organization's interest in the Wellness Fund.

1. ACCOUNTING POLICIES

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

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

1.1 Basis of consolidation

The consolidated financial statements incorporate financial statements of the Main Council, its subsidiary funds and interests in the Wellness fund for the period ended 28 February 2013. The financial statements are consolidated on the basis that the Main Council has control over the subsidiary funds and Wellness entities. Control exists when the Main Council has power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

1.2 Property, plant and equipment

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

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

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

Any increase in an asset's carrying amount, as a result of a revaluation is credited directly to equity in the revaluation reserve. The increase is recognised in the profit and loss

to the extent that it reverses a revaluation decrease of the same asset previously recognised in the profit or loss.

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

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

The useful lives applied are as follows:

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

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

1.3 Financial Instruments



THE NATIONAL BARGAINING COUNCIL FOR THE ROAD FREIGHT AND LOGISTICS INDUSTRY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2013

Initial Recognition

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

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

Loans

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

Trade and Other Receivables

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

Trade and Other Payables

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

Cash and Cash Equivalents

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

Held to Maturity and Loans and Receivables

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

1.4 Revenue

Revenue is recognised on both the accrual and cash basis.

Levies

Levies are charged to the Industry for the services that the **NBCRFLI** provides to the industry. Levies are recognised on the cash basis based on amounts received for the returns submitted and processed.

Administration fees

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

1.5 Employee Benefits

Defined Contribution Plans

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

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

1.6 Outstanding Levies

In accordance with past practices, levies due but unpaid at the end of the financial period have not 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.

THE NATIONAL BARGAINING COUNCIL FOR THE ROAD FREIGHT AND LOGISTICS INDUSTRY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2013

2. PROPERTY, PLANT AND EQUIPMENT

GROUP	2013			2012		
Figures in Rands	Cost/Valuation	Accumulated Depreciation	Carrying Amount	Cost/Valuation	Accumulated Depreciation	Carrying Amount
Land and Buildings	29,600,000	–	29,600,000	29,600,000	–	29,600,000
Furniture & fittings	10,556,289	(8,514,612)	2,041,677	9,729,541	(6,870,302)	2,859,239
Motor vehicles	2,752,639	(1,973,490)	779,149	2,876,999	(1,756,686)	1,120,313
Office Equipment	2,824,218	(2,195,349)	628,869	2,803,412	(1,724,188)	1,079,224
IT Equipment	7,598,396	(6,099,494)	1,498,902	6,054,312	(5,364,073)	690,239
Computer Software	15,451,105	(12,003,853)	3,447,252	13,757,857	(8,750,977)	5,006,880
Containers	572,384	(526,280)	46,104	572,384	(477,455)	94,929
	69,355,031	(31,313,078)	38,041,953	65,394,505	(24,943,681)	40,450,824

MAIN COUNCIL	2013			2012		
Figures in Rands	Cost/Valuation	Accumulated Depreciation	Carrying Amount	Cost/Valuation	Accumulated Depreciation	Carrying Amount
Land and Buildings	29,600,000	–	29,600,000	29,600,000	–	29,600,000
Furniture & fittings	10,518,574	(8,476,896)	2,041,678	9,691,826	(6,832,587)	2,859,239
Motor vehicles	1,547,908	(884,733)	663,175	1,546,798	(650,221)	896,577
Office Equipment	2,745,118	(2,116,460)	628,658	2,724,312	(1,645,650)	1,078,662
IT Equipment	7,404,994	(5,906,092)	1,498,902	5,860,910	(5,170,671)	690,239
Computer Software	15,186,305	(11,739,053)	3,447,252	13,493,057	(8,486,177)	5,006,880
	67,002,899	(29,123,235)	37,879,664	62,916,903	(22,785,306)	40,131,597

THE NATIONAL BARGAINING COUNCIL FOR THE ROAD FREIGHT AND LOGISTICS INDUSTRY NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2013

2. PROPERTY, PLANT AND EQUIPMENT (continued) – RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT

GROUP

28 February 2013	Land & Buildings	Furniture & fittings	Motor Vehicles	Office Equipment	IT Equipment	Computer Software	Containers	TOTAL
Opening carry amount	29,600,000	2,859,239	1,120,313	1,079,224	690,239	5,006,880	94,929	40,450,824
Cost	29,600,000	9,729,541	2,876,999	2,803,412	6,054,312	13,757,857	572,384	65,394,505
Accumulated depreciation	—	(6,870,302)	(1,756,686)	(1,724,188)	(5,364,073)	(8,750,977)	(477,455)	(24,943,681)
Additions from AIDS SIDA at net book value	—	—	—	—	—	—	—	—
Additions	—	826,748	1,110	20,806	1,544,084	1,693,248	—	4,085,996
Revaluations through equity	—	—	—	—	—	—	—	—
Disposals at net book value	—	—	(3,513)	—	—	—	—	(3,513)
Current depreciation	—	(1,644,310)	(338,761)	(471,161)	(735,421)	(3,252,876)	(48,825)	(6,491,354)
Closing carrying amount	29,600,000	2,041,677	779,149	628,869	1,498,902	3,447,252	46,104	38,041,953
Cost	29,600,000	10,556,289	2,752,639	2,824,218	7,598,396	15,451,105	572,384	69,355,031
Accumulated depreciation	—	(8,514,612)	(1,973,490)	(2,195,349)	(6,099,494)	(12,003,853)	(526,280)	(31,313,078)

GROUP

29 February 2012	Land & Buildings	Furniture & fittings	Motor Vehicles	Office Equipment	IT Equipment	Computer Software	Containers	TOTAL
Opening carry amount	25,114,799	4,360,887	597,389	1,274,468	1,437,841	6,464,049	94,077	39,343,510
Cost	25,114,799	9,526,703	5,690,343	2,395,465	5,654,345	11,604,093	134,395	60,120,143
Accumulated depreciation	—	(5,165,816)	(5,092,954)	(1,120,997)	(4,216,504)	(5,140,044)	(40,318)	(20,776,633)
Additions from AIDS SIDA at net book value	—	—	61,468	4,529	—	—	58,436	124,434
Additions	523,458	234,077	905,516	328,848	206,565	1,888,965	—	4,087,428
Revaluations through equity	3,961,743	—	—	—	—	—	—	3,961,743
Disposals at net book value	—	—	(13,886)	—	—	—	—	(13,886)
Current depreciation	—	(1,735,725)	(430,175)	(528,621)	(954,167)	(3,346,133)	(57,584)	(7,052,405)
Closing carrying amount	29,600,000	2,859,239	1,120,313	1,079,224	690,239	5,006,880	94,929	40,450,824
Cost	29,600,000	9,729,541	2,876,999	2,803,412	6,054,312	13,757,857	572,384	65,394,505
Accumulated depreciation	—	(6,870,302)	(1,756,686)	(1,724,188)	(5,364,073)	(8,750,977)	(477,455)	(24,943,681)

THE NATIONAL BARGAINING COUNCIL FOR THE ROAD FREIGHT AND LOGISTICS INDUSTRY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2013

2. PROPERTY, PLANT AND EQUIPMENT (continued) – RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT

MAIN COUNCIL

28 February 2013	Land & Buildings	Furniture & fittings	Motor Vehicles	Office Equipment	IT Equipment	Computer Software	TOTAL
Opening carry amount	29,600,000	2,859,239	896,577	1,078,662	690,239	5,006,880	40,131,597
Cost	29,600,000	9,691,826	1,546,798	2,724,312	5,860,910	13,493,057	62,916,903
Accumulated depreciation	–	(6,832,587)	(650,221)	(1,645,650)	(5,170,671)	(8,486,177)	(22,785,306)
Additions	–	826,748	1,110	20,806	1,544,084	1,693,248	4,085,996
Revaluations through equity	–	–	–	–	–	–	–
Disposals at net book value	–	–	–	–	–	–	–
Current depreciation	–	(1,644,310)	(234,512)	(470,810)	(735,421)	(3,252,876)	(6,337,929)
Closing carrying amount	29,600,000	2,041,677	663,175	628,658	1,498,902	3,447,252	37,879,664
Cost	29,600,000	10,518,574	1,547,908	2,745,118	7,404,994	15,186,305	67,002,899
Accumulated depreciation	–	(8,476,897)	(884,733)	(2,116,460)	(5,906,092)	(11,739,053)	(29,123,236)

MAIN COUNCIL

29 February 2012	Land & Buildings	Furniture & fittings	Motor Vehicles	Office Equipment	IT Equipment	Computer Software	TOTAL
Opening carry amount	25,114,799	4,360,887	326,783	1,274,468	1,437,841	6,464,048	38,978,826
Cost	25,114,799	9,526,703	1,072,351	2,395,465	5,654,345	11,604,092	55,367,755
Accumulated depreciation	–	(5,165,816)	(745,568)	(1,120,997)	(4,216,504)	(5,140,044)	(16,388,929)
Additions	523,458	234,076	905,517	328,847	206,565	1,888,966	4,087,429
Revaluations through equity	3,961,743	–	–	–	–	–	3,961,743
Disposals at net book value	–	–	(13,886)	–	–	–	(13,886)
Current depreciation	–	(1,735,725)	(321,837)	(524,653)	(954,167)	(3,346,133)	(6,882,515)
Closing carrying amount	29,600,000	2,859,239	896,577	1,078,662	690,239	5,006,880	40,131,597
Cost	29,600,000	9,691,826	1,546,798	2,724,312	5,860,910	13,493,057	62,916,903
Accumulated depreciation	–	(6,832,587)	(650,221)	(1,645,650)	(5,170,671)	(8,486,177)	(22,785,306)

THE NATIONAL BARGAINING COUNCIL FOR THE ROAD FREIGHT AND LOGISTICS INDUSTRY NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2013

2. PROPERTY, PLANT AND EQUIPMENT (continued) – OTHER INFORMATION

Figures in Rands	GROUP		MAIN COUNCIL	
	2013	2012	2013	2012
Details of properties				
Erf 2915 Johannesburg measuring 496 square meters with office building erected thereon				
Erf 2914 Johannesburg portion 2				
Erf 7498 Parow 141 Voortrekker Road Parow				
- Balance at beginning of period	29,600,000	25,114,799	29,600,000	25,114,799
- Improvements	–	523,458	–	523,458
Total land and buildings before revaluation	29,600,000	25,638,257	29,600,000	25,638,257
Revaluation of land and buildings	–	3,961,743	–	3,961,743
Total land and buildings after revaluation	29,600,000	29,600,000	29,600,000	29,600,000

Land and building are re-valued independently every three years.

Revaluation of the land and buildings is performed by an independent valuator Grant Fraser (MIV. SA) of G.C Fraser & Associate who are not connected to the **NBCRFLI**.

Revaluation on the land and buildings was performed as at 29 February 2012. (The previous revaluation was performed as at 28 February 2009.) Details of the revaluation are as follows:

LOCATION OF PROPERTY	Revaluation 29 February 2012	Revaluation 28 February 2009
Erf 2915 Johannesburg, 31 De Korte Street, Braamfontein	13,200,000	10,300,000
Erf 2914 Johannesburg, 29 De Korte Street, Braamfontein	9,500,000	7,000,000
Erf 7498 Parow, 141 Voortrekker Road, Parow (Purchased 21 June 2010)	6,900,000	–
Total value as per revaluation report	29,600,000	17,300,000

THE NATIONAL BARGAINING COUNCIL FOR THE ROAD FREIGHT AND LOGISTICS INDUSTRY
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2013

3. OTHER FINANCIAL ASSETS

Figures in Rands	GROUP		MAIN COUNCIL	
	2013	2012	2013	2012
Held to Maturity				
Fixed deposit and money market funds				
The investments are held at a variety of financial institutions.				
These investments bear interest at between 5.89% and 6.42% from the Momentum Yield Fund (2012: 5.20% and 7.00%) per annum.	1,192,753,374	1,082,919,347	122,733,186	115,536,976
Loans and Receivables				
Aids Fund	935,990	–	935,990	–
Provident Fund	(153,924)	(3,145,612)	(153,924)	(3,145,612)
Wellness Fund	(110,167)	(1,188,590)	–	–
Total other financial assets	1,193,425,273	1,078,585,145	123,515,252	112,391,364

4. TRADE AND OTHER RECEIVABLES

Figures in Rands	GROUP		MAIN COUNCIL	
	2013	2012	2013	2012
Sundry Debtors	302,816	744,636	302,816	997,268
Sundry Debtors - Provident Fund	3,980,155	3,017,185	3,980,155	3,017,185
Deposits	85,490	85,490	85,490	85,490
Receivable Accrued Interest	–	–	–	(252,632)
Aids Sida Fund	–	1,078,422	1,078,422	1,078,422
Total trade and other receivables	4,368,461	4,925,733	5,446,883	4,925,733

THE NATIONAL BARGAINING COUNCIL FOR THE ROAD FREIGHT AND LOGISTICS INDUSTRY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2013

5. OTHER FINANCIAL LIABILITIES

Figures in Rands	GROUP		MAIN COUNCIL	
	2013	2012	2013	2012
Held at amortised cost				
Holiday pay bonus fund	–	–	3,198,924	6,449,882
Leave pay fund	–	–	(1,512,153)	2,510,086
Sick fund	–	–	4,162,147	1,403,137
Provident fund	1,293,678	1,267,807	1,293,678	1,267,806
Unallocated funds received	4,418,750	3,684,374	4,418,750	3,684,374
Wellness fund	–	–	2,076,987	(19,896,985)
Total other financial liabilities	5,712,428	4,952,181	13,638,333	(4,581,700)

The unallocated funds received is represented by contributions received by the **NBCRFLI** on behalf of the fund which is unallocated due to pending reconciliation processes.

6. TRADE AND OTHER PAYABLES

Figures in Rands	GROUP		MAIN COUNCIL	
	2013	2012	2013	2012
Trade payables	21,382,165	39,819,607	19,717,608	39,594,910
Incentive bonus provision	6,079,579	–	6,079,579	–
VAT	1,103,248	1,248,762	1,117,057	1,262,571
Trust account	3,184,356	2,440,248	3,184,356	2,440,248
Refunds due	4,836,057	5,143,678	4,836,057	5,143,678
Total trade and other payables	36,585,405	48,652,295	34,934,657	48,441,407

7. OPERATING EXPENSES

Figures in Rands	GROUP		MAIN COUNCIL	
	2013	2012	2013	2012
Included in operating expenses is the following:				
Employee costs	(68,371,986)	(58,493,611)	(68,371,986)	(58,493,611)
Wellness employee health insurance	(184,422,236)	(135,613,800)	–	–

THE NATIONAL BARGAINING COUNCIL FOR THE ROAD FREIGHT AND LOGISTICS INDUSTRY NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2013

8. TAXATION

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

9. CONTINGENCIES

(a) The provisions of Labour Relations Act of 1995 requires parties' representativity in bargaining council to be 50% plus one in order to qualify for full enforcement of agreement to the entire industry. The Department of Labour issued a certificate on 24 August 2010 stating that it is certified that the parties to Council's Collective Agreement are representative and this certificate is valid up until 31 August 2011.

(b) As at reporting period ended 28 February 2013, Council had a dispute against E-Prime Dynamix for breach of contract. The service provider was contracted to Install and implement the SAP system. The contract was terminated when failures were discovered on the system and the service provider failed to rectify the system errors. Upon termination, E-Prime Dynamix instituted a claim against Council with a contingent liability of R3,569,129. The legal claim against E-Prime Dynamix has been suspended due to E-Prime being liquidated.

THE NATIONAL BARGAINING COUNCIL FOR THE ROAD FREIGHT AND LOGISTICS INDUSTRY DETAILED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 28 FEBRUARY 2013

	GROUP		MAIN COUNCIL	
Figures in Rands	2013	2012	2013	2012
Revenue				
Levies Received	52,201,231	45,468,694	52,201,231	45,468,694
Wellness fund contributions	98,232,364	82,716,311	–	–
Interest Received	81,138,010	75,084,176	11,552,429	13,006,595
Admin Fees Received	11,479,904	5,112,553	69,511,081	59,633,822
	243,051,509	208,381,734	133,264,741	118,109,111
Other Income				
Gains on disposal of assets	4,535	–	2,193	–
Rental Income	236,924	306,887	236,924	306,886
Sundry Income	6,933,291	6,456,284	4,182,876	6,226,311
	7,174,750	6,763,171	4,421,993	6,533,197
Operating expenses				
Advertising	(1,840,806)	(2,172,346)	(1,654,156)	(2,068,637)
Arbitration Expenses	(11,814,622)	(11,729,908)	(11,814,622)	(11,729,908)
Attendance fees	(2,245,535)	(2,076,201)	(2,098,195)	(2,066,073)
Auditor's remuneration	(752,090)	(490,500)	(752,090)	(490,500)
Bad debts	–	(1,185,640)	–	(1,185,640)
Bank charges	(1,175,042)	(978,692)	(1,164,027)	(971,488)
Bursary expense	(242,095)	(176,532)	(242,095)	(176,532)
Consulting and Professional fees	(1,545,016)	(2,030,090)	(1,168,360)	(1,383,568)
Computer Hardware Leasing and Software Maintenance	(11,744,308)	(7,466,025)	(11,740,636)	(7,464,960)
Depreciation amortisation and impairments	(6,491,354)	(6,908,398)	(6,337,929)	(6,738,509)
Employee costs	(68,371,986)	(67,956,243)	(68,371,986)	(58,493,611)
Equipment hire	(22,070)	(953,423)	(22,070)	(953,423)
Exemption body expenses	(262,879)	(531,861)	(262,879)	(531,861)

	GROUP		MAIN COUNCIL	
Figures in Rands	2013	2012	2013	2012
Operating expenses (continued)				
Insurance	(835,355)	(603,324)	(583,226)	(495,881)
Legal expenses	(2,365,828)	(3,043,029)	(2,365,100)	(3,006,015)
Loss on disposal of assets	–	(96,654)	–	(96,654)
Lease rentals on operating lease	(2,528,612)	(2,073,904)	(2,528,332)	(2,073,904)
Management fee - Wellness Clinics/Other	(9,259,140)	(7,260,888)	(4,506)	–
Medical expenses - African Unity Insurance	(184,422,236)	(135,613,800)	–	–
Motor vehicle expenses	(1,953,654)	(1,523,818)	(1,348,097)	(1,238,143)
Non- reclaimable VAT	(8,124,365)	(7,609,042)	–	–
Penalties and Interest	(3,396)	–	(3,396)	–
Postage	(243,561)	(352,446)	(237,906)	(352,446)
Printing and stationery	(1,203,119)	(1,626,874)	(1,201,409)	(1,598,557)
Repairs and maintenance	(2,069,691)	(1,872,392)	(2,069,691)	(1,872,392)
Security	(1,115,392)	(992,390)	(1,115,392)	(992,390)
Seminars	(1,080,498)	(346,909)	(564,857)	(346,909)
Staff Welfare	(1,618,486)	(1,050,298)	(1,616,388)	(1,033,793)
Strategic Focus Areas	(3,171,221)	(125,387)	(3,171,221)	(125,387)
Telephone and fax	(1,783,434)	(1,599,384)	(1,723,346)	(1,511,845)
Training	(961,040)	(911,301)	(961,040)	(911,301)
Travel - local	(854,223)	(1,018,829)	(854,223)	(1,003,389)
Utilities	(1,919,630)	(969,780)	(1,919,630)	(969,780)
	(332,020,684)	(273,346,308)	(127,896,805)	(111,883,496)
Operating Surplus/(Deficit)	(81,794,425)	(58,201,401)	9,789,927	12,758,814
Surplus/(Deficit) for the period	(81,794,425)	(58,201,401)	9,789,927	12,758,814

COUNCIL OFFICES	PHYSICAL ADDRESS	POSTAL ADDRESS	TELEPHONE	FACSIMILE
GAUTENG				
Johannesburg	29 & 31 de Korte Street Braamfontein 2017	Private Bag X69 Braamfontein 2017	011 703 7000	011 403 1555 /1726
Pretoria	401 Provisus Building 523 Church Street Arcadia 0083	PO Box 55625 Arcadia 0007	012 440 8454	086 766 3716
WESTERN CAPE				
Cape Town	Absa Building 141 Voortrekker Road Corner Voortrekker Road & Van Eysen Street Parow 7499	Private Bag X22 Parow 7499	021 930 7720	021 930 6032
George	Ground Floor Liberty Building 98 Meade Street George 6530	PO Box 9753 George 6530	044 874 3098	044 874 4839
Clanwilliam	6 Main Road Spar Complex Clanwilliam 8135	PO Box 205 Clanwilliam 8135	027 482 1620	027 482 1920
KWAZULU NATAL				
Durban	5th Floor Old Mutual Building 300 Smith street Durban 4001	Private Bag X54378 Durban 4000	031 307 6070	031 307 6071
Newcastle	4th Floor Room 402 Old Mutual Building Corner Scott & Voortrekker Streets Newcastle 2940	PO Box 2604 Newcastle 2940	034 315 1207	034 312 9470
Pietermaritzburg	Shop 12A Polly Shortts Centre 1 Claveshay Road Cleland Pietermaritzburg 3201	PO Box 3653 Pietermaritzburg 3200	033 396 5316	033 396 3948
Richards Bay	2nd Floor Office 14 7 Trinidad Parkade Lakeview Terrace Richards Bay 3900	PO Box 61 Richards Bay 3900	035 789 3847	035 789 3849

COUNCIL OFFICES	PHYSICAL ADDRESS	POSTAL ADDRESS	TELEPHONE	FACSIMILE
HEAD OFFICE				
Bloemfontein	2nd Floor Room 208 2 President Brand Street Bloemfontein 9301	P.O. Box 4485 Bloemfontein 9300	051 448 9422	051 448 9480
East London	Suite 5, 1st Floor Norvia House 34 Western Avenue Vincent East London 5247	PO Box 7075 Greenfields East London 5200	043 726 8525 /27	043 726 8531
Kimberley	M Floor MBA Building 20 Currey Street Kimberley 8301	PO Box 3000 Kimberley 8300	053 831 6352	053 832 1081
Klerksdorp	Room 207, 2nd Floor Jade Square Corner Margaretha Prinsloo & Oliver Tambo Avenue Klerksdorp 2571	PO Box 10053 Klerksdorp 2570	018 462 8311	018 462 8909
Nelspruit	2 Rothery Street Cr Rothery & Van Niekerk Street Nelspruit 1200	PO Box 1561 Nelspruit 1200	013 752 7420	013 753 2386
Polokwane	Suite 106 Forum Three 23B Thabo Mbeki Street Polokwane 0699	PO Box 3602 Polokwane 0700	015 291 1533	015 291 2531
Port Elizabeth	1st Floor Fiveways Centre 62/64 Cape Road Port Elizabeth 6001	PO Box 20119 Humewood 6013	041 374 1786 /1859	041 374 1748
Rustenburg	1st Floor, Room 103 Biblio Plaza Building Corner Nelson Mandela & President Mbeki Roads Rustenburg 0299	PO Box 5010 Rustenburg 0300	014 597 1320	086 530 8566
George	Ground Floor Liberty Building 98 Meade Street George 6530	PO Box 9753 George 6530	044 874 3098	044 874 4839
Witbank	208(A) Parkmed Building 64 Mandela Street Witbank 1034	PO Box 1731 Witbank 1035	013 656 1503	013 656 1509

