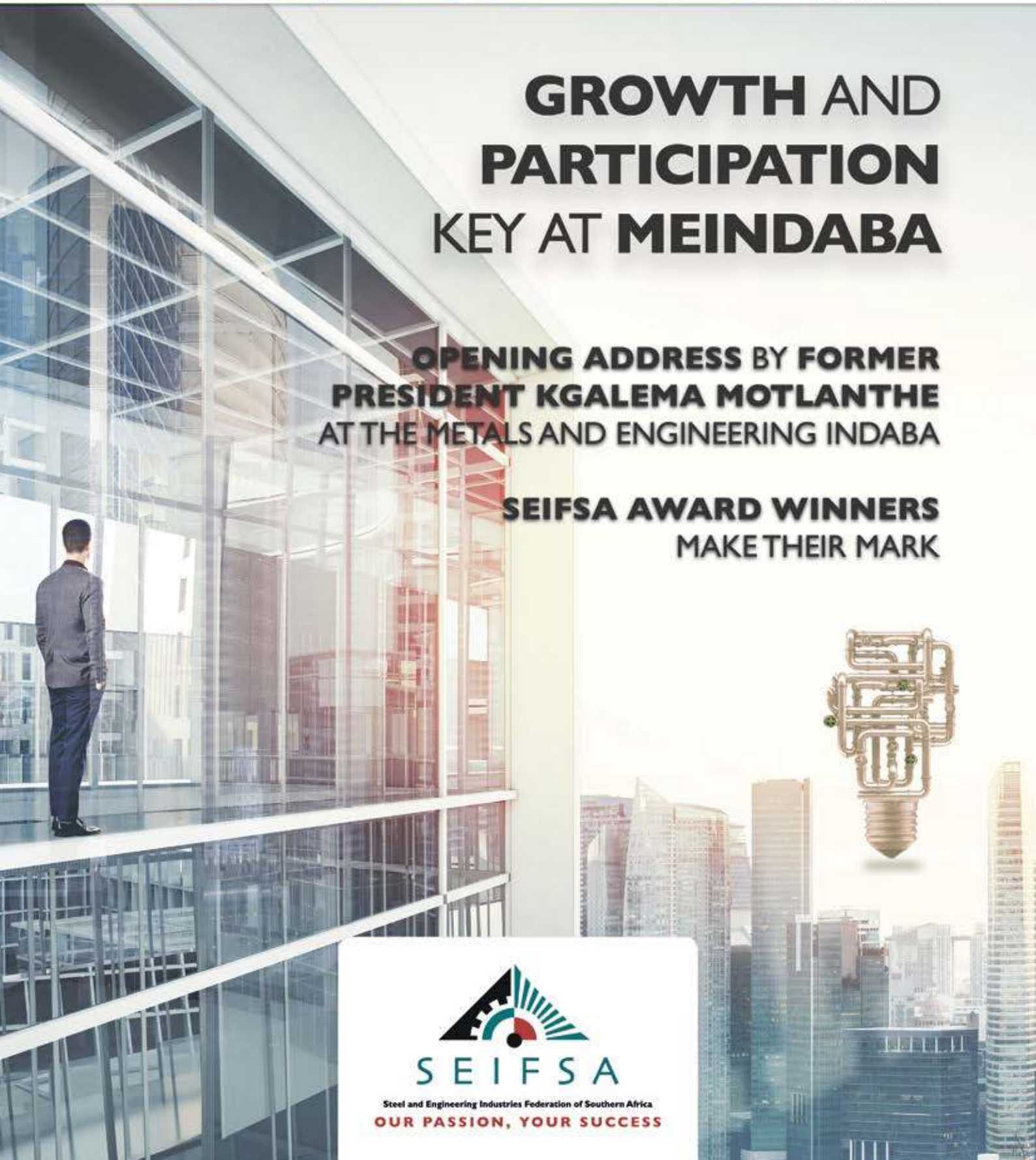
SEIFSA NEWS

MAY / JUNE 2016

GROWTH AND PARTICIPATION KEY AT MEINDABA

OPENING ADDRESS BY FORMER PRESIDENT KGALEMA MOTLANTHE AT THE METALS AND ENGINEERING INDABA

SEIFSA AWARD WINNERS MAKE THEIR MARK



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ISSN - 1560 - 9049

Circulation:
3 300 (Not certified)

Advertorials
When a company logo appears with an article, it indicates that the article has been commissioned by the company.

SEIFSA News is an exclusive membership benefit.

SEIFSA News is distributed free of charge to all members in the metal and engineering industry. It is also available on an annual subscription basis to members requiring more than one copy.

6 issues published annually.

Members – 1 free issue
Additional copies – R21.00 per issue (incl VAT)
Non-members – R215.00 per annum (incl VAT)

Prices valid from 1 July 2015 until 30 June 2016.

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DEAR READERS

We would like to inform you of the new changes regarding our SEIFSA News publication.

We have changed the number of issues for SEIFSA News from 11 issues to 6 bumper issues annually.

These bumper issues will have both a printed and electronic format. We will be sending 2 400 printed issues to our targeted audience within our membership base. The electronic version will be sent to over 10 000 companies within the metals and engineering industry.

CONTENTS

FROM THE **CHIEF EXECUTIVE OFFICER'S** DESK

The three-year agreement on wages and conditions of employment reached in July 2014 in negotiations between employers and labour in the metals and engineering sector was not perfect, as is the case with all agreements that are products of negotiations.

By their very nature, negotiations are a give and take. They bring together at least two sides that often approach them with differing – and often conflicting – interests and desired outcomes in mind. If the parties to negotiations are equally strong, often the final product of the talks is something that addresses most of their respective concerns, something that the respective parties can live with. However, if one side is considerably stronger than the other or the others, then a real possibility exists that the final product of the talks is likely to be more favourable to that party.

In South Africa's pre-democracy talks at the Convention for a Democratic South Africa (CODESA) at the World Trade Centre in the Auckland Park area, the same principles applied. The then-governing National Party (NP) and those supporting it managed to extract some important concessions, as did the African National Congress and those supporting it.

Among other things, the NP and its allies got Afrikaans maintained as one of the country's official languages and a section of Die Stem incorporated into post-apartheid South Africa's national anthem. The Inkatha Freedom Party – which had insisted on a federal or even confederal government system – and the Progressive Federal Party managed to secure a deal that saw South Africa with nine provincial governments. General Constand Viljoen's Freedom Front extracted a concession for a referendum – as part of the founding democratic elections – on a homeland for Afrikaners, as part of "self determination", and the ANC managed to get affirmation action and the need for land redistribution (with compensation) written into the Constitution.

Except for those on the extreme left and the extreme right (think of the Pan-Africanist Congress of Azania and the Afrikaner Weerstands Beweging), each one of these parties managed to get some concession on what they considered to be of paramount importance to them. None got everything that it had wanted. In the process, South Africa was the winner, emerging with one of the best Constitutions in the world, which is sovereign, unlike in the apartheid era when Parliament was sovereign.

That is the nature of negotiations.

The historic agreement that led to our founding democratic elections of 27 April 1994 became possible because the main parties in those negotiations recognised that South Africa had to be put first and accepted one another's bona fides as compatriots. Although politically and ideologically they belonged to different schools of thought, nevertheless they accepted the basic fact that they were interlocutors who saw the world differently and had different experiences during our dark era of apartheid, and were not enemies. Some, like ANC and NP chief negotiators Cyril Ramaphosa and Roelf Meyer respectively, even developed so strong a relationship that at times they went fishing together and subsequently became personal friends.

Therefore, although the three-year Settlement Agreement that ended the month-long strike in July 2014

was not perfect, nevertheless it offered employers and labour something that was of importance to them. In the case of employers, that was a concession on Section 37, which protects employers from union demands for company-level bargaining on matters that were up for discussion in the negotiations within the Metals and Engineering Industries Bargaining Council – such as housing. So strongly did employers feel on that issue that there could not possibly have been a settlement without them being accommodated on it.

Equally importantly, employers managed – despite labour's initial vehement objection – to obtain a three-year settlement, thus guaranteeing stability in the sector for a three-year period. Such stability is not to be scoffed at or taken for granted. At a time when our economy is doing so badly and the metals and engineering sector is bleeding, instability would have been absolutely disastrous. It has been good to have three years of stability since the 2014-2017 MEIBC Settlement Agreement.

Although negotiations are, by definition, a process of give and take, it helps to ensure that one enters them fully prepared. The three-year agreement concluded in July 2014 expires in June next year, and negotiations on a new agreement are set to begin formally early next year, most likely in March. Although that may seem to be far away, it is, in fact, just around the corner.

Therefore, it is vital that SEIFSA and its member Associations start preparing seriously now for the 2017 negotiations on wages and conditions of employment. Of necessity, part of those preparations must be a very careful assessment of which issues are of such fundamental importance to employers that they will not be willing to make any concessions on them and which ones employers would be happy to drop or make concessions on in the course of the negotiations.

Similarly, it will be important to ensure that a careful assessment is made – taking into consideration all economic and socio-political developments in present-day South Africa and the mood of the country – of which issues or employer "demands" are realistic and which ones are not realistic. Going into negotiations with unrealistic demands that subsequently have to be dropped weakens – rather than strengthens – one's position in talks.

Therefore, it is crucial that, as SEIFSA and its member Associations spend time debating other issues, they do not lose sight of the need to prioritize preparations for next year's all-important MEIBC negotiations on wages and conditions of employment. Necessarily, this will entail them having serious – and even robust – discussions and debates among themselves, ahead of the emergence of a firm SEIFSA mandate for the 2017 negotiations.

We at SEIFSA stand ready to assist and play our part in the process. We remain clear in our minds about our roles: member Associations, through the SEIFSA Council, will develop the negotiating mandate and, working with representatives from the respective Associations, we will do the very best that we can to implement that mandate. Operations Director Lucio Trentini will be our Main Negotiator (to use the CODESA analogy, he will be our Cyril Ramaphosa or our Roelf Meyer). He is a very experienced man who has been around for many years and who enjoys the respect of our labour partners. The CEO will get involved in the event of a deadlock when talks need to be arranged with our labour partners' Secretaries General.

The Southern African Metals and Engineering Indaba (www.meindaba.co.za) and the SEIFSA Awards for Excellence (www.seifsaawards.co.za), which took place at the IDC Conference Centre in Sandton last month, were a great success. My thanks go to all the companies that sent delegates to the conference and to those individuals who were the delegates.

The Indaba is the cover story for this issue of SEIFSA News, which also features winners of the SEIFSA Awards for Excellence. My congratulations go to all the winners in the respective categories and to the many other companies that entered for the Awards.

From the comments of the Chief Judges in the different categories during the awards ceremony, it was evident that the SEIFSA Awards for Excellence, now in their second year, have grown considerably both in popularity and in importance among companies in the metals and engineering sector. It was also clear that the quality of entries for 2015 was much higher than was the case in the Awards' inaugural year (2014). We are confident that that there will be many more, high-quality entries for 2016, with the results to be announced around May 2017.

In their first two years, the SEIFSA Awards for Excellence ceremony has ridden on the back of the annual Southern African Metals and Engineering Indaba. Last year it took place during dinner on the first day of the conference, and this year it took place during a light breakfast on the second day of the conference. From 2017 onwards, the SEIFSA Awards ceremony will be a grander, stand-alone event most likely on a Friday evening in May, with the Southern African Metals and Engineering Indaba scheduled for 14-15 September 2017.

We are keen to make the annual SEIFSA Awards for Excellence ceremony an event not to be missed. Therefore, we would be delighted to have companies which embrace excellence to partner with us, as sponsors, for the awards ceremony next year. They should please contact our Marketing Manager, Ms Faith Mabaso, on the e-mail address faith@seifsa.co.za.

As I indicated in my opening and closing remarks at the Second Southern African Metals and Engineering Indaba, I am immensely grateful to our Partners, the Industrial Development Corporation, which hosted the Indaba as value-in-kind sponsorship, and the Department of Trade and Industry. My thanks also go to our various sponsors – MerSeta, Investec, Standard Bank, Old Mutual, Novare, SMS Group, Sage VIP, RMA and Transman – and media partners. The Indaba would not have taken place without them.

We look forward to a long, mutually-rewarding partnership with all of them – and with new sponsors that would like to come on board.

GROWTH AND PARTICIPATION KEY AT MEINDABA

This year's Metals and Engineering Indaba (MEINDABA) began excitingly with SEIFSA CEO, Kaizer Nyatsumba, highlighting that, while the industry exports 60% of its produce, it also competes with imports of 60% for the domestic market.

"Statistics show that we find ourselves lagging behind the international manufacturing economy," he said in his opening address. After he set the stage, defining problems in the sector became the focus of MEINDABA 2016.

Former President Kgalema Motlanthe's appraisal of the industry, based on its year-on-year results, pointed toward positive transformation.

Highlighting the importance of leveraging BRICS economic relationships to create growth in the industry, Motlanthe praised stakeholders in business for their participation as he saw collaboration from the level of policy making down to small business as an important method to create systematic improvements.

Former President Kgalema Motlanthe

Massmart Chairman Kuseni Dlamini

Massmart Chairman, Kuseni Dlamini, reiterated Motlanthe's position during a plenary session that assessed South Africa's economic relationship with the West and the extent to which BRICS may have affected it.

"BRICS has not only offered South Africa an alternative trading partner, but it also represents an opportunity for all its member states to mobilise themselves and be in a better bargaining position when negotiating with the Western nations," Dlamini said.

Dlamini added that stronger BRICS relationships would contribute positively to the industry.

Minister of Small Business Development, Lindiwe Zulu, saw the metal and engineering sector as a key contributor to the 11 million jobs her ministry was tasked to

Minister Lindiwe Zulu

create by 2030, in accordance with the National Development Plan (NDP). This year alone the metric is to create 800 000 jobs, a task she felt government could not do alone.

"Metals and engineering contributes roughly 28-30% of manufacturing and 6% to total GDP. In South Africa, roughly 10 000 companies are directly involved in this sector contributing about 390 000 jobs," Zulu said.

She acknowledged the sector's potential to contribute to the growth of the economy and her ministries mandate, and added that mutual participation from industry stakeholders had been a recipe of success for the 'East Asian Tigers' (Malaysia, Singapore, Indonesia).

Concerns regarding a decline in metals and engineering jobs had already been published in a recent SEIFSA report. Last year, 11 000 jobs were lost. The report explained that employment numbers represent an inflation adjusted time series of what happens in the 'real economy'. They act as a yardstick, telling whether the industry is providing a livelihood for its citizens or not.

The effect of the tumbling metals and engineering economy on small business was a running theme at MEINDABA's breakaway sessions. The focus on participation for growth was an inclusive strategy but that also meant SEIFSA re-examines its own value to the industry.

MEINDABA 2016's most significant achievement was that it helped to define problems clearly so that subsequent participation and action could be directed productively. Feedback from captains of industry suggests that, while MEINDABA 2016 was challenging, it was also one of the most productive.

OPENING ADDRESS BY **FORMER PRESIDENT KGALEMA MOTLANTHE** AT THE METALS AND ENGINEERING INDABA

Thank you for inviting me to open this critical two-day meeting of the key players in our regional metals and engineering industries, and their related sectors.

Whilst only in its second year, this annual event needs to be commended for the foresight in initiating this space of dialogue, entering this terrain with a view to critical thought and reflection, and being committed to mapping out the challenges, successes and obstacles in interrelated industries and sectors.

Dedicated events like these are important for facilitating frank and open discussions about the nature of doing business in various sectors and industries. They allow us to take the temperature of our time, reflect on the past year's growth, development and transformation, chart new paths forward and refine our vision, and network and interact across divisions.

Among you are business owners, trade unionists, captains of industry, senior executives, policy and decision-makers, economists, politicians and policymakers whose collective value consists in the ability to refine our vision to meet the preceding challenges.

Dedicated events like these are important for facilitating frank and open discussions about the nature of doing business in various sectors and industries

Further they will speak on a broad range of topics that address whether Southern Africa's manufacturing is doing better than it did last year, the effect of Brics on our economic relationships with the West, forging stronger partnerships between business and labour, interrelated sectors and industries, and the relationship between small and big business. These will, no doubt,

_Continues

be both challenging and illuminating sessions that depend on the critical engagement of everyone seated here.

It may also help to espouse an attitude orientated towards solution seeking rather than serially finding fault. This is not to discourage the raising of critical voices where such is warranted. Criticism and multiplicity of views constitutes the engine of progress.

As such what we would suggest is a dialectical process entailing both critical views as well as suggested means of lifting us out of the morass, which thereby hold out the necessary lessons lest we experience future relapse.

If you will allow a brief reflection on last year's event: in his introductory remarks Mr Nyatsumba pointed out that:

'Over a period of four decades, manufacturing's share of the economy declined from an impressive 20% right at the height of apartheid South Africa's isolation from the international community through to 16 percent at the end of our second decade of democracy.'

He also noted that: 'In South Africa, manufacturing exports represents an estimated 35% of production, while imports have captured nearly 45% of the domestic market. On the other hand, the metals and engineering sector exports 60% of its products and competes with imports for 60% of the domestic market.'

These numbers, coupled with the statistics released for this past year, reveal that the sector is still facing difficulty and decline in production. They show that regionally, we find ourselves lagging behind in the international manufacturing economy – where we rely on imports and goods that we assemble, but do not manufacture, and point to the difficult global economic climate that we face.

It is a matter of record that the metal and engineering industries have underperformed in recent years. The statistics reveals this quite clearly. In consequence I would contend that one of the goals of this annual engagement is to identify reasons for our stagnation and with that in mind, suggest remedial action with a view to the prevention of recurrence, thus help reignite economic growth, preferably in a more sustainable way.

Historically the metal and engineering sector, along with mining, construction and auto manufacturing industries is of strategic importance to our economy. Collectively, their improvement predicates our economic growth, and needs to be considered as such – in terms that reveal their symbiotic character.

Thinking of these sectors and industries as interrelated, as well as considering their relationship to improving the lives of all South Africans, requires us to seek integrated solutions to the inter-connected challenges that we collectively face – as instabilities within them have far-reaching effects. This is only compounded by the fact that our focus is necessarily regional.

Too often, we work in silos, and consider our challenges on national and industry levels, drawing divided lines in areas where we should rather be thinking about connections, collaboration and cross-border interaction.

Our common interest should be what concerns us, and animates the interventions that we seek to make. It is this spirit of collaboration that I seek to draw attention to today.

Programme Director, We live in turbulent economic times, the effects of which are being felt across the world. Government policy interventions required to ensure sustainable and competitive metals and engineering sectors in these difficult economic conditions need to be created with implementation in mind.

This ensures that we do not simply create policy that looks good on paper, but policy that keeps in mind the kinds of interventions that are both necessary and possible to achieve.

Part of this Indaba will be ideally geared towards critically ensuring that South Africa is competitive, guided by some of the National Development Plan's key elements.

Among these elements are ensuring that South Africa competes in the mid-skill manufacturing and service areas and niche markets that do not require economies of scale.

Also included among these key elements of the NDP are interventions geared towards labour-market reforms aimed at promoting employment, particularly of young people and promoting productivity gains and new entry by firms, as well as research and development for innovation.

We have to consider infrastructure that will support the development and growth of the economy – such

as road and rail links, and many others which are necessary to promoting manufacturing.

The abiding importance of well-developed infrastructure as the potential stimulant to private sector and foreign direct investment will no doubt receive due attention during the course of the discussion. Further, a few cardinal matters exercised the minds of this conference last year, and one wonders what progress has since been made in that regard.

Such challenges identified included:

- The decline of African GDPs, with Mauritius being the exception;
- A loss of interest in South Africa as a foreign direct investment destination;
- Lower demand for South African exports; and
- The general decline of the metals and engineering sectors over the past five years.

It goes without saying that where challenges are identified there would be targeted efforts to address them directly and the surest way to know whether progress has since been made is to ask pertinent questions, in anticipation of pertinent answers. Accordingly, it would help us in this conference to find out what specific progress has been registered in reversing these negative trends in each of the above areas.

More importantly, the complexity of the challenges admits to no silos approach and instead demands nothing less than collaboration and undivided attention by stakeholders in the sector. To this end the German co-determination system is illustrative.

Co-determination means that government, the private sector and the trade union movement enter into a compact which impels them to work together for their common interests and by extension that of society at large.

Co-determination is itself based on the notion of shared information and transparency. A successful compact will be predicated on stakeholders having equal access to information, which helps preclude trust deficit and thus opens the way for mutual trust. Implied in this is that workers will have representation on company boards, enabling them to know first- hand when the sector is on the downside and therefore being all too willing for belt-tightening measures. Of course the inverse is also true. When the sector is on the upside they, the workers, will benefit accordingly.

Another site of collaboration that needs to be considered is enhanced co-operation in the SADC region. It is critically important that this Indaba is regionally motivated. As Mr Nyatsumba points out: “it is of critical importance that African countries create and enhance opportunities for intra-African trade”.

This boosts growth and employment, and ensures that we have committed partners in our development, and nearby sites of import and export. One of the key aspects that this Indaba invites us to consider is the potential for and challenges to strengthening and enhancing intra-African trade.

Few will disagree that there is a need to create inter-connectivity and conditions for inter-trade within SADC region and across the continent to enhance the growth prospects in this sector. While extending into the African continent may not be a short term prospect it is worth exploring such future possibilities as a long term objective.

Just as African countries have a shared history that points to as many similarities as differences of context, we have shared interest in creating environments in which our economic growth can thrive, increasing the region’s competitiveness, investment, and exports.

One of the most important and valuable contributions that this Indaba can make is in facilitating a dialectical relationship between mapping challenges and tracking progress: ensuring that the two are always connected, and that discussion leads to action, which in turn informs the next conversations that we have. Making an effort to annually reflect on these connected sectors and industries, with nuance, debate, statistics, first-person experience and a range of key players in the room is critical to any change, development and transformation that must take place. The next two days offer a unique opportunity to this end: the conversations that will take place here require all of our voices and experiences – and ultimately, the formation of a shared vision for the economy, premised on the ideals found in our Constitution, and the people whose lives are determined by its prescripts.

I thank you for your kind attention.

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SEIFSA AWARD WINNERS MAKE THEIR MARK

On 27 May 2016 SEIFSA announced winners of its Second Annual Awards for Excellence. The top performing companies were unveiled at a breakfast that took place before the commencement of the second day of the Southern African Metals and Engineering Indaba taking place at the IDC Conference Centre in Sandton.

Genrec Engineering, a division of Murray and Roberts, took top honours as it walked away with not only the Artisan of the Year Award, but also the Health and Safety Award of the Year.

South Africa's largest manufacturer of secondary aluminium products, Zimco Aluminium Company, was declared the winner in the Most Innovative Company of the Year category, while Grohe Dawn Watertech scooped the Best Customer Service Award of the Year.

The Most Transformed Company of the Year Award went to the Scaw Metals Group, while the Environmental Stewardship Award was scooped by Steloy Castings.

Owing to the limited number of entries received for the Best Corporate Social Responsibility Programme of the Year Award, the judges took a unanimous decision not to have a winner for this category.

SEIFSA CEO Kaizer Nyatsumba presented the coveted CEO's Awards. Former SEIFSA Presidents Mr Henk Duys and Mr Ufikile Khumalo jointly received the Outstanding Service to SEIFSA Award, while the Association of the Year Award went to South African Refrigeration and Air Conditioning Contractors' Association. Voith Turbo was declared winner of the Company of the Year Award.

Mr Nyatsumba said the metals and engineering sector was faced with several challenges, including the prevalence of cheap imports from Asia, the lack of competitiveness in local manufacturing and policy uncertainty.

"In such turbulent economic times and a challenging business environment, we believe that it is critically important for those companies which excel at what they do to get the acknowledgement and recognition they deserve," he stated.

_*Continues*

He further commended all the companies that had entered the awards and congratulated the winners in the respective categories.

"I would like to encourage these companies to continue to work hard towards excelling and providing the sector with examples of excellence. This will inspire other companies to improve their operations so that they can be afforded the opportunity to win at future SEIFSA awards," he concluded.

DEILIGHTED LEADERS RECEIVING AWARDS FOR THEIR COMPANIES

Artisan of the Year Award - Genrec Engineering

Health and Safety Award of the Year - Genrec Engineering

Most Innovative Company of the Year - Zimco Aluminium Company

Best Customer Service Award of the Year - Grohe Dawn Watertech

Most Transformed Company of the Year Award - Scaw Metals Group

Environmental Stewardship Award - Steloy Castings

JG AFRIKA: ENGINEERING A NEW FUTURE, DEVELOPING TOGETHER

One engineering and environmental consultancy has pledged its commitment to the country, its love for the continent, and its dedication to a transformed and democratic Africa. To express this commitment, and in celebration of its continued independence, the firm, formerly known as Jeffares & Green, has recently embarked on a rebranding exercise.

Now known as JG Afrika, the company and its staff are excited about the message they are sending – which tells the world that Africa has a lot to offer. "Our name change speaks to our commitment to being proudly South African. We want to make a bold statement that we are locally-owned and managed and plan to remain so. The company has a rich heritage and history in Africa. We are very excited about the future and remain committed to our beloved continent," says the company's Director and Johannesburg Branch Manager, Phakamile Ngqumshe.

The inclusion of 'JG' in the company's new name denotes its acknowledgement of and appreciation for its history, while 'Afrika' indicates its independence, its love for the continent, and is a nod to the traditional spelling of 'Africa'. This is most obviously represented in our first democratic National Anthem, *Nkosi Sikelel' iAfrika*. The name will show the world that we are true to our African roots, while remaining unique and maintaining our independence," says Ngqumshe.

The brand development started with the selection of a new name, and after much research the selected options were presented to our staff and a vote held. "We really enjoyed the process of evaluating the naming options and involving our staff," says Paul Olivier, Managing Director at JG Afrika.

The firm announced its new name to clients in February 2016 and launched the new brand throughout Africa in April.

"The brand identity was developed and designed with a purpose to remember the company's history, to reflect its ethos and project its future", says Olivier. "The logo's icon is representative of man-made, engineered, symmetrical lines. These lines are contrasted with organic shapes which represent the environment (green) and water (blue), denoting the environmental sphere of JG Afrika's services. The design and name incorporates the three pillars of the company's ethos, experience, quality and integrity while displaying fresh innovative thinking."

JG Afrika's personality is perfectly portrayed through the new brand colours, being blue and green. In addition to the environmental connotations of these colours, they are associated with trust, dependability, strength, peace, growth and health. These characteristics reflect the company's culture.

"In planning for 2016, part of our goal for the new year was to sustain the advancement and success that we have achieved for the past 94 years. Over this period, the company has progressed and evolved to keep pace with fluctuations in demand, the industry and customer requirements. To remain relevant, this must be a continuous process," says Olivier. "As such, a strategy plan was meticulously devised to take JG Afrika to the next level on all fronts."

As the African Proverb goes; "If you want to go quickly, go alone. If you want to go far, go together." This is the basis of JG Afrika's long-term plans. "Together, we will continue to grow, learn and develop, with a focus on continuous improvement. The time has come to look to the future and to align our corporate identity with our diverse expertise, our modern approach and the great future Africa has as a growing continent" concludes Olivier.

SEIFSA WELCOMES **NEW MEMBERS**

The following companies became members of associations federated to SEIFSA during May 2016.

Breezeair Technical Services - SARACCA

Excellent Efforts - SEIFSA Associate Membership

Rigtech cc - Kwa-Zulu Natal Engineering Industries Association

Rouge Service Centre cc - 12111 Kwa-Zulu Natal Engineering Industries Association

SFG Engineering - 12109 Constructional Engineering Association (SA) (LBD Division)

MP ENGINEERING HAS BEEN A VALUED SEIFSA MEMBER SINCE 1973

It all began in 1970 with Greek immigrant Mr. Dimitrios Mitakos, equipped with a lathe, milling machine, drilling machine and hack saw machine. Today, MP Engineering, still based in Germiston, is operated by the son of Dimitrios, Costa Mitakos.

MP Engineering has a wide range of vertical and horizontal boring mills up to 3750mm, lathes up to 5000mm and a plano mill including other engineering equipment.

SEIFSA would like to extend their heartfelt gratitude to the Mitakos and MP Engineering for their many years of loyalty and looks forward to the next 40 years of partnership.

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TRANSFORMATION IS KEY TO SCAW METALS

Despite challenging economic times in South Africa and elevating itself beyond the recent Section 189 processes, leading steel and steel product manufacturer, the Scaw Metals Group, has remained committed to transformation and driving innovation within the industry.

According to CEO, Markus Hannemann, improving on scarce skills with a solid emphasis on training and development is a key priority. He said, "We have faced a truly challenging time as a brand and it is integral for us to transform and adapt to boost our industry and our economy at large".

The consciously formulated plan is aimed at improving Scaw's position in the industry and ensures that the business adds value with a more meaningful contribution. In support of fundamental areas such as skills development, enterprise and supplier development, and socio-economic growth, these building blocks for sustainable advancement will also form part of government's ongoing agenda to drive a positive transformation.

Scaw Metals defines its contribution of just under R4 million in 2015, to enterprise and supplier development programmes as more than investments, but rather as strategic partnerships, established at building sustainable opportunities.

Through these efforts Scaw Metals has seen phenomenal results from the enterprise development programme providing opportunities for small organisations ultimately leading to them becoming vendors. A notable success story would be that of local beneficiary Torque Services, which Scaw supported in developing a range of products that would enable the group to not only support a black women-owned company, but foster localisation by eradicating the need to import these products. This has resulted in job creation and the improvement and expansion of local supplier businesses.

The Scaw Metals Group has made remarkable strides in its training division, forming strong partnership agreements with external stakeholder funding organisations, thus enabling Scaw to access funding for special skills development programmes.

The ongoing commitment to achieve positive transformation throughout the company has been proven through its achievement in being the only steel producer in South Africa with a Level 2 Broad-Based Black Economic Empowerment (B-BBEE).

"We have gained significant momentum through these programmes and partnerships, however, we continue to seek areas of potential growth," concluded Hannemann.

Apart from driving positive change within the organisation, Scaw Metals is committed to driving innovation through ensuring that the latest trends are top of mind in the industry. The organisation, which is recognised as one of South Africa's leading manufacturer of specialised steel wire ropes, is a core partner to various industries to which they supply.

Scaw Metals actively participates in key industry engagements in an effort to add value among their industry counterparts as they believe that through knowledge-sharing an industry can advance. The organisation is more than a manufacturer, as it also provides expert technical support, training, rope inspections, recommendations for rope maintenance or replacement requirements and joint development of new products.

Keeping ahead of local and global demand, Scaw Metals specialised services cements them as industry leaders. Scaw Metals which, operates through four product focused business units, is constantly exploring new innovations to ensure continued delivery of value-added service to its customers in various industries.

SCAW METALS GROUP

Scaw is a South African-led company producing highly specialised and critical consumable components for the mining, rail, power, offshore oil and gas, construction, commercial and other industrial sectors. The business operates through four product focused business units with facilities in South Africa. Grinding Media produces high chrome and forged grinding media. Wire Rod Products produces steel wire rope, chain, wire and strand and other related products for mining, industrial, construction and offshore oil drilling applications. Cast Products designs and produces a variety of cast steel products for the mining, metal processing, power generation and railway industries. Rolled Products is a manufacturer of low and high carbon long steel products.

scaw METALS GROUP

From left to right: Ishmael Mabeta: Legal intern, **Amelia Talane:** Safety, Health, Environment & Qualty Intern, **Mzwandile Xaba**: Sales Intern, **Nosipho Ndumbini**: Human Capital & Skills Development Intern, **Tshimangadzo Netshituni**: Financial Management Intern, **Jeanette Dlamini:** Human Resource Intern and **Tshepo Mjinji**: Marketing Intern

SEIFSA WELCOMES INTERNS

Seven interns from the Ekhuruleni East Technical Vocational and Education Training College have recently started their Workplace Integrated Learning at SEIFSA.

Internships are very important to SEIFSA's diversity and recruitment strategy for various reasons. First and foremost, interns represent an opportunity to evaluate the best and the brightest talent graduating from Technical Vocational Education and Training (TVET) Colleges. These college graduates bring with them new ideas and skills to the workplace.

SEIFSA's new interns are individuals that have the talents, skills and abilities that businesses need. As employees, they are dependable, enthusiastic and loyal to the company brand (The Able Trust, 2015).

Employers are increasingly expanding their diversity recruitment and retention efforts to afford young individuals workplace experience because it provides a valid opportunity to assist the business in achieving its goals. It's a strategic move on the part of an employer that broadens its recruitment pool to create a wise and essential recruitment strategy (Huhman, 2011).

In addition, hiring these interns shows SEIFSA's commitment to skills development through workplace experience for the youth diversity.

In fact, having a viable pool of employee candidates is pivotal to any employer's success, the market is so competitive that 51% of employers are now focusing on relevant internship experience to find the best fit for their companies. Eighty-one percent of employers have found that new hires with relevant internship experiences are better prepared than those without internships (Lebel, 2015).

In addition, consider these internship statistics from NACE's 2009 Experiential Education Survey:

- 67.7% of 2007-08 interns were offered full-time positions,
- 83.6% of these offers were accepted,
- 35.3% of employers' full-time, entry-level college hires came from their internship programs, (Internships.com, 2015)

Is that not enough reason to show that there is important value in acquiring students for internships within one's company? The advantages come into play immediately through the contributions of the intern, such as the potential workload relief, providing industry updates, and showing community support and inclusiveness.

We at SEIFSA look forward to spending the next 18 months with our interns.

SEIFSA CEO, KAIZER NYATSUMBA, JOINS BUSA BOARD

Kaizer Nyatsumba, the Chief Executive Officer of SEIFSA, has been appointed to the Board of BUSA (Business Unity South Africa) as a director starting from June 2016. This is significant both for Nyatsumba and SEIFSA as it indicates the value placed on SEIFSA's leadership and the federation itself by one of South Africa's leading business bodies, BUSA.

BUSA is important in that it works with industry and government to craft inclusive socio-economic policies that can have a positive impact on the economy and society at large.

Nyatsumba is one for the four directors that include leaders such as Cas Coovadia, Managing Director of the Banking Association of South Africa, and Tanya Cohen of the Retail Association and other captains of industry. They took the most votes during the highly contested nomination process for this sort after role. The four were chosen from ten nominees in total, all leaders in their own right.

That a leader of SEIFSA has been highly rated to join such a significant and influential organisation bares testimony to the importance of SEIFSA itself, and also to the value of our brand. By consequence, this indicates the great potential for SEIFSA to gain more for the incredible advocacy, lobbying and training it does in the metals and engineering sectors.

LIST OF CEA ACCREDITED LABOUR BROKERS AS AT 6 MAY 2016

Eduardo Construction (Pty) Ltd

CDR Contracts (Pty) Ltd

BDM Management (Pty) Ltd

Oxyon Human Capital Solutions

Bathusi Staffing Services (Pty) Ltd

Primeserv Staff Dynamix (Pty) Ltd

Primeserv ABC Recruitment (Pty) Ltd

ESG Recruitment cc

Lapace Construction (Pty) Ltd

Consortium Personnel Consultants cc

EFS Labour Consultants cc

ALOS Holdings (Pty) Ltd

Global Industrial Consultants 2 cc

Global Isizwe Placements cc

Staff-U-Need

JLH Services and Consulting (Pty) Ltd

AMT Placement Services

Molapo Quyn Outsourcing (Pty) Ltd

Capacity Outsourcing (Pty) Ltd

Capital Outsourcing Group (Pty) Ltd

Valorem Recruitment (Pty) Ltd

CAP Personnel Placements (Pty) Ltd

Phakisa Technical Services (Pty) Ltd

Seven Stars Investments (Pty) Ltd

Central Technical Services (Pty) Ltd

Swift Human Resources (Pty) Ltd

Sebcon Contracting Services

Sizuluntu Staffing Solutions (Pty)Ltd

Transman (Pty) Ltd

Mabhele and Associates cc

Amani Industrial Services

Sizwe Staffing Solutions (Pty) Ltd

CHINA

CHINA STEEL AND IRON ORE HEAD FOR WORST MONTH EVER AS DEMAND WANES

Chinese iron ore futures edged higher and steel steadied but both were set to end May with their deepest monthly losses on record as seasonal demand in the top global steel consumer fizzles.

May's decline follows a spectacular rally over December to April that was fueled by optimism about China's economy. But the bullish sentiment turned into doubts as indicators from retail sales to trade suggested a solid recovery was not yet in place.

The five-month price surge pushed many shuttered Chinese steel mills to resume operations, increasing supply that could keep steel markets under pressure as seasonal demand slows down with hot weather curbing construction activity from June.

These mills "just don't start and stop with the flows of seasonal demand," said Daniel Hynes, senior commodity strategist at ANZ Bank.

"We'd expect those to remain open for the time being and that probably should result in steel production holding up relatively well despite that normal seasonal slowdown."

The most-traded rebar on the Shanghai Futures Exchange was little changed at 1,995 yuan ($303) a tonne by the midday break.

Rebar, or reinforcing bar used in construction, has fallen 28 percent from its April peak. For the month, it has lost 22 percent so far, the most since the Shanghai exchange launched rebar futures in 2009.

On the Dalian Commodity Exchange, the most-active iron ore gained 1 percent to 346.50 yuan a tonne. The contract is now down 31 percent from April's high and 24 percent over May, its biggest monthly decline since launch in 2013.

Stocks of imported iron ore at China's major ports have continued to rise, standing at 100.65 million tonnes on May 27, the highest since December 2014, according to data tracked by industry consultancy SteelHome.

With Chinese steel production holding up, ANZ's Hynes said he doesn't expect the iron ore port inventory to rise sharply from current levels.

Spot iron ore could find strong support at around $50 a tonne, he said.

Iron ore for immediate delivery to China's Tianjin port slipped 1.2 percent to $50.30 a tonne on Monday, data compiled by The Steel Index showed.

The spot benchmark has lost almost 23 percent so far in May, its biggest monthly drop since August 2012.

Other steelmaking raw materials coking coal and coke on Tuesday recovered from recent lows, rising 1.3 percent and 1.9 percent, respectively.

($1 = 6.5823 Chinese yuan)

Reuters

USA

U.S. PANEL LAUNCHES TRADE SECRET THEFT PROBE INTO CHINA STEEL

May 27 U.S. regulators launched an investigation on Thursday into complaints by United States Steel Corp that Chinese competitors stole its secrets and fixed prices, in the latest trade spat between the two countries.

U.S. Steel is seeking to halt nearly all imports from China's largest steel producers and trading houses, in its complaint made under section 337 of the main U.S. tariff law.

The International Trade Commission (ITC) said in a statement that it has not made any decisions on the merits of the case.

The commission identified 40 Chinese steel makers and distribution subsidiaries as respondents, including Baosteel Group, Hebei Iron and Steel Group, Wuhan Iron and Steel Co Ltd , Maanshan Iron and Steel Group, Anshan Iron and Steel Group and Jiangsu Shagang Group.

The U.S. Commerce Department has kept up a barrage of efforts to clamp down on a glut of Chinese steel imports, including announcing steep anti-dumping duties on corrosion-resistant steel on Wednesday.

U.S. Steel filed its original complaint a month ago, alleging that it was a victim of a 2011 computer hacking incident that also prompted U.S. federal cyber-espionage indictments against five Chinese military officials in 2014.

The Pittsburgh-based steelmaker alleged the hackers stole research data on production techniques for a new generation of lightweight, high-strength steel now favored by automakers. It said this accelerated Chinese competitor Baosteel's ability to replicate the product, which took U.S. Steel a decade to develop.

"NOTHING WORTH STEALING"

Chinese steelmakers and officials dismissed the need for the probe, and said steelmakers would contest any findings.

"The U.S. steel industry has already lost its leading position and there is nothing worth stealing," said an executive with Maanshan Steel told Reuters. "The United States is a market economy and we don't understand why they are taking these measures.

"The United States said we conspired," added the executive, who asked not to be named. "In fact, we wish the domestic steel sector was able to work together, but this is precisely what we are the worst at, and it is even less possible that we would distort the market through government action."

Baosteel, China's second-largest steelmaker and the world's fourth-largest, said in a statement the United States was acting in breach of World Trade Organization rules. It urged the Chinese government to take all necessary measures to ensure the sector receives fair treatment.

China's Commerce Ministry said it was resolutely opposed to the probe and would encourage its firms to legally defend themselves.

The ministry said trade remedy measures recently being taken by the United States were protectionist, and would artificially interfere with trade rather than solve the industry's current problems.

"We strongly urge the Chinese government to take counter-measures against the United States to safeguard the legitimate rights and interests of Chinese steel industry and the normal trade order," the China Iron & Steel Association (CISA) said in a statement.

U.S. Steel Chairman Mario Longhi applauded the ITC's decision to investigate claims which include that Chinese producers falsely named other countries as the origin of their products and illegally transhipped them through third countries to avoid anti-dumping and anti-subsidy duties.

"We remain confident that the evidence will prove the Chinese steel producers engaged in collusion, theft and fraud and we will aggressively seek to stop those responsible for these illegal trade actions," Longhi said in a statement.

Such intellectual property-based claims have only been made once before by U.S. steel producers, in 1978 against 35 Japanese makers and importers of welded stainless steel pipe. But the ITC, rather than barring imports of the products from Japan, instead ordered 11 firms to stop unfair pricing practices

Reuters

HOW MANY PEOPLE ARE **ACTUALLY EMPLOYED** IN THE METALS AND ENGINEERING SECTOR?

THIS IS A VERY IMPORTANT QUESTION, BUT EQUALLY DIFFICULT TO ANSWER IN CONFIDENCE.

If the answer to this question was simply, 'just count them, and you will know', we would be living in a much simpler world than the real one. There are many pitfalls, lags in data gathering, differences of opinions regarding definitions of who to include and who to exclude, and many 'why's and what-nots' on the path to understanding the numbers. In general, the best we can hope for is to understand the trends (growth or declines) in the numbers. Exact (to the last number) figures are almost impossible to achieve. However, using all the different sources of data, SEIFSA is now able to distil very accurate numbers using all the sources available.

Employment numbers tell us a lot, as they represent an inflation adjusted time series of what happens in the 'real economy'. They correlate almost exactly with inflation adjusted production. So, understanding one time series makes it possible to understand the other. They are also an indication (even yardstick) of whether the economy is successfully providing a livelihood for its citizens or not.

The two national official datasets providing employment numbers are both compiled by Statistics South Africa (StatsSA); one survey among businesses called the Quarterly Employment Survey (QES) , the other survey amongst households, called the Quarterly Labour Force Survey (QLFS). The dilemma is that there is a huge difference between the two in the overall number (level) of employees recorded for the economy, to such a degree that the South African Reserve Bank has embarked on a process with StatsSA to not only reconcile the two, but also to adjust the sample 'footprints' to get them to balance. Suffice to say that the fact of two sources of information explain a lot of the difference in employment levels. Of greater importance for this article is that the QES has proved to be a highly-accurate reflection of the actual state of affairs for the metals and engineering sector.

There are also several secondary sources of employment data, each with its own merits, but, pitfalls as well. They all come from different sources (thus multiplying the possibilities for variation) and are compiled for different reasons and applications which complicate matters further. To highlight these, the sources of employment data in the metals and engineering 'sphere of influence' comprises of the following, shown in the picture below.

Schematic: Broad depiction of sources of employment numbers

If we simply take these broad descriptions and list the latest employment numbers published by each (without 'standardising' for definitional differences), the following has been recorded;

- The Standard Industrial Classification: 384 580 (SEIFSA estimate from StatsSA numbers, 1st Quarter 2016)
- Metals and Engineering Bargaining Council: 311 500 (SEIFSA estimate based on MEIBC data for 'scheduled workers', January 2016)
- Manufacturing, Engineering & Related Services SETA: 609 238 (merSETA employment from Workplace Skills Plans, 2015)
- SEIFSA Association membership: 210 276 (SEIFSA database; scheduled and non-scheduled workers)
- Metal Industries Benefit Funds Administrators (MIBFA database, covering all employees belonging to the industry pension and provident funds)

The simplest question is, 'who is right, or are we comparing the proverbial apples with peers, and pineapples?' The answer is most certainly the latter.

The international definition of the 'metals and engineering sector' includes the plastics, rubber, basic ferrous, basic non-ferrous, metal products, machinery, electrical machinery and equipment and some portions of the automotive parts and accessories industries' production.

The South African definitions tie up virtually identically to these categories and are contained in the Standard Industrial Classification of all Economic Activities (SIC) as published by StatsSA (5th edition, 1993). This is the classification used by StatsSA when they publish the QES, and the numbers quoted above are SEIFSA estimates of the QES for the 1st quarter of 2016 (latest official statistics are for the 4th quarter of 2015). The added advantage of this employment data is that all types of other, very valuable StatsSA data for these industries (production, value added, capital stock, salaries and wages, productivity, exports and imports etc) are collected and published consistently with these definitions. This makes this source a veritable 'goldmine' of information to understand trends within these industries.

So, what are the differences amongst the other sources of employment data, and how do we reconcile them? To answer this, perhaps it's necessary to explain the efforts amongst the MEIBC (bargaining council data for scheduled workers), the Metal Industries Benefit Funds Administrators (MIBFA) which provides administration services for various industry pension funds (data for the majority of employees on the pension funds) and SEIFSA (data for its members) to try and harmonise and explain the different numbers coherently. An impressive database exercise was launched to get the company/employment coding used by the three bodies to tie up. The result is a facility that enables a 'snapshot' of the coherently explained numbers recorded by each, to be taken for any month of the year.

The data assembled by this facility ties up almost exactly with the SIC data, with a number of roughly 23 000 to 24 000 employees unexplained by the system; i.e. the SIC data gave a number higher by the margin mentioned here. Upon deeper investigation, it dawned on us that the MEIBC data for non-members of SEIFSA did not include the non-scheduled workers in these, mostly smaller, companies. It was also agreed that the proportion of non-scheduled to scheduled workers would be lower than would be the case in larger companies (the latter having more overhead costs/ people). When correcting for this anomaly, the two sets of data tied up (virtually) exactly.

So, in summary:

- The SEIFSA membership numbers cover scheduled and non-scheduled employees,
- Add to that, the MEIBC's scheduled employees for non-SEIFSA member companies,
- Correcting for SEIFSA non-members', non-scheduled workers, and
- Correcting for gaps within the above with MIBFA data,
- gives the total numbers as per the SIC data from StatsSA.

The outlier and unexplained number is the 609 238 from the Manufacturing, Engineering & Related Services SETA (merSETA). Fortunately this is the easiest difference (not discrepancy) to explain due to the strict adherence to SIC classifications by the merSETA, which shows exactly where the definitions differ. The merSETA numbers include the motor sector, 'new tyre' and 'plastics' which does not correlate with the definitions included in the SIC classifications here, and, therefore, explains the bigger number.

The results for the last year (12 months) from the StatsSA data and the synchronised sector data shows a decline in employment numbers of 11 000, with some leads and lags and a variation of less than 1000. This is 'exactly the same', in economist's speak.

source: www.lorenzoquinn.com

SOUTH AFRICA NEEDS **WIL-POWER** TO ADDRESS ITS SKILLS CRISIS

It is well known in all training environments and amongst all training professionals that valid and relevant theory, along with sound practical exposure are the two key ingredients that are required during a learning intervention, to create competent and skilled employees. A theory based approach to learning and skills transfer would merely translate into poor application of skills and in effect would lead to sub-standard performances in the workplace. Effective skills transfer and competency development is rooted in learning that takes place through both theoretical and practical mediums.

Work Integrated Learning (WIL) is defined as the period of time when students are working in the relevant industry to receive specific in-service training in order to apply theory in practice. It involves all the competencies and skills that students must acquire. In essence WIL is the process for ensuring that effective skills transfer and competency development takes place.

The post school education system has, in the recent past, tended to separate the academic theory from the practical, workplace-based learning. It is, however, pleasing to note though that there has been a substantial thrust to remedying this through policy changes and through a concerted emphasis on WIL. There are pockets of success stories where organisations and companies are driving very successful WIL programmes and reaping the benefits thereof.

Albeit be it that one wants to applaud such efforts, one cannot reframe from criticizing a broader South Africa (government, business, learners and other social partners) for the lack of urgency or commitment to getting involved in WIL. Evidence from Sector Education and Training Authority (SETA) performance targets suggest that far too few higher education institution learners are being taken onto WIL programmes. The white paper on post school education and training states that learners exiting universities, TVET colleges and programmes funded by SETA's are not, in general, finding work easily. They are often described by employers as lacking the skills needed. Sometimes this seems to relate to a lack of practical workplace experience. The National Skills Development Strategy advocates that workplace

learning should be an integral part of all vocational programmes. Establishing effective partnerships between education and training systems and employers to provide for workplace training would ensure that skills have real labour market relevance and that young people gain an early appreciation of and exposure to the world of work. I share the sentiment of Peter Kriel, Head of the Business Faculty at The Independent Institute of Education (IIE) and many others, in that employers and higher education institutions share a vested interest in the production of graduates equipped to meet the needs of a dynamic, demanding and expanding workplace yet there is often a gap between graduate skills and attributes and employer expectations. It is my opinion that it is imperative that workplace training and WIL must be a central part of our training system.

Perhaps at this juncture, it is important for me to provide you with valid reason for my support of WIL. The work integrated learning programmes would go a long way to providing relevant practical expertise to learners, which has become a major reason, that organisations are quoting, for not being able to fill critical vacancies.

WIL holds benefits not only for the learners but also the employer organisation. There is a plethora of articles that quote the following advantages for employers.

- The ability to set up or test a new project
- Having a dedicated resource to complete specific tasks or projects
- The opportunity to give a potential recruit a trial without obligation
- Using students' reflection on work experience as a recruitment criterion
- Having a pool of potential recruits with some general awareness of workplace culture
- An injection of new ideas;
- Developing links with higher education institutions and feeding into teaching practices and methodologies and
- Staff development opportunities that arise from employees mentoring students.
- The benefits of a well implemented WIL programme would also ensure that organisations are not just contributing to addressing the broader issues of youth unemployment but the programme would hold the following advantages for the learners as well.
- Working in a setting in which to put theory into practice
- Developing an awareness of work-place culture and expectations
- Developing 'soft' skills such as communication, team working, email and report-writing skills, punctuality and attendance, leadership and career development;
- Having an opportunity to develop a practical appreciation of your chosen profession
- Developing practical skills to reflect upon in future studies;
- Developing an appreciation of the fluidity of a rapidly changing world of work;
- Short-term financial benefits - some students are able to earn while studying
- Developing enhanced employment prospects and the potential of commanding higher wages on graduation
- Obtaining practical assistance in developing career strategies and
- Developing an awareness of business opportunities and building up a network of contacts.

An added advantage to organisations is that funding for such initiatives do become available via the SETA's and other structures.

In conclusion one can only hope that organisations will recognise the importance of embracing WIL.

Mustak Ally
Human Capital and Skills Development Executive

SHEQ UPDATE: **SPOTLIGHT ON ISO 9001:2015** (CLAUSE 4.1)

As you may already know ISO 9001: 2015 was published in September 2015, superseding ISO 9001: 2008. Organisations which are currently ISO certified for ISO 9001:2008 will not be able to obtain re-certification for the standard after September 2018. There is a view among some quality professionals that there is minimum difference between the two standards and, therefore, organisations need not make any significant changes. This is not true. The changes on the new standard are so significant that they cut to the core of the current quality norms and practices. This week, we will begin a series of discussions on the new standard and highlight the major differences with its predecessor.

PART 1: UNDERSTANDING THE ORGANISATION AND ITS CONTEXT

Clause 4.1 (Understanding the organisation and its context) of the ISO 9001:2015 requires organisations to "determine internal and external issues that are relevant to its purpose and its strategic direction and that affect its ability to achieve the intended result(s) of its quality management system".

In order to meet requirements of clause 4.1, organisations must identify and mitigate, control or monitor internal and external quality risks. Strategic planning around quality management systems would have to be performed at a high level. Unlike with ISO 9001:2008, Senior Management, Directors and CEO's will no longer be able to push down all quality planning to a Quality Representative. As a result, all top management have an opportunity to make meaningful contribution to the QMS.

For example, an HR Executive would have to monitor internal and external aspects influencing human capital to the extent to which they would influence quality of products, while a Financial Executive would monitor pricing to the extent to which it would affect customer satisfaction. Moreover, strategic plans, control or mitigation measures must be put in place to reduce or avert negative impacts.

Such multi-lateral strategic input must be contributed to the QMS and organisations have to establish suitable mechanisms to consolidate and review such input.

For questions and comments, please email noni@seifsa.co.za

SENIOR MANAGEMENT BUY-IN IS CRUCIAL TO THE SUCCESS OF ANY HIV/AIDS STRATEGY

COMMITMENT FROM THE TOP

An organisation's senior management needs to recognise the importance of HIV/AIDS as a strategic issue in the workplace. Their commitment is a prerequisite in the development of any HIV/AIDS strategy. There are a few initiatives, which we will explore below, that may help to enable ongoing and committed involvement of the senior management team:

- Get managers on the HIV/AIDS committee: Involving at least one member of the leadership team in the organisation's HIV/AIDS committee provides this committee with greater legitimacy and a higher priority status within the organisation.
- Go for training: Management should go for training on HIV/AIDS knowledge and also the legal considerations with regards to HIV/AIDS; it needs to be a central component of the HIV/AIDS strategy.
- Demonstrate industry leadership: Consider having a member of senior management act as an industry spokesperson on HIV/AIDS – it creates an opportunity for ongoing awareness and strategy sustainability.
- Talk about HIV/AIDS initiatives in annual reports: The disclosure of HIV/AIDS issues and initiatives should find its way into the annual reports of the company.
- Keep HIV/AIDS on the agenda: Consider creating an agenda item on the company's HIV/AIDS strategy for every board or leadership team meeting.

A FEW REQUIREMENTS FOR MANAGEMENT COMMITMENT TO BE EFFECTIVE

- There should be commitment to HIV/AIDS-related initiatives that is ongoing and consistent, and it should be clearly visible to all employees.
- There should be commitment to allowing employees the time (during work hours, if necessary) to attend and participate in HIV/AIDS-related workplace activities.
- There should be commitment of budget to specific programmes; programmes rarely get off the ground if there is no money allocated to making them happen.

A senior management team that demonstrates commitment to and participation in HIV/AIDS workplace programmes will create enthusiasm and commitment.

Email: info@redpeg.co.za | **Tel:** (011) 789-2007 |
Web: www.redpeg.co.za

THE SEIFSA SMALL BUSINESS HUB CAN HELP YOUR ORGANISATION IMPROVE ITS BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE) SCORES THROUGH ENTERPRISE AND SUPPLIER DEVELOPMENT

SEIFSA's Small Business Hub (SBH) offers a wide range of cost-effective business services, among them; the management of Enterprise and Supplier Development programs on behalf of our larger companies.

One of the objectives of the SBH is to contribute the vital link between big and small businesses; this need is particularly evident in the area of enterprise and supplier development. In order to address this need, the SBH has developed the necessary expertise and capacity within the Hub to facilitate enterprise and supplier development programs on behalf of the larger companies.

In order to maximise their potential in line with the B-BBEE Codes of Good Practice, companies with a turnover of more than R 50 million per annum are required, among other things, to spend 3% of their net profit after tax on supplier and enterprise development. Apart from the money itself, managing a supplier and an enterprise development initiative can be taxing on an organisation's resources.

To address this, SEIFSA has developed the capacity in which it takes the role of a "Project Manager" in assisting companies with the facilitation of their supplier and enterprise development programs from start to finish.

The idea is that the SBH works with the identified suppliers/enterprises (the beneficiaries) through training in the various fields of expertise that reside within SEIFSA and outsourced where necessary. Developing these suppliers also entails capacity building in various areas of business, namely; Information Technology setup, accounting software and training, and lastly, compliance in the various areas; SARS, B-BBEE, PAYE, UIF, VAT, to name a few. The ultimate objective is to build and develop the suppliers in order to make them strong and reliable businesses that contribute significant value to the supply chain of the large company.

Through the SBH, SEIFSA will:

- Identify and vet the beneficiary companies (alternatively, the larger company may put forward companies it would like to develop);
- Do the needs analysis;
- Prepare a detailed risk analysis;
- Prepare an implementation plan;
- Draw up all the necessary documentation required (contracts, Service Level Agreements, etc.)

Our in-house expertise in all matters related to B-BBEE also ensures that the money is spent on programs that will qualify for supplier and enterprise development, thus eliminating the risk of a company spending the required amount on initiatives that would not count toward their B-BBEE scorecard.

One of the most exciting aspects of the SBH is that, while it is a brainchild of SEIFSA, the solutions designed, stakeholders involved and overall coverage of its work is not limited to companies in the metals and engineering industry. Instead, it is intended to serve any and all small businesses in South Africa. This is exciting because it gives the SBH the necessary scale in order to take on substantial initiatives that will result in a meaningful impact on South Africa, broadly.

For more information on this exciting new initiative and to hear how we can be of assistance to you, please contact any of the following individuals:

- **Henk Langenhoven**, SEIFSA Chief Economist
  henk@seifsa.co.za – 011 298-9408

- **Taffie Chibanguza**, SEIFSA Economist
  Taffie@seifsa.co.za – 011 298-9432

For more information on the Small Business Hub, please visit our website:
www.seifsasmallbusinesshub.com.

AIR POLLUTANTS: **THE ANTHROPOGENIC DEADLY DIRT**

On 5 December 1952, residents of London woke up to smog that persisted over five days. The fog was so intense that it could be seen permeating through doors into buildings. Travelling became impossible due to poor visibility. Life ground to a halt, but to the London dwellers this was just another foggy week, and would end without consequence like others before. Little did they know that the event would go down as the worst air pollution disaster in history.

An anti-cyclone which occurred in winter and coincided with windless conditions had caused a temperature inversion. This prevented sulphur dioxide polluted ambient air from dispersing. The sources pollution were:

- Industrial emissions including those from Asian industrial activities;
- Vehicle exhausts;
- Household emissions from burning of poor quality coal.

12 000 lives were lost to hypoxia, various respiratory problems and accidents attributable to poor visibility. The "Great Fog" is a classic example of collective, cumulative pollution and its adverse effects on the environment and health.

It is unlikely that in South Africa we will experience smog to that magnitude. Global sensitisation on environmental conservation has generally increased recognition of potential air pollutants, and hence the current strict environmental policy. The Cape Town photochemical smog, which mainly consists of ozone and aldehydes has not been so severe as to cause concern.

Nevertheless, air quality measurements results announced in February 2013 revealed that Cape Town was one of the worst polluted cities in the country. This year, Johannesburg took the lead, and became the country's most polluted city and the world's seventh.

Air pollution is not always visible but there is scientific proof that it potentiates fatal chronic respiratory conditions. Air pollution must therefore be minimised at all cost, if we are to enjoy the benefits of high quality of life. Industrial emissions, domestic fuel burning and vehicle exhaust emissions are the main air polluters in urban settlements. Strategic environmental awareness interventions coupled with provision of suitable energy alternatives are theoretically the most effective measures for curbing air pollution.

ARE DIFFICULT ECONOMIC TIMES FORCING YOU **TO CUT COSTS?**

CAN EMPLOYER'S APPLY FOR AN EXEMPTION TO UPCOMING WAGE INCREASES?

In these difficult economic and trading times, some companies may be battling to survive or be competitive. They are often forced to cut costs where they can. To achieve these objectives, companies look at various options to cut costs and one of the options is labour.

When considering labour costs, companies often look at the following:

- Retrenchments - this can include up to two months of difficult and time consuming consultations and the company is often faced with exorbitant severance payments,
- Lay-offs - the Main Agreement allows companies to implement lay-offs after a two week consultation process. The lay-off is an unpaid temporary suspension from work,
- Short-time - the Main Agreement allows companies to implement short-time after a five calendar day consultation process. The employees pay will then be reduced, based upon the reduced time that they work each week, and
- Exemptions to the wage increases – the Main Agreement allows companies to apply for an exemption to any provision in the Main Agreement and many companies have made use of this provision in the Main Agreement to apply for an exemption to the wage increases.

For the purpose of this article, we will examine the exemption option. As a brief background, it is useful to give consideration to the following.

The Labour Relations Act (LRA) 1995/66 (S 31), states that the parties to the MEIBC are bound by the collective agreements concluded in a bargaining council. Once a collective agreement has been concluded in a bargaining council, the parties to the bargaining

council may apply to the Minister of Labour, in terms of the Labour Relations Act 95/66 (S 32), to extend the agreement to non-parties, namely, employers and employees who work in the sector or industry in the Bargaining Councils' registered scope but who are not party to the agreement. The Minister will only extend the agreement to non-parties if:

- The majority of all the employees who, upon extension of the collective agreement, will fall within the scope of the agreement, are members of the trade unions that are parties to the bargaining council;
- The members of the employers' organisations that are parties to the bargaining council will, upon the extension of the collective agreement, be found to employ the majority of all the employees who fall within the scope of the collective agreement.

However, the LRA (S)32 (5) further provides that the Minister may extend a collective agreement even if the parties to the bargaining council are only sufficiently representative within the registered scope of the bargaining council and the minister is satisfied that failure to extend the agreement my undermine collective bargaining at sectoral level or public service as a whole.

The Minister of Labour, when considering whether or not to extend a collective agreement concluded in a bargaining council to non-parties, must be satisfied that the parties meet the requirements of the Labour Relations Act 66 of 1995, which include:

- Adequate provision must be made for an exemption procedure in respect of non-parties to the Bargaining Council;
- Provision in the collective agreement for an independent body to hear and decide any appeal brought against the Council's refusal of an application for exemption or the withdrawal of an exemption by the Council;
- The criteria for granting exemptions must be set out in a collective agreement;
- The collective agreement does not discriminate against non-parties.

Once a Bargaining Council agreement has been extended to cover non-parties, the provisions of the collective agreement bind all employers and employees falling within the registered scope of the bargaining council. These employers and employees may apply for exemption from certain provisions of the collective agreement.

FUNDAMENTAL PRINCIPLES

1. All applications must be in writing and fully motivated, and sent to the MEIBC's regional office in the area in which the applicant is located. Applicants must complete an application form which is available from the employer's nearest regional MEIBC office or from the SEIFSA office. The application will include a motivation, a business plan and financial information including audited financial statements.
2. In scrutinising the application, the MEIBC will consider the views expressed by the employer and the workforce, together with any other representations received in relation to that application.
3. The employer must consult with the workforce, through a trade union representative or, where no trade union is involved, with the workforce itself, and must include the views expressed by the workforce in the application:
   - Where the views of the workforce differ from that of the employer, the reasons for the views expressed must be submitted with the application;
   - Where an agreement between the employer and the workforce is reached, the signed written agreement must accompany the application.
4. In the event of an appeal against a decision of the Council, the Council will upon receipt of the appeal by an employer/workforce/union, submit it to the Independent Exemptions Appeal Board for consideration and finalisation.
5. Applications for exemptions involving monetary issues may not be granted retrospectively and is only granted for the duration of the agreement, which is normally for a period of one year (from 1 July to 30 June of the next year).

Can employers apply for an exemption to the Leave Enhancement Pay (LEP), (Leave Bonus)?

The answer is yes.

However, please note that because in the past the Council had experienced considerable difficulties with firms who submit late applications for exemption for the payment of LEP, which meant that employees only heard that they will not be getting their expected leave bonus, just before they went on leave, which would negatively impact their holiday plans. Therefore, the parties agreed that all applications for exemption from the payment of LEP must be submitted to Regional Council offices by no later than 31 October each year.

The procedures for submitting an application for exemption are clearly set out in Clause 23 of the Main Agreement and must be in accordance with the administrative procedures of the Regional Council Office. Applicants must complete an application form which is available from the employer's nearest regional MEIBC office or from the SEIFSA office. The application will include a motivation, a business plan and financial information including audited financial statements.

In addition it is important to take note of the following:

- Clause 14(4) of the Agreement which reads

Every employer in the industry is required to make an adequate monthly financial provision for the payment of employees LEP. The parties to this Agreement regard full compliance with this provision as being of particular importance.

- Clause 14(6)(m) of the Agreement, which reads:

The Council shall deem employers who do not wish to participate in the Council's LEP monthly contribution scheme as financially capable of meeting their obligations in this regard. The Main Agreement provides for a monthly contribution scheme as set out at clause 14(6). This scheme allows employers to pay the monthly LEP amounts to the Council (by way of the monthly contribution returns) and the full bonus is then available at the annual shutdown date.

Please note that the SEIFSA office provides assistance on nearly all company related matters and problems, including the ones mentioned in this article, such as:

- Retrenchments,
- Lay-offs,
- Short-time, and
- Exemptions to the wage increases.

Please do not hesitate to contact the writer if you need any assistance on these matters or any other Industrial Relations matter, such as the chairing of disciplinary hearings, representation at dispute meetings, retrenchment meetings and any Main Agreement related matters, among others.

Michael Lavender
Industrial Relations Manager
011 298-9415 or email michaell@seifsa.co.za

DIVISIONS: Economics and Commercial (**EC**), - Health, Safety, Environment & Quality (**SHEQ**), - Industrial Relations (**IR**) and Legal (**L**)
Human Capital & Skills Development (**HC&SD**) SEIFSA Training Centre (**STC**) - Small Business Hub (**SBH**)

SEIFSA upcoming workshops / events 2016

MONTH	DATE	DURATION	REGION	DIVISION	WORKSHOP/ EVENT
JUNE	07	1 Day	JHB	SHEQ	Incident Investigation
	08	1 Day	JHB	EC	Contract Price Adjustment
	10	All Day	Benoni	STC	SEIFSA Training Centre Open Day
	14	1 Day	JHB	SHEQ	Health & Safety Representative Training
	14	?	Irene	IR	A-Z of the Main Agreement
	20	?	CPT	IR	A-Z of the Main Agreement
	22	?	JHB	IR	A-Z of the Main Agreement
	22	?	Boksburg	EC	Contract Price Adjustment
	23	?	Linksfield	IR	IR Seminar
	28 - 29	2 Days	JHB	HC&SD	Supervisory Training
	28	?	Benoni	IR	Main Agreement
	30	1 Day	KZN	EC	Contract Price Adjustment
JULY					
	5	1 Day	JHB	L	Protection of Personal Information (POPI)
	6	?	Benoni	IR	Effective IR on the Shopfloor
	7	2 Days	JHB	SHEQ	Health & Safety Representative Training
	7	1 Day	JHB	SHEQ	Legal Liability
	13	1 Day	JHB	EC	Contract Price Adjustment
	14	1 Day	Linksfield	IR	Effective IR on the Shopfloor
	14	1 Day	H/O	IR	Effective IR on the Shopfloor
	19	Breakfast	JHB	SHEQ	COIDA Breakfast
	20	1 Day	Benoni	IR	Understand The Technical Schedules of The Main Agreement
	21	1 Day	JHB	L	Key Aspects of Labour Law
	26	1 Day	JHB	SHEQ	Health & Safety Representative Training
	27 - 28	2 Days	JHB	HC&SD	Supervisory Training
	27	1 Day	Boksburg	EC	Contract Price Adjustment
AUGUST					
	3	1 Day	JHB	L	Labour Court Process
	4	1 Day	JHB	SHEQ	COIDA
	5	1 Day	JHB	SHEQ	16.2 Appointees
	10	1 Day	JHB	EC	Contract Price Adjustment
	11	1 Day	JHB	SHEQ	Quality Awareness
	12	1 Day	Benoni	IR	Understand The Technical Schedules of The Main Agreement
	17	1 Day	JHB	L	Protection of Personal Information (POPI)
	18	1 Day	CPT	EC	Contract Price Adjustment
	23	1 Day	JHB	SHEQ	16.2 Appointees
	24	1 Day	JHB	IR	Retrenchment
	24	1 Day	Boksburg	EC	Contract Price Adjustment
	26	Full Day	RCC	Corporate	SEIFSA Annual Golf Day
	30 - 31	2 Days	JHB	HCSD	Supervisory Training

Visit our website for prices.
To book, please contact **Thabiso Lebea** on (**011**) **298-9442**
or make an **online booking** - www.seifsa.co.za/events.html

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