SEIFSA NEWS

JANUARY / FEBRUARY 2019

METALS AND ENGINEERING SECTOR TO EXPAND MODERATELY BY 1.8% IN 2019

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January / February 2019

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Publisher
Steel and Engineering Industries Federation of Southern Africa (SEIFSA)

Advertising
Kristen Botha | kristen@seifsa.co.za
(011) 298-9455

Editor
Ollie Madlala
Tel: (011) 298-9411 | Fax: (011) 298-9511
E-mail: ollie@seifsa.co.za
PO Box 1338 | Johannesburg, 2000

Design and layout
Zandile Ngubeni
Tel: (011) 298-9421
E-mail: zandile@seifsa.co.za

ISSN - 1560 - 9049

Circulation:
2 500 (Not certified)

SEIFSA News is an exclusive membership benefit.

SEIFSA News is distributed free of charge to all members in the metals 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 – R22.37 per issue (incl VAT)
Non-members – R239.63 per annum (incl VAT)

Prices valid from 1 July 2017 until 30 June 2018.

Subscriptions
July Malakoane
Tel: (011) 298-9418
E-mail: july@seifsa.co.za

> So, as we begin 2019, it would appear that there is a growing number of things for us – as citizens of the world – to be concerned about.

Kaizer M. Nyatsumba
Chief Executive Officer

CHIEF EXECUTIVE OFFICER'S DESK

Although we are now in the second month of the year, it is still important to welcome you, our loyal reader, to 2019. Colleagues and I wish you the very best for the year. We hope that it is going to be a much better year than 2018 was.

For a number of reasons, this will be a very important year for South Africa. Not only does it mark the 25th anniversary of our democracy, but it is also a year during which crucial elections will take place. These elections are second only to the founding democratic poll of 1994 in importance and are going to be even more fiercely contested. They will take place at a time when South Africa faces numerous challenges, with its economy hardly performing to its full potential.

These elections offer South Africans an invaluable opportunity to make themselves heard on crucial matters of the day. They offer us an opportunity to fashion the kind of future that we want for ourselves and our children. Given the fact that South Africa came perilously close to being ruined during the Jacob Zuma presidency, during a time when corruption was the order of the day, a lot will hinge on the outcome of these elections. In a way, these elections will take the form of a referendum on the 25 years of ANC governance, with especially the last 10 years prominently being uppermost in voters' minds.

The elections provide South Africa with a wonderful opportunity for self-renewal. It is incumbent on all of us to encourage our fellow citizens to go out to exercise their right to vote in May. It is important that the outcome of the election be a true reflection of the will of all the people, in whom power ultimately vests. Compatriots should be encouraged to exercise their choice to vote for whichever parties of their choice, rather than to abstain and subsequently complain about how the country is governed.

Regrettably, with the elections now being around the corner, between now and May it will be very difficult – if not impossible – to secure important meetings with people in government or even in the opposition parties. Understandably, their attention over the next few months will be on selling their parties and/or themselves to the electorate as much as possible to maximise their potential to get as many votes as possible on election day.

Beyond our borders, a bankrupt Zimbabwe is teetering on its knees following hyper-inflation in that country. As instability worsens there, even more Zimbabweans are likely to head southwards – legally and illegally – in search of greener pastures.

> A lot, then, will depend on the extent to which we are able to work together as different stakeholders, across whatever divides that may exist.

At the time of writing, uncertainty also continues to reign in the United Kingdom about that country's political – and economic – future, following the very deep divisions in that country about how best to give effect to Britain's exit from the European Union. Prime Minister Theresa May overwhelmingly lost the vote in Parliament for her Brexit Plan, but survived a subsequent No-Confidence Vote moved by Labour Party Leader Jeremy Corbyn. From a distance, the country appears to continue to be divided almost right down the middle on the vexatious issue of Brexit.

Across the Atlantic Ocean, we have seen the longest government shutdown following a stand-off between President Donald Trump and, in the main, the Democratic Party-led House of Representatives. At the time of writing, the shutdown is still very much in effect, with civil servants unpaid for over a month or absenting themselves from work.

In France, President Emmanuel Macron has been facing a series of weekly, yellow-vest protests which began in November in response to a hike in fuel tax. After initial efforts to end these protests failed, President Macron "inaugurated a vast national debate, a kind of ongoing town hall and airing of grievances that will unfold across France for the next two months", according to a report in The Atlantic. The national debate is called grand debat (grand debate).

In Asia, China recorded a 6,6% growth in its gross domestic product, while we would be jubilant to register that kind of economic growth here, for the People's Republic of China that represented the lowest growth rate in 28 years.

The events mentioned above may seem to have little in common, but they all affect us as a country. In the interconnected world in which we leave, anything that happens anywhere also affects us both directly and indirectly. The impact is more direct and obvious in the case of the meltdown in Zimbabwe, and ostensibly less so in the cases of the UK, the US, France and China. However, events in the latter countries also do affect us both directly and indirectly because South Africa trades with these countries.

So, as we begin 2019, it would appear that there is a growing number of things for us – as citizens of the world – to be concerned about. That is the context within which South Africa, which is in the middle of an election campaign that is certain to be highly rancorous, will have to fight its way. Therefore, it will be paramount that, in the midst of a divisive election campaign, all stakeholders do their very best to hold hands and work cooperatively together in the best interests of South Africa Incorporated.

A lot, then, will depend on the extent to which we are able to work together as different stakeholders, across whatever divides that may exist. Based on the start made by President Cyril Ramaphosa when he assumed the presidency last year, there appears to be reason to be cautiously optimistic about the future.

SEIFSA WELCOMES NEW MEMBERS

The following companies became members of Associations federated to SEIFSA during November 2018 to January 2019:

Constructional Engineering Association (South Africa)

- Anchor Support & Mining
- Impact Human Resources
- ITP International Task Perfection
- Lukhanyo Kgosi Mining
- Pretorius Staalwerke cc
- PTS Metal Work (Pty) Ltd
- Thusanyo Investments
- Valorem Staffing Solutions (Pty) Ltd

Electrical Engineering and Allied Industries Association (EEAIA)

- Eico Engineering Holdings (Pty) Ltd
- Siemens Mobility (Pty) Ltd

Kwa-Zulu Natal Engineering Industries Association

- Bombers Equestrian Equipment cc
- Electrical & Industrial Controls

Light Engineering Industries Association of South Africa

- Enelad (Pty) Ltd
- Hi Alloy Castings (Pty) Ltd
- Insulpro cc
- Sunward Engineering cc

South Africa Refrigeration & Air Conditioning Contractors' Association (SARACCA)

- Good Example Trading & Projects
- Makasela Air

SEIFSA Associate Membership

- Ennead Consulting
- Nkopetsi Fleet (Pty) Ltd

METALS AND ENGINEERING SECTOR TO EXPAND MODERATELY BY 1.8% IN 2019

The year 2018 was generally more challenging when compared to 2017. The domestic economy is estimated to have modestly grown by 0.9% in 2018 and a negative output gap (-1.2%) was recorded. However, in 2019, the anticipation is for the South African economy to continue to improve with positive implications for the metals and engineering (M&E) sector as well, so says SEIFSA Chief Economist Michael Ade.

Speaking ahead of the release of the 2019 State of the Metals and Engineering Sector, Dr Ade said moderate domestic growth is forecast at 1.3% in 2019 and 1.7% in 2020, against the backdrop of a slowdown in international commodity prices, a moderation in global trade and softening industrial activity. As a result, the robust pace of expansion in emerging markets with a number of commodity exporters and importers is also expected to slow down.

International trade policy uncertainty remains elevated, dampening global investment and trade. The softening of global trade comes against the backdrop of ongoing trade tensions involving major economies. New tariffs introduced since the beginning of last year have affected about 2.5% of global goods trade; this has implications for South Africa, including its heterogenous metals and engineering (M&E) cluster of industries.

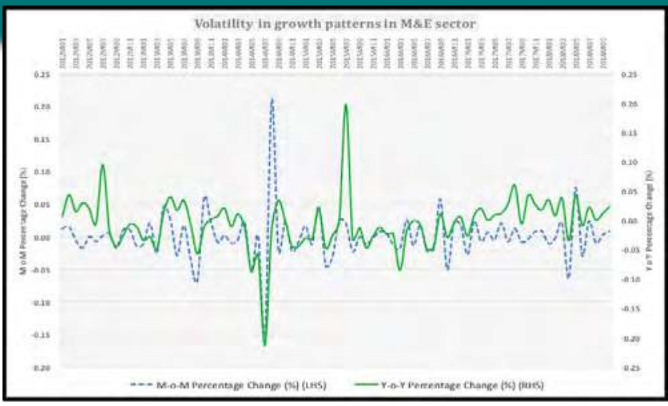
The domestic real gross fixed capital formation remained negative in 2018, with private business enterprises and public corporations noticeably contributing to this contraction. Given that the private sector provides the largest portion of total investment, the performance is worrisome. By contrast, fixed capital outlays by the general government was encouraging and is expected to continue to provide the one source of positive investment growth for 2018, albeit at a slower pace. This is

Continues on page 10

despite, an ongoing possible fiscal consolidation path which may be pursued in the February 2019 budget, having the potential of stifling some investment projects from the government sector, also impacting on the M&E sector.

Commenting on the metals and engineering sector, Dr Ade said following years of negative output growth and a rebound from the recession in 2017, the year 2018 was another better year for the M&E sector, as it consolidated the positive growth performance gained in the preceding year. The sector registered an improved estimated annual growth of 2.0%, despite facing serious structural challenges and high levels of volatility in the monthly and annual data, as illustrated in the graph below

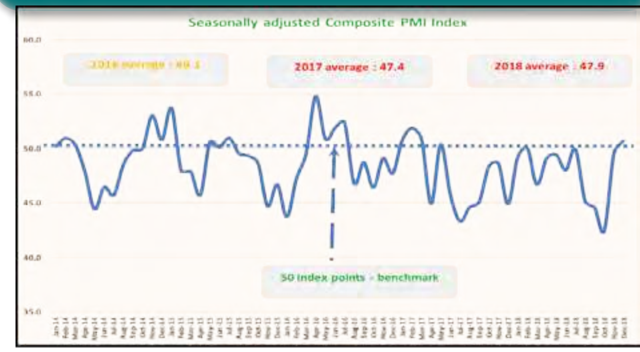
Figure 1: Volatility in growth patterns



Source: Stats SA, 2018; Quantec, 2018 and SEIFSA, Dec 2018

The performance in 2018 is encouraging. "The continued survival of the M&E sector depends, as far as the domestic economy is concerned, crucially on the health and growth of the sectors which are drivers of its demand, namely the mining, construction and the automotive sectors. The survival of the sector also depends on additional drivers of domestic demand, including robust consumer spending and continuous improvement in business activity index above the 50 points benchmark, which separates expansion from contraction," Dr Ade said.

Figure 2: Purchasing Managers Index



Source: BER, Jan 2019 and SEIFSA, 2019

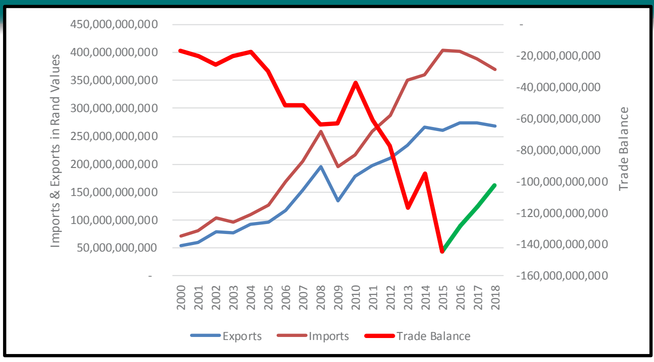
He added that higher protection of the sector against import penetration and domestic demand redirection to domestic suppliers through effective enforcement of designation for localisation requirements hold good potential, but can only be a short-term solution.

"Rejuvenation over the medium to longer term will depend on the continuous recovery of the broader economy, including the mining, construction and broader manufacturing sectors.

For the M&E sector to regain its mojo and position as preferred suppliers domestically and in international markets, it also has to improve its local and international competitiveness. Stakeholders need to collaborate effectively and collectively focus on the survival of the industry. In this regard, there is need for continuous lobbying by the government, by captains of industry and by SEIFSA towards more access in regional and global markets, in order to further increase existing market share," said Dr Ade.

The international trade performance of the M&E sector continued to be volatile during 2018, despite a slightly better trade deficit when compared to the preceding year. Exports of the sector grew by 12.9% and imports expanded by 3.2% in 2018 when compared to 2017. Even though a trade deficit was still recorded in 2018, there was an improvement in the deficit compared to 2018 and an improvement was also recorded in the terms of trade in 2018. The improving trade deficit from 2015 is reflected by the green line in the graph below.

Figure 3: The Metals and Engineering Sector Trade position



Source: SARS, 2019 and SEIFSA, Jan 2019

The trade deficit receded further in 2018, with the sector exporting R267 billion's worth of output and importing R370 billion's worth of products, resulting in a trade deficit of just over R102 billion. The sector's terms of trade also improved in 2018, while import saturation reduced simultaneously. The trade deficit improved as a result of firming regional demand and favourable movements in the exchange rate, especially during the second and third quarters of 2018.

Dr Ade said the M&E regional trade baskets have remained unchanged, with the rest of Africa still the highest export destination, followed by Asia. Africa also accounts for the best trade balance (R98 billion), including the SADC and SACU shares of R49 billion and R29 billion, respectively. In the composition of Africa as a market, the SADC and the SACU regions continue to be the largest export destinations. Also, adjudging by the improvement in the trade deficit in 2018, there was a reduction in import saturation in 2018 when compared to 2017, albeit not enough to trigger a trade surplus.

There seem to be a light at the end of the tunnel for the M&E sector adjudging by the recent performances. Prior to the recent consecutive up-tick in the output of the M&E sector in 2017 and 2018, the sector had been in decline for five consecutive years (2012 – 2016). This had resulted in production declines, under-utilisation of production capacity, employment losses, unprecedented low-profit margins and near-stagnation in investment. Despite the turnaround in production in 2018, the aforementioned challenges had significantly contributed in reducing the sector's competitiveness, leading to a loss of international and domestic market share, highlighting the need to continuously address the difficulties in order to stabilise the sector.

"Accordingly, the atmosphere has to be made conducive to increase the local demand of the M&E sector's intermediate products. This can be achieved by ensuring that applicable rules guiding the procurement of inputs from designated sectors by the State-owned enterprises (SOEs), municipalities, government departments or any other end-users are adhered to."

He opined the need also exists to temporarily protect relevant M&E sub-industries from more internationally subsidised and efficient producers in order to boost local production capacity and ensure their competitiveness. This can partly be done by encouraging designation and localisation of production processes and also by ring-fencing strategic imported inputs in order to explore the possibility of producing the inputs locally. This year's State of the Sector Report provides key insights to such a stance, by highlighting the most imported inputs by the sector.

He said the policy recommendation is for policy makers to continuously support initiatives aimed at generally improving competitiveness, including the reduction of logistic and electricity constraints. Indeed, improvement in logistic and power supply performance is a pre-requisite in enhancing overall competitiveness of the M&E industry, which increasingly depends on domestic demand and exports to regional markets, with additional logistics costs.

"Our forecast is for the entire M&E sector to expand moderately by 1.8% in 2019, with the various sub-sectors registering varied levels of growth. These forecasts will be tracked during the year and updates on the actual situation provided in our quarterly reviews," concluded Dr Ade.

The result aligns greatly with the outlook for a moderate but firm domestic and global growth (despite the existence of downside risks).

PRESIDENT TRUMP'S AFRICA STRATEGY AUGURS WELL FOR THE METALS AND ENGINEERING SECTOR

In the current context of low domestic growth, poor demand, protectionist policy and increasing geo-political stance from the United States (US), which is counterproductive to the metals and engineering (M&E) sector, President Trumps Africa Strategy aimed at advancing prosperity, security and stability is welcome. Generally, any initiative aimed at boosting local demand, international trade, competitiveness and business transactions in the M&E cluster of industries is encouraging. The development of a US strategy for Africa is a good initiative and augurs well for the M&E sector.

The US president Donald Trump released a statement for Africa on the 13th of December 2018 for the year 2019, with the aim of extending economic partnership, promoting self-reliance and fostering opportunities for growth and job creation in Africa. Trump's Africa strategy is premised around three key focus areas. These include:

- **Promoting prosperity in Africa and the US**
- **Strengthening security**
- **Striving for stability**

PROMOTING PROSPERITY IN AFRICA AND THE US

The primary aim of the first objective is to advance both American and African prosperity. To achieve the goal of advancing prosperity between Africa and the United States, the Trump Administration is developing the 'Prosper Africa' initiative. The Africa initiative will support open markets for American businesses, help grow Africa's middle-class, promote opportunities to increase youth employment and also boost the business climate.

The Trump administration also commits to supporting economic growth and development in Africa in order to deliver mutual benefits to both the US and its partners in Africa. The US Africa Strategy will ultimately benefit Americans by creating jobs, expanding exports from the US, and increasing reciprocity with its African trading partners. The initiative will entail taking advantage of the African Growth and Opportunity Act (AGOA) to promote deeper trade ties and fair trade with sub-Saharan African countries. In order to foster prosperity between the US and Africa, the Trump administration aims at encouraging African leaders to choose sustainable foreign investments that will help their countries become self-reliant, unlike the investments offered by China, with undue costs.

STRENGTHENING SECURITY

The primary aim of the second goal is to support efforts aimed at countering threats to American and African security. To achieve this goal, President Trump's Africa Strategy commits the US to continue to help its African allies to build security forces which will counter any threats to their security, while also strengthening the rule of law. The Administration will continue to support African ownership of responses to regional security threats and will also support effective peacekeeping operations led by the United Nations, while also seeking to reconfigure or bring any operations that does not meet its goals or facilitate lasting peace, to an end.

The US will assist in strengthening states where failure to do so could threaten the US security, and will take unilateral action if deemed necessary, in order to protect its safety and security. In terms of deadly diseases, the US will continue to invest in the prevention, detection, and responses to outbreaks of deadly infectious diseases. Accordingly, the Administration commits to also help its African partners lead their own efforts in this regard.

STRIVING FOR STABILITY

The primary aim of the third objective is to prioritise US foreign assistance that supports progress towards stability, good governance, and self-reliance. To achieve this purpose of President Trump's Africa Strategy, the US administration will review and realign its foreign-assistance programmes to ensure its effectiveness.

The US will make use of various assistance programmes that aims to support economic growth while also advancing democratic, citizen-responsive governance and the rule of law. Foreign assistance from the US will focus on states that promote democratic ideals, support fiscal transparency and undertake economic reforms.

The Administration stated that prioritisation will invariably advance sustainability and self-reliance in certain African states. The Administration added that it has no tolerance for ineffective governance and that the hard-earned money of taxpayers will not be used to subsidise corrupt leaders or leaders who violate human rights in any way. In this regard, partner and private organisations including faith-based organisations, will continue to deliver services to people across the continent and hold governments accountable.

SEIFSA TRAINING CENTRE

SEIFSA
TRAINING CENTRE
inspiring excellence

2019 Intake dates

The SEIFSA Training Centre is a **state-of-the-art training centre** that has both the resources of industry experts and equipment to offer specialised skills training

The training offered encompasses not only apprentice training but also training and development for the following training interventions:

- Learnerships
- Skills programmes
- Short courses
- Recognition of Prior Learning (RPL)
- Trade proficiency assessment services
- Trade testing
- Assessments
- ATRAMI (Artisan Training and Recognition Agreement for the Metal Industry)
- Continuous upskilling of artisans

In the following trades:

- Boilermaking
- Welding
- Pipefitting
- Fitting & Turning
- Fitting
- Turning
- Toolmaking
- Electrical
- Millwright
- Instrumentation

We pride ourselves on being accessible to our clients in terms of: to clients

- in terms of:
- Our mode of delivery - our site or yours
- Learner prior knowledge and other entry requirements
- Costs - fees and payment options
- Location - public transport and accessibility

2019 **INTAKE** DATES:

08 January 2019
02 April 2019
25 June 2019
17 September 2019

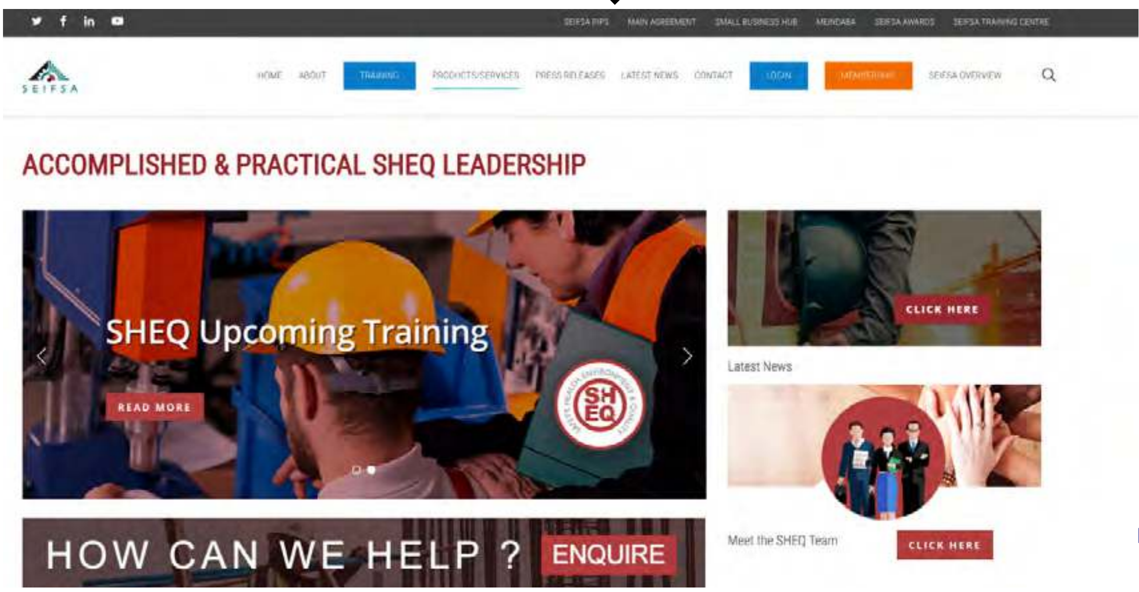
SEIFSA YEAR-END PARTY

Colleagues taking a well-earned break from the office at the SEIFSA year-end party held at the Goldreef City.

Do you, your company or Association have exciting news you would like to share with SEIFSA News readers? Then send us your story by emailing ollie@seifsa.co.za or zandile@seifsa.co.za

DIVISIONAL PRESENCE ONLINE

Visits SEIFSA website
www.seifsa.co.za



BUSINESS EXPECTATION, EXCHANGE RATE AND MANUFACTURING PRODUCTION IN 2018

The Steel and Engineering Industries Federation of Southern Africa (SEIFSA) closely monitors the movement in the Purchasing Managers' Index (PMI), the exchange rate and manufacturing production.

As a lead indicator, the PMI and its five sub-components gives insight into the health of the broader manufacturing sector, of which the Metals and Engineering (M&E) cluster is part. The PMI is the first data point that is released for the month and the data provides information into the level of economic activity to be undertaken by various manufacturers in the coming month.

The exchange rate is a very important cost component due to its importance in the supply chain of inputs, trade and production outlook and invariably impacts on production.

The graph below captures the movement in the headline PMI, the average rand per dollar exchange rate and the year-on-year percentage change in the volume of manufacturing production during the first half of 2018 (January 2018 to June 2018).

Continues on page 16

Figure 1: Movement in the Purchasing Managers' Index (PMI), Rand/Dollar exchange rate and volume of manufacturing production (January 2018 to June 2018)

Source: SEIFSA; ABSA/BER; South African Reserve Bank and Statistics South Africa (2019)

Figure 1: Movement in the Purchasing Managers' Index (PMI), Rand/Dollar exchange rate and volume of manufacturing production (January 2018 to June 2018)

The benchmark or neutral level of the PMI is 50 and separates expansion from contraction. The PMI reflected a volatile trend during the first six months of 2018, not breaching the neutral level once during this time, therefore, highlighting a decrease in business activity. The continued volatility in both the prices of inputs and the Rand/Dollar exchange rate contributed to the volatility in the PMI.

A generally stronger exchange rate (as evidenced during the first four months of 2018) is beneficial to net importers of inputs, while a generally weaker exchanger rate is favourable to exporters of finished products. The stronger performance of the rand against the dollar, especially during the period under review contributed to a decrease in the costs of imported inputs of companies in the M&E sector.

However, businesses were unable to capitalise on cheaper imported inputs as a result of a stronger exchange rate during the first half of 2018, as a contraction in real Gross Domestic Product (GDP) in the first half of 2018 (from -2.6 percent in the first quarter of 2018 to -0,4 in the second quarter of 2018) invariably impacted negatively on domestic demand. Resultantly, manufacturers were unable to optimally increase business activity, contributing to the poor performance of manufacturing output and the headline PMI trending below the benchmark level of 50 index points during this period.

When compared to the first half of 2018, the headline PMI generally performed worse during the latter part of the year, despite breaching the benchmark level in December 2018. The graph below compares the performance of all three variables to the end of 2018.

Figure 2: Movement in the Purchasing Managers' Index (PMI), Rand/Dollar exchange rate and volume of manufacturing production (July 2018 to December 2018)

Source: SEIFSA; ABSA/BER; South African Reserve Bank and Statistics South Africa (2019)

It is encouraging to note that the annual growth in manufacturing output generally trended in the positive terrain between July 2018 and November 2018, despite the persistent volatility in the data.

Although encouraging, the positive performance in manufacturing production during the latter part of 2018, is surprising. This is due to the significant headwinds that manufacturers faced underpinned by weak domestic demand, large petrol price increases, a generally weaker exchange rate and high energy costs. A weaker exchange rate generally increases the costs if imported inputs, thereby impacting negatively on the output levels and margins of net importing companies.

However, it is evident that net exporting companies of the manufacturing sector, including the M&E cluster of industries may have benefited more from the weaker rand by increasing export volumes, thereby increasing output levels.

LATEST LEGISLATIVE AMENDMENTS

On Friday 23 November 2018 the President signed four new Bills into law. The new Acts, namely the National Minimum Wage Act, Labour Relations Amendment Act, Basic Conditions of Employment Act and the Labour Laws Amendment Act, introduce significant changes to South Africa's employment laws. The most widely publicized change includes the implementation of a national minimum wage which is expected to immediately improve the earnings of as many as 6 million employees across the country.

The Acts address numerous issues which have become problematic in recent years and are, on the whole, a positive development.

The Labour Relations Amendment Act seeks to address unprotected strikes and violence by, inter alia, allowing the Labour Court to suspend a picket if it is just and lawful to do so and strike ballots must also take place in future. The introduction of an Advisory Arbitration Panel also permits intervention in strikes which are 'intractable, violent or may cause a local or national crisis'.

The Labour Laws Amendment Act introduces the concepts of 'parental leave', 'adoption leave' and 'commissioning parental leave', all of which will impact significantly on employers.

On 23 November 2018, President Ramaphosa signed the Labour Law Amendments Act of 2018 into law. The Act covers the new provisions regarding parental, adoption and commissioning parental leave in terms of the Basic Conditions of Employment Act. It also deals with certain changes to the Unemployment Insurance Act.

It has been widely assumed that these changes came into effect on 1 January 2019. This is not the case.

The truth is that the Act will only come into effect on a date fixed by the President by proclamation in the Gazette. We expect this to occur in the near future. The Main Agreement will need to be amended in this regard. SEIFSA members will be kept up to date around the details of the amendments, such as when the changes are effective and the obligations of companies in this regard.

Parental leave has been extended, currently, mothers have been entitled to unpaid leave, in the form of 4 consecutive months' "maternity leave", for which they can claim maternity benefits from the UIF if they are contributors. Fathers however have been limited to at most three days' family responsibility leave, which is paid leave, paid by the company.

That will now be extended to –

- "Parental leave": "Parents" (i.e. including fathers and same-sex partners) - 10 consecutive days' parental leave.

- Parental leave may commence on the day the child is born. The employee will have to give at least one month's written notice of the date or the expected date of birth, as well as when the leave is due to commence and when the employee will return.

- "Adoption leave": Adoptive parents of a child under two years old - either 10 consecutive weeks' adoption leave or 10 consecutive days' parental leave (where there are two adoptive parents, they decide between them who gets 10 weeks and who gets 10 days).

- Adoption leave can commence on the day that the adoption order is granted. The notice requirements are similar to that of parental leave.

- Commissioning parent leave: Commissioning parents in a surrogacy agreement – same provisions as for adoptive parents. The commissioning parent who will primarily be responsible for looking after the child (primary commissioning parent) will be entitled to commissioning parental leave. If there are two commissioning parents, they can choose: if the one takes commissioning parental leave, the other can take normal parental leave. The one who takes commissioning parental leave will be entitled to 10 consecutive weeks' leave. The other would be entitled to 10 consecutive days' normal parental leave. In both cases leave can commence on the date of the birth of the child. The notice requirements are similar to that of parental and adoption leave.

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It is important to note the parental leave mentioned above is unpaid, as per the amendments, however employees are eligible for UIF benefits and will receive payment from the UIF.

The sections in the Main Agreement on maternity leave and family responsibility leave will need to be amended to accommodate the new legislative amendments. SEIFSA members will be kept up to date around the details of the amendments, such as when the changes are effective and the obligations of companies in this regard.

The Unemployment Insurance Act (UIA) will be amended to make provision for the payment of employees when they take leave in terms of the new categories mentioned above.

While the current provisions of the BCEA regarding maternity leave will remain unchanged, mothers on maternity leave will receive increased benefits in terms of the UIA. They will receive 66% of their earnings, subject to the maximum income threshold. A specific provision has been added that the payment of maternity benefits will not affect the payments of unemployment benefits. So, if a mother loses her job, she will still have access to all the other unemployment benefits that she has accrued.

Foreign nationals and employees employed in terms of learnership agreements will be able to claim benefits.

The Basic Conditions of Employment Amendment Act addresses, among other things, minimum daily payments that should be made to employees and introduces a simplified process for employees earning below the Ministerial threshold to claim any amounts due to them.

The National Minimum Wage Act came into effect on 1 January 2019 and the other Acts will be implemented shortly.

The new national minimum wage is set as follows –

- Farm workers - R18 per hour
- Domestic workers - R15 per hour
- Workers in an ‘expanded public works programme’ – R11 per hour
- Other employees - R20 per hour.

Separate allowances apply to those in learnership agreements.

Employers who cannot pay the minimum wage will be able to apply for exemption for up to a year, but regulations allow for only a 10% exemption.

Failure to pay the minimum wage will expose employers to fines of the greater of 2x the value of the underpayment, or 2x the employee’s monthly wage (going up to 3x for second or further non-compliances).

Please do not hesitate to contact SEIFSA’s IR and Legal Department if you have any further queries on these matters and or any other related matters.

IRLS Workshops 2019

SEIFSA IRLS Services' qualified and experienced staff offer a legal service to companies that encompasses consultancy on all industrial relations and labour legislation issues, including the resolution of company-level disputes over allegations of unfair dismissals, unfair retrenchments and unfair labour practices, as well as offer training that can be conducted in-house

Flexible Employment Contracts

13 Feb

Retrenchments, short-time and Lay-offs

Organisational Rights and the Role and Function of Shop Stewards

14 Feb

The Protection of Personal Information (POPI) Act

21 Feb

Law of Evidence

How to Tender Successfully

19 Feb

Water-tight Dismissals

Enquiries

Thabiso Lebea | Events and Facilities Coordinator
Tel: 011 298 9442 | Email: thabiso@seifsa.co.za or info@seifsa.co.za

MHPS-ZAF CELEBRATES ITS A-CLASS WELDERS

On Friday 23 November, we recognized our nine A-Class Welders who have successfully completed the Supervisory Training which took place in July 2018. Six of those welders are female- which is something the company is proud of, as welding is a skill most women tend to shy away from.

Lerato Botipe said, "the supervisory training was a life-changing experience, the things that we are exposed to on-site suddenly made sense in that training room- I'm so grateful that the company had the confidence to send us to expand our knowledge".

All nine welders are employed by MHPS-ZAF and have been with the company since November 2014. How they joined the company is, Eskom approached MHPS-ZAF and spoke about how they had been training apprentices to become A-Class welders and asked if we were interested as a company to take some of them on board. Former Chief Operations Officer, Tom Brown's response was a resounding yes as his vision was

MHPS-ZAF welders who successfully completed the Suparvisory Training conducted by SEIFSA Human Capital and Skills Development Executive

to give them as much exposure as possible with the goal that they, one day, become supervisors.

"This year when I had the opportunity and looked at our training budget and strategy, I thought of our welders and for the first time we sent them on a supervisory course presented by SEIFSA", said Gail Vermeulen, Head of HR.

They all exceeded expectation, so much so that the Training Executive of SEIFSA, Melanie Mulholland was so delighted at the results that her feedback was, "I train a lot of welders in different companies throughout South Africa but MHPS-ZAF welders stood out, they are head and shoulders above the rest, in fact, we are going to use some of their answers as model answers".

Our company's management congratulated the welders and encouraged them to continue doing great work on site.

Reminder

Mandatory Grant Submissions

2019/2020 DUE 30 APRIL 2019

In its continued efforts to offer assistance to companies in order to enable and support their current skills planning and reporting requirements, SEIFSA's Human Capital and Skills Development team is adept to assist companies with the preparation and submission of the Workplace Skills Plans (WSP), Annual Training Reports (ATR), PIVOTAL Plans (PP) and PIVOTAL Training Reports (PTR).

Developing and submitting the WSP, ATR, PP and PTR submission documents serves as-building blocks to developing staff in order to ensure that organisations reach their strategic objectives.

SKILLS DEVELOPMENT FACILITATORS ARE REMINDED OF THE FOLLOWING:

- The reporting periods for 2019/2020 are the annual training report (ATR), which will be for the period 1 January 2018 until 31 December 2019, and the workplace skills plan (WSP) for the period of 1 January 2019 until 31 December 2020.
- Please note that the merSETA National Skills Development Management System (NSDMS) is available via www.merseta.org.za home page. Only electronic submissions will be accepted.
- Where a recognition agreement exists between the organisation and labour/union, irrelevant of the size of the workforce, a labour/union representative on the Training Committee is required to sign-off on the grant application on or before the deadline date. This includes PIVOTAL.
- Where a recognition agreement does not exist and the company employs 50 or more employees, an employee representative on the Training Committee is required to sign-off on the mandatory grant application on or before the deadline date. This includes PIVOTAL.
- The labour/union or employee representatives, whichever is applicable, must submit an application to register via NSDMS follow the prompts to register.
- Large and medium-sized companies that intend to be considered for discretionary grants for PIVOTAL programmes must submit their mandatory grant application and complete the PIVOTAL plan on or before the deadline date.
- Companies intending to enrol matriculants from the "Class of 2018" must select the "Class of 2018" when completing the PIVOTAL plan.
- Small and other legal entities, that intend to be considered for discretionary grants for PIVOTAL and non-PIVOTAL, should note that the system will open in May 2019 and the deadline date will be end of May 2019.
- Preference will be given to learners linked to the merSETA identified Priority Skills and the Strategic Infrastructure Projects (SIPs).
- Medium and large companies that intend to be considered for non-PIVOTAL programmes will be required to submit their application via the discretionary grant funding window.

The merSETA grant policy 2019/2020 is available to download on the merSETA website and all Skills Development Facilitators and labour/employee representatives together with the established training committee should ensure that they have read and understood the policy.

The guide on "How to submit the mandatory grant application" and the SIPs information is also available on the merSETA website - www.merseta.org.za.

For more information on how SEIFSA's HC&SD team can assist you with your mandatory grant submissions for the 2019/2020 period, please contact us on (011) 298 9400 or visit our website www.seifsa.co.za.

SEIFSA TRAINING CENTRE TO HOST FIRST SKILLS DEVELOPMENT AND TRAINING FEEDBACK SESSION

The first feedback session to employers in the skills development and training fields is to be held on 7 March 2019 at the SEIFSA Training Centre. SEIFSA member companies are entitled to free membership of the Education and Training Advisory Committee (ETAC). The committee meets regularly to discuss policy matters relating to the skills development legislation, Merseta strategies, apprentice and technician training as well as higher education matters.

The feedback sessions focus on matters such as the New SETA Landscape, the National Artisan Development Advisory Body (NADAB), the Merseta Governing Board, Merseta Grants – mandatory and discretionary and related matters, the Quality Council for Trades and Occupations (QCTO), the SEIFSA Training Centre as well as SEIFSA's current training and consulting interventions.

Member companies have reported that participation in the ETAC forums has made a major contribution to their understanding of skills development implementation issues within their organisations.

For more information please contact the HC&SD Team on (011) 298 9400 or email Michelle@seifsa.co.za or Melanie@seifsa.co.za.

HAZARD IDENTIFICATION AND RISK ASSESSMENT – (HIRA)

2018 festive season has come and gone. Most industries did shutdown for the festive period allowing their workforce to make merry with loved ones. The festive period also comes with in tuning of our minds to a relaxation mode causing us not to take into consideration the critical and fundamental dictates of safety.

We will start 2019 with focusing on HAZARD IDENTIFICATION AND RISK ASSESSMENT and as the year progresses we will focus on more safety awareness topics and fundamental safety programme areas.

The purpose of a safety programme is to systematically identify the hazards and consider the risks associated with the hazards that may cause harm. Control measures are taken to minimise risks.

A Hazard is: a source of exposure to danger.

A Risk is: the probability that injury or damage may occur.

Risk is also what can go wrong.

Risk Assessment: refers to the process of evaluating risks to workers' safety and health from hazards at the workplace.

TASK HIRA

Although hazard identification and risk assessment is a specialised task, it does not imply that employees cannot carry on with daily tasks because someone else has identified the risks.

It is everybody's duty to make use of the TASK HIRA to identify hazards and risks on task specific jobs.

Every employee must do a TASK HIRA for a specific task to identify hazards and risks before starting to work. This includes all contractors, sub-contractors and hired labour persons.

If you work in a group, the Task Hira must be done involving the whole group. A discussion must be held to discuss the risks and safe working methods before commencing with the task.

Task Hira is a prerequisite for ISO 9001: 2015 which is underlined by the (RBT) Risk Base Thinking framework. Risk Assessment Resources and Risk Score Calculators must be used.

HOW DOES HIRA WORK?

Examples:

1. The Hazard is Electricity. The Risk is: what can go wrong or what can it do to me e.g. Electrocution; burns; explosion; fire?
2. The Hazard is Machine operation. The Risk is: what can go wrong or what can it do to me e.g. Abrasions; lacerations; stab wounds; bruises; amputation?

Once the risks are identified, systems and procedures must be developed to reduce or eliminate the risks and damage or injury.

RISK MITIGATION CAN BE IN THE FORM OF:

- An isolation procedure;
- Standards that only qualified personnel will be allowed to work on electrical equipment;
- Personal protective equipment issued to personnel;
- Substations equipped with fire detectors and fire extinguishers.

A simple HIRA can be done by using and asking yourself these questions:

- Is the equipment isolated? (Mechanical/electrical/area)
- Am I wearing the correct PPE? What else should I use?
- What other party must know that we are working here?
- Are the right tools available and safe to use?
- Have I discussed the known hazards with the team?
- What is in the area that could endanger our safety?
- Are specific procedures or instruction applicable?
- What can go wrong or fail during the job?
- Have I communicated effectively with the team?

If in doubt ....STOP and Re Evaluate!.

SHEQ Workshops 2019

SEIFSA provides comprehensive and professional Safety, Health, Environment and Quality consultancy services offering practical advice, guidance and training on all issues, and customise our offerings according to your needs.

20 Jan
Risk Management Techniques

12 Feb
Quality Risk Management

27 Feb
Health and Safety Representative Training

Enquiries

Thabiso Lebea | Events and Facilities Coordinator

Tel: 011 298 9442

Email: thabiso@seifsa.co.za or info@seifsa.co.za

SEIFSA

Steel and Engineering Industries Federation of Southern Africa

OUR PASSION, YOUR SUCCESS

2019

Upcoming SEIFSA Workshops / Events

February - April 2019

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

MONTH	DATE	DURATION	REGION	PRICE (Member)	PRICE (Non-member)	DIVISION	WORKSHOP/ EVENT
Febuary	18	1/2 day	SEIFSA	R2 257,80	R3 330,25	EC	Theory and Calculation of Contract Price Adjustment
	19	1 day	SEIFSA	R 2 794,03	R 3 493,94	IR	Water-tight Dismissals – Chairing Disciplinary hearings
	21	1 day	SEIFSA	R 2 822,78	R 3 532,98	HCSD	Skills Development Planning and Reporting
	25	1/2 day	Boksburg	R2 257,80	R3 330,25	EC	Theory and Calculation of Contract Price Adjustment
	27	1 day	Boksburg	R 2 794,03	R 3 493,94	IR	Employment Contracts: Cross your T's and dot your I's
	27	1 day	SEIFSA	R 950,00	R 1 425,00	SHEQ	Health and Safety Representative Training
	28 / 1	2 days	SEIFSA	R 4 234,70	R 5 289,40	HCSD	Supervisory Training Workshop (unit standard aligned)
	1-Mar	1 day	SEIFSA	R 2 822,78	R 3 532,98	HCSD	Introduction to Skills Development
	4-Mar	1/2 day	SEIFSA	R2 257,80	R3 330,25	EC	Theory and Calculation of Contract Price Adjustment
	5 - 6	2 days	SEIFSA	R 2 827,89	R 4 165,64	SHEQ	ISO 14001:2015 Awareness - (2-days workshop)
	6-Mar	1/2 day	SEIFSA	R 2, 433.53	R 3, 035.25	IR	A to Z of the Main Agreement
March	11-Mar	1/2 day	West Rand	R2 257,80	R3 330,25	EC	Theory and Calculation of Contract Price Adjustment
	12-Mar	1/2 day	Boksburg	R 2, 433.53	R 3, 035.25	IR	A to Z of the Main Agreement
	12-Mar	1/2 day	SEIFSA	R 1 919,13	R 2 917,08	SHEQ	Legal Liability
	13-Mar	1 day	CPT	R 2 822,78	R 3 532,98	HCSD	Skills Development Planning and Reporting
	14-Mar	1 day	SEIFSA	R 2 822,78	R 3 532,98	HCSD	Skills Development Planning and Reporting
	15-Mar	1/2 day	Durban	R2 257,80	R3 330,25	EC	Theory and Calculation of Contract Price Adjustment
	27-Mar	1 day	SEIFSA	R 1 919,13	R 2 917,08	SHEQ	COIDA Workshop
	28-Mar	1 day	SEIFSA	R 2 822,78	R 3 532,98	HCSD	Skills Development Planning and Reporting
April	3-Apr	1/2 day	Boksburg	R 2 144,91	R 2 540,03	IR	Water-tight Dismissals – Chairing Disciplinary hearings
	4-Apr	1 day	SEIFSA	R 2 822,78	R 3 532,98	HCSD	Skills Development Planning and Reporting
	5-Apr	1/2 day	SEIFSA	R2 257,80	R3 330,25	EC	Theory and Calculation of Contract Price Adjustment
	9-Apr	1/2 day	SEIFSA	R2 212,64	R2 765,81	Legal / EC	How to Tender Successfully - Beginners Course
	10-11	2 days	SEIFSA	R 2 827,89	R 4 165,64	SHEQ	ISO 9001:2015 Awareness - Two days
	11-Apr	1 day	SEIFSA	R 2 822,78	R 3 532,98	HCSD	Skills Development Planning and Reporting
	12-Apr	1/2 day	SEIFSA	R 2 144,91	R 2 540,03	IR	Employment Contracts: Cross your T's and dot your I's
	15-Apr	1/2 day	Boksburg	R2 257,80	R3 330,25	EC	Theory and Calculation of Contract Price Adjustment
	17-Apr	1/2 day	Boksburg	R 2 144,91	R 2 540,03	IR	Managing Absenteeism and Sick Leave at the workplace
	17-Apr	1/2 day	SEIFSA	R 1 919,13	R 2 917,08	SHEQ	16.2 Appointees Workshop
	18-Apr	1 day	Boksburg	R 2 822,78	R 3 532,98	HCSD	Skills Development Planning and Reporting
	25-Apr	1 day	SEIFSA	R 2 822,78	R 3 532,98	HCSD	Skills Development Planning and Reporting
	25-Apr	1/2 day	SEIFSA	R 2 144,91	R 2 540,03	IR	Managing Absenteeism and Sick Leave at the workplace

ALL PRICES EXCLUDE VAT

To book, please contact Thabiso Lebea (011) 298-9442
email: thabiso@seifsa.co.za
or make an online booking **www.seifsa.co.za**

Dates and duration of workshops is subject to change