

# ANNUAL REPORT



1 January 2011 – 31 December 2011

## **Labour Research Service**

For Presentation to the Annual General Meeting on the 31 August 2012.

Prepared by Saliem Patel (Executive Director)

# **Board of Directors**

**Elected at the AGM held on the 19<sup>th</sup> August 2011**

**1. Joseph Malusi (Chair):**

Numsa Shop Steward working for Out Door Lifestyle.

**2. Kashiefa Achmat (Treasurer):**

Saccawu Shop Steward working for Pick n Pay.

**3. Bhekani Ngcobo:**

NUM Regional Coordinator in KZN.

**4. Guy Slingsby:**

Nehawu Researcher: Organising and Collective Bargaining.

**5. Jeremia Nkosi:**

Ceppwawu National Benefits and Petroleum Sector Coordinator

**6. Nadeema Syms:**

SATAWU National Treasurer and a Shop Steward at Transnet.

**Executive Director: Saliem Patel.**

Appointed to this position in September 2008.

## Chairperson's Address

There were a lot of developments in 2011 and fortunately the LRS was in a stable position to be in the forefront of these. The major part of transforming Community House into a Heritage Site occurred in 2011 and the entire office and library of the LRS had to be relocated for the renovations. That the LRS stood up to the challenge of coordinating the Heritage project is a sign that internally the LRS is a very healthy organisation. I am amazed that the LRS was able to move more than 25 years of stored organisational history out and then, in the early part of 2012, it moved everything successfully back in to the renovated offices. If you see the new offices you know that the LRS is ready to meet the present information, education and research challenges facing the labour movement.

The LRS board was always there to support the work of the organisation and provide critical input. The board met every quarter and discussed operational plans, project objectives, budgets and policies. It also participated extensively in the major review process that was underway during 2011. The review process itself culminated in a greater awareness of the challenges ahead and what is to be done to meet them.

Two board members left during 2011 and two new board members came on board. We had the great pleasure of working alongside Patricia Peterson who was from Satawu and Faiza Davids who was from Saccawu. They were replaced by Kashifa Achmat from Saccawu and Nadeema Syms from Satawu, both of whom immediately fitted into the board and displayed a high level of commitment.

The board has agreed that as the LRS moves forward into the next 25 years, there should be a greater emphasis on the meaning and practice of accountability, responsibility and leadership within the board. These can easily be words thrown around, however, a clear process to participate in the development of a strategic plan was put in place as well as ensuring that the LRS sets high standards when it comes to governance. Our immediate priority since the AGM was to ensure that we effect the change in voting rights adopted in that meeting. This was more complicated than we thought as it meant that we had to bring our entire Articles of Association in line with the new Companies Act. We are pleased that you have before you a draft of the new Memorandum of Incorporation of the LRS which we have developed to comply with the highest standards of this Act. The board also put in place an audit committee and more recently a budget committee. Members should look forward to a range of tools that the board will put in place over the next year to ensure monitoring and the fulfilment of the LRS objectives, increased accountability within the organisation and, needless to say, its long term sustainability.

The LRS works with organisations all over the world under the umbrella of Ifwea and we will learn together with them on how best to take forward the challenges facing the international labour movement through joint education and research projects. The LRS has shared its project outcomes with these organisations very successfully last year at the Ifwea International Conference held in Cape Town. There were more than 40 international organisations present and which attended the

LRS 25<sup>th</sup> Anniversary Celebrations. We are glad that the LRS is participating in IFWEA through sitting on its executive committee as well as through its Online Academy – a novel attempt to bring online trade union education to workers in more than ten countries in the coming year.

It has been a pleasure to be chair of the LRS board. There is good team spirit because the members are committed trade unionists and eager to share the knowledge they have gained over the years in their trade unions. The board of the LRS also lives up to the motto of the organisation: Knowledge is too important to be left in the hands of the bosses.

Joseph Malusi

Chairperson of the LRS Board.

## LRS TRADE UNION MEMBERS 2011

<b>Name</b>	<b>Acronym</b>	<b>Membership</b>
Chemical, Energy, Paper, Printing, Wood and Allied Workers Union	CEPPWAWU	58 284
Democratic Nursing Organisation of South Africa	DENOSA	75 456
Food and Allied Workers Union	FAWU	120 000
Health and Other Service Personnel Trade Union of South Africa	HOSPERSA	65 308
Independent Municipal and Allied Trade Union	IMATU	65 487
Metal Electrical Workers Union of South Africa	MEWUSA	15 044
National Education, Health and Allied workers Union	NEHAWU	251 047
National Union of Mineworkers	NUM	285 000
National Union of Metalworkers of South Africa	NUMSA	273 996
South African Commercial Catering and Allied Workers Union	SACCAWU	151 132
South African Domestic Service and Allied Workers Union	SADSAWU	5 500
South African Democratic Teachers Union	SADTU	248 779
South African Municipal Workers Union	SAMWU	135 679
South African Transport and Allied workers Union	SATAWU	143 000
Transport Omnibus Workers Union	TOWU	3000
<b>Totals</b>	<b>15 Unions</b>	<b>1 896 712</b>

# Organisational Report

Saliem Patel (July 2012)

The LRS was very productive during 2011 and successfully reached the limits of the previous strategic plan (2007 – 2011). It was our 25<sup>th</sup> anniversary and nothing less was expected!! Immense effort was put into a review and analysis of the context and the organisational capacity and yielded a new strategic objective for the period 2012 – 2016. The LRS should become an Integrated Information, Education and Research centre for Trade Union Development. During our last strategic plan we developed Trade Union Development Indicators and a range of information, education and research tools. Now it is time to put them together into a coherent package for our trade union members and the labour movement as a whole.

While the Chairperson's Address outlined the steps taken to improve governance at the LRS, this report comprises of the following sections.

1. An Overview of Operations and Activities During 2011
2. LRS Strategic Objective 2012-2016
3. Human Resources
4. Funding and Finance
5. Conclusion

## 1. An Overview of Operations and Activities During 2011

2011 was a year of bringing things to completion and necessarily had to be a year of evaluation at the same time so that we move forward on the foundation of a clear understanding of what was achieved over the recent past. In addition, there are a few things we continued with and a few things we started but by and large it was to ensure that we can be clearer about challenges facing us and how we will confront these challenges. Learning through practice is an essential component of sustainability.

We brought to completion the online application of AWARD. Unions can now get their collective bargaining results online! We completed the multinational company database (MANIAC). Your companies will fear you when you present them of interpretation of their own information! We completed the renovations of Community House, including the Trade Union Library and LRS offices, although the final touches were done earlier in the new year. We completed the Decisions for Life project to organise young women and this is now a campaign run by women activists from unions. There are now four Decisions for Life campaign groups based in Guateng, Western Cape, Limpopo and Kwazulu Natal. We also completed a strategic evaluation of the LRS through staff workshops and employed a consultant to conduct a stakeholder analysis for the LRS.

We started a few new things. A project with SADSAWU to organise domestic workers and through the Global Network worked with organisations in Africa, Latin America, Europe, Asia and the Middle East around the ILO Convention on Domestic Workers. It is now called ILO Convention 189 after it was adopted by the ILO in June 2011. We also structured relationships with 6 organisations in 6 African countries to share our collective bargaining resources and build capacity to analyse collective bargaining strategies in these contexts. The development of courses on collective bargaining within the IFWEA online academy was conceptualised and developed. This will be piloted in 2012 so that trade union education can be offered to workers online.

We continued to provide South African unions with information and support for collective bargaining through our Website and via email. The production of Bargaining Monitor declined to 2 issues in 2011, however, we had two Negotiator's Conferences – one in Johannesburg and one in Cape Town jointly with Ditsela. We also continued to provide support to Global Unions regarding identification of challenges of their African affiliates through hosting a workshop for GUFs in Africa on Global Framework Agreements; provided input at the African GUF Forum on strategies and research for GUFs; and at a very concrete level, provided research for building company union networks in Africa – Anglogold (ICEM), Shoprite, Massmart/Walmart, Pick n Pay (UNI).

## 2. LRS Strategic Objective: 2012 - 2016

Since the beginning of the year, we took our mandate from the LRS AGM, held in August 2011, to clearly identify how unions can organise vulnerable workers and develop information, education and research that can assist unions with this challenge. Our new strategic orientation to become an **integrated information, education and research centre for trade union development** is derived from this challenge. We went further to engage LRS members at a provincial level – in Johannesburg and in Cape Town – about the resources that the LRS can develop to meet member's needs. We will take this to other provinces in 2012.

Since the beginning of 2012 the LRS developed a framework of how to achieve this objective. There are 7 key challenges, based on our analyses of the environment and our organisational capacity, of what is required to attain our strategic objective.

- a. Creating spaces for trade union activists to share organising and bargaining strategies and for the LRS to provide structured education and training in line with their needs.
- b. Developing communication and information systems and research for LRS Trade Union Members that assist them to organise and represent vulnerable workers.
- c. Developing strategic partnerships based on sustainable education and research programmes to defend, organise and represent vulnerable workers with LRS Sister Organisations through Ifwea
- d. Providing education and research for Global Unions and Federations which build solidarity between workers on the continent.
- e. Engaging Solidarity Support Organisations to provide core funding for the LRS and diversifying our Funding Sources.

- f. Increasing our Public Media interventions to promote trade union attempts to organise and defend the rights of vulnerable workers
- g. Improving the LRS's impact on Labour Market Policy, related to sectors in which there is a high level of worker vulnerability, through research that promotes the Decent Work Agenda and focussing concretely on gender, migration, social protection, uneven rural & urban development, health & safety and youth employment.

These challenges will be addressed through various programmes of the LRS: Collective Bargaining Support, Mainstreaming Gender, Corporate Governance; Alliance Building and Labour Rights Advocacy through the Global Network; Education For Trade Union Development through the IFWEA Online Academy. These programmes have already incorporating aspects of the new strategic plan and the results are rewarding.

### 3. Human Resources

While our research and information activities increased and the LRS began to design online trade union education courses, our staff complement has remained the same. This has had a negative effect on our printed publications – notably the production of the Bargaining Indicators. In the coming year we will, however, be addressing our staff shortages and staff capacity in line with our new strategic objective and the challenges we face to achieve it.

#### ***Staff Employed By the LRS during 2011:***

Saliem Patel (Director), Trenton Elsely (Deputy Director), Nina Benjamin (Gender Programme Manager); Gabriel Melim (Finance Manager), Michelle Taal (Company Researcher); Nosipho Ntwala (Gender Researcher); George Mthethwa (Collective Bargaining Researcher); Aliyah Daniels (Bookkeeper); Penny Hlakula (Director's Personal Assistant); Anilla Soma (Receptionist); Nomonde Bhunguza (Cleaner at 2 days a week).

The LRS also employed Sahra Ryklief and Anita Shaw, the Secretary General of IFWEA and the IFWEA administrator respectively.

#### ***Consultants***

Michelle Pressend (Global Network Coordination); Karin Rutter (Decisions for Life Web Management), Media Chilli (Layout of Bargaining Monitor), Civil Society Research and Support Collective (for conducting LRS evaluation and assisting with PME processes)

#### ***Interns***

Maja Qvarnström and Sofia Forsberg from Fanebo Volksskool, Sweden. The interns were based at the LRS for over month and assisted in collecting information related to sectoral determinations for various sectors and participated in the Decisions for Life project.

## 4. Funding and Finance:

The LRS was able to secure sufficient funding for the activities planned in 2011 from various sources. Grants from Solidarity Support Organisations continue to be our biggest source of income, however, we are increasing income based on contracts and commissions. This allowed us to make a surplus of R156, 202 which wiped out the accumulated deficit of R154, 258 at the beginning of the year. The conversion of the R500, 000 loan from the LRS Trust into a grant has improved our balance sheet and there is a positive ratio of current assets to liabilities compared to 2010.

In brief, the LRS raised more contract-funding for its activities than it did in 2010, however, grant funding declined during 2011. These are signs of the times and this trend has been factored into our strategic framework for the coming years.

Extracts from the Audited Financial Report is at the end of this report.

## 5. Conclusion

As stated by the LRS Chairperson, the organisation is in a good position to provide innovative resources for trade union development in the coming years. We are clear that each union and each sector has its own challenges and there can be no “one size fits all”. Different products for different situations are required. At the same time there is a greater need for collective action and sharing of experiences that unions are going through during the extended global economic crisis and its effects in South Africa – low economic growth, inability of the economy to absorb the unemployed, growing inequality and pervasive poverty. The LRS can play a significant role in meeting these needs of members in the coming years.

The LRS is extremely grateful to the partners who provided funds for our programmes during 2011 – FNV; RLF; SASK; Solidar (DFID and the EU); Solidar Swiss; Olaf Plame International Centre; Canadian Auto Workers. We are also grateful for contracts with ITUC; FES; Gender@Work; NLDTF; Ifwea; Foundation for Human Rights; Joint Gender Foundation and NUM. Without the financial resources from these partners the LRS would not have been able to make the advances it has during 2011.

# Extracts from the Audited Financial Report for the year 1 January – 31 December 2011

Members and delegates to the AGM will be sent the entire Report of the Audited Financial Statements and it is also available at the LRS offices.

## **Basis for Qualified Opinion**

In common with similar organisations, it is not feasible for the organisation to institute accounting controls over cash collections from donations, fund raising and other income prior to the entry of the collections in the accounting records. Accordingly it was impracticable for us to extend our examination beyond the receipts actually recorded.

## **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the annual financial statements present fairly, in all material respects, the financial position of Labour Research Service as at 31 December 2011, and its financial performance and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and the requirements of the Companies Act 71 of 2008.

## **Supplementary Information**

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on pages 28 to 29 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

Without qualifying our opinion, we draw your attention to the fact that the written consent of all shareholders, we have performed certain accounting and secretarial duties.



**C2M Chartered Accountants Inc.  
Registered Auditors**

**24 February 2012**

**Tygerforum B  
53 Willie van Schoor Drive  
Tyger Valley  
Bellville  
7530**

**Per: A Nel**

## **BALANCE SHEET**

**LABOUR RESEARCH SERVICE**  
**( ASSOCIATION INCORPORATED UNDER SECTION 21 )**  
**(Registration number 1986/002993/08)**  
**Annual Financial Statements for the year ended 31 December 2011**  
**Statement of Financial Position**

<b>Figures in Rand</b>	<b>Note(s)</b>	<b>2011</b>	<b>2010</b>
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	30 401	158 784
<b>Current Assets</b>			
Accrued income	4	740 106	300 815
Other financial assets	5	3 588	86 593
Trade and other receivables	6	244 582	166 859
Cash and cash equivalents	7	4 687 742	3 190 882
		<b>5 676 018</b>	<b>3 745 149</b>
<b>Total Assets</b>		<b>5 706 419</b>	<b>3 903 933</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Non-distributable reserve		149 913	149 913
Retained income		1 944	(154 258)
		<b>151 857</b>	<b>(4 345)</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Loans from related party	3	-	500 000
Deferred income	4	4 899 607	3 004 695
Trade and other payables	10	539 566	239 345
Provisions	9	115 389	164 238
		<b>5 554 562</b>	<b>3 908 278</b>
<b>Total Equity and Liabilities</b>		<b>5 706 419</b>	<b>3 903 933</b>

## **INCOME STATEMENT**

**LABOUR RESEARCH SERVICE**  
**( ASSOCIATION INCORPORATED UNDER SECTION 21 )**  
**(Registration number 1986/002993/08)**  
**Annual Financial Statements for the year ended 31 December 2011**  
**Statement of Comprehensive Income**

<b>Figures in Rand</b>	<b>Note(s)</b>	<b>2011</b>	<b>2010</b>
Revenue		4 780 315	5 567 355
Project expenses	11	(4 780 315)	(5 567 355)
<b>Gross profit</b>		-	-
Other income		4 934 942	4 195 252
Operating expenses		(4 940 721)	(4 375 239)
<b>Operating (loss) profit</b>	12	<b>(5 779)</b>	<b>(179 987)</b>
Investment revenue	13	161 981	144 871
Fair value adjustments	14	-	51 499
<b>Profit for the year</b>		<b>156 202</b>	<b>16 383</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>156 202</b>	<b>16 383</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		156 202	16 383

## **STATEMENT OF CHANGES IN EQUITY**

**LABOUR RESEARCH SERVICE**  
**( ASSOCIATION INCORPORATED UNDER SECTION 21 )**  
**(Registration number 1986/002993/08)**  
**Annual Financial Statements for the year ended 31 December 2011**  
**Statement of Changes in Equity**

<b>Figures in Rand</b>	<b>Other NDR</b>	<b>Retained income</b>	<b>Total equity</b>
<b>Balance at 01 January 2010</b>	<b>149 913</b>	<b>(170 641)</b>	<b>(20 728)</b>
Changes in equity			
Total comprehensive income for the year	-	16 383	16 383
Total changes	-	16 383	16 383
<b>Balance at 01 January 2011</b>	<b>149 913</b>	<b>(154 258)</b>	<b>(4 345)</b>
Changes in equity			
Total comprehensive income for the year	-	156 202	156 202
Total changes	-	156 202	156 202
<b>Balance at 31 December 2011</b>	<b>149 913</b>	<b>1 944</b>	<b>151 857</b>
Note(s)	8		

## **CASH FLOWS**

**LABOUR RESEARCH SERVICE**  
**( ASSOCIATION INCORPORATED UNDER SECTION 21 )**  
**(Registration number 1986/002993/08)**  
**Annual Financial Statements for the year ended 31 December 2011**  
**Statement of Cash Flows**

<b>Figures in Rand</b>	<b>Note(s)</b>	<b>2011</b>	<b>2010</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	16	308 292	(82 480)
Interest income		161 981	144 871
<b>Net cash from operating activities</b>		<b>470 273</b>	<b>62 391</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	-	(6 732)
Movement in loans from related party		(500 000)	551 088
Movement of financial assets		83 005	306 736
<b>Net cash from investing activities</b>		<b>(416 995)</b>	<b>851 092</b>
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		-	(639 052)
Movement in grants		1 455 621	1 854 753
<b>Net cash from financing activities</b>		<b>1 455 621</b>	<b>1 215 701</b>
<b>Total cash movement for the year</b>		<b>1 508 899</b>	<b>2 129 184</b>
Cash at the beginning of the year		3 190 882	1 072 052
Effect of exchange rate movement on cash balances		(12 039)	(10 354)
<b>Total cash at end of the year</b>	7	<b>4 687 742</b>	<b>3 190 882</b>

