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Southern African Metals & Engineering Indaba '21

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THIS EVENT IS
POSTPONED

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Initiating negotiations for the amendment of existing agreement in terms of the Main Agreement

SEIFSA, acting in accordance with the mandate of the affiliated Employer Associations listed hereunder, has, in accordance with Clause 10 and Annexure E (2) of the MEIBC Constitution, formally triggered the commencement of Main Agreement wages and conditions of employment negotiations for the period post 30 June 2021.

Economic growth

Fourth-quarter economy grew at a seasonally adjusted **6.3%**

GDP contraction

Economy shrunk by a massive **7%** in 2020 – thebigesst contraction sinceofficial records began in 1946 – that's the worst slump in 75 years.

Job Losses

MIBFA alone recorded **16 623** jobs lost between April and December 2020

Unemployment rate

adding to job losses and leading spike in the unemployment rate that now stands at a record **32,5%**

In the space of a year, the dynamics of the traditional Main Agreement Negotiations have changed radically. The ongoing restrictions matched against a fragile economy and spiking unemployment will as was the case last year, again impact on the forthcoming round of Main Agreement negotiations.

Fourth-quarter economic growth data, which showed that the economy grew at a seasonally adjusted and annualised 6.3%, was not enough to offset the expected slump in full-year GDP, which contracted by a massive 7% in 2020 – the biggest contraction since official records began in 1946 – that's the worst slump in 75 years.

The negative growth figure for 2020 as a whole demonstrates how much economic ground was lost last year in terms of widespread business failures and huge job losses – MIBFA alone recorded 16 623 jobs lost in the period between April and December 2020 with a further 4 957 jobs being lost between January and end March 2021. The economy, which is battling record unemployment and continued business failures, is only projected to recover from the negative effects of the global COVID-19 pandemic at best from 2022 and realistically from 2023 and 2024 onwards.

The pandemic and the lockdowns introduced by the Government to help contain its spread have had a devastating effect on the economy, adding to job losses and leading a spike in the unemployment rate that now stands at a record 32,6% – or, if one uses the expanded definition of unemployment (i.e., those eligible to work but who have given up looking for job opportunities), the number would be in excess of 40% of the economically active population. The consensus view amongst economists is that jobs numbers will only return to 2019 levels by 2024, which presents a massive gap to make up in the years ahead.

Negotiations this year will be taking place against a very difficult economic background. The sector is still in the throes of deep distress, compounded by the fact that the economy was already in the doldrums when the pandemic hit due to the then already high unemployment rate and the technical recession. The country has been downgraded to sub-investment or junk status and inequality has increased.

Consequently, the Employer Associations which are party to the Main Agreement are firmly of the view that a Metals and Engineering Industries

National State of Disaster Recovery and Support Plan is desperately needed to afford the industry (specifically our membership) an opportunity to re-set, reposition and prepare the groundwork for business survival, stability, certainty and industrial peace.

Central to this narrative, which will be elaborated upon during the formal negotiation process, is reaching agreement on the duration of the plan and the details accompanying the envisaged agreement. As was the case with last year's Standstill Agreement, it is our view that all remaining terms and conditions of employment, as currently contained in the Main Agreement, must remain unchanged.

We wish to stress at the outset that it is not the intention of our member Associations to vary downwards current terms and condition of employment. Equally important to this approach is the non-negotiable position of the membership to retain, safeguard and protect Section 37 of the Main Agreement.

Under the prevailing circumstances, it is worth remembering that the conclusion of last year's historic Standstill Agreement was the first of its kind in traditional industry collective bargaining arrangements. It marked a watershed moment when business and labour together recognised the devastating impact which the COVID-19 pandemic has had on companies and employees alike across the sector. With the possibility of a third COVID-19 wave impacting on our sector as we inch towards winter, and with economic conditions set to possibly worsen before they get better, it is imperative for all of us to do everything possible to save our industry, to keep companies from closing and to preserve jobs.

Registered Employer Organisations Federated to SEIFSA and Party to the MEIBC

- Association of Electrical Cable Manufacturers of South Africa
- Association of Metal Service Centre of South Africa
- Cape Engineers' and Founders' Association
- Constructional Engineering Association (South Africa)
- Electrical Engineering and Allied Industries' Association
- Electrical Manufacturers' Association of South Africa
- Gate and Fence Association
- Hand Tool Manufacturers' Association
- Kwa-Zulu Natal Engineering Industries' Association
- Iron and Steel Producers' Association of South Africa
- Lift Engineering Association of South Africa
- Light Engineering Industries' Association of South Africa
- Non-Ferrous Metal Industries' Association of South Africa
- Eastern Cape Engineering and Allied Industries Association
- Refrigeration and Air Conditioning Manufacturers' and Suppliers' Association
- S.A. Electro-Plating Industries' Association
- S.A. Refrigeration and Air Conditioning Contractors' Association
- S.A. Pump Manufacturers' Association
- S.A. Valve and Actuator Manufacturers' Association

Mitigating **manufacturing downtime** and **failure** with smart services

By Martin van Zyl

Van Zyl is Segment Leader, Consumer Packaged Goods at Schneider Electric

By design, critical industrial equipment provides exceptional longevity coupled with robust quality features that allow manufacturing facilities to run optimally and more importantly, continuously. Very often, little thought is given to the realistic lifespan of this critical equipment, which often results in failures producing catastrophic consequences.

Complacency accompanies the failure to maintain and upgrade equipment. Throw into the mix critical equipment such as generators and uninterrupted power supplies (UPSs) that are operating without sufficient monitoring and the manufacturing plant essentially sets itself up for imminent and dramatic failure.

The reliability of equipment and continuous power supply form a fundamental part of business sustainability particularly when it comes to production continuity and downtime avoidance. This is particularly true for industries such as food and beverage and pharmaceutical where the quality of manufactured products is non-negotiable.

MONITOR, MONITOR, MONITOR

The importance of monitoring cannot be overexaggerated. At Schneider Electric we understand the value of holistically and deeply monitoring critical equipment, using industry software solutions supported by cloud analytics and expert engineers.

SO HOW DOES THIS TRANSLATE INTO REAL-LIFE APPLICATIONS AND BENEFITS?

- Identify and mitigate power quality issues from both internal and external sources through continuous monitoring.
- Improve power quality to reduce equipment failure, prolong equipment lifespan and eliminate unknown tripping-&-stoppage events.
- Reduce Energy cost by pinpointing savings opportunities related to operational usage, power quality mitigation measures and utility optimization initiatives.

- Leverage contextual information such as busbar temperature, ambient conditions, the number of operations, the loading of the equipment and other condition sensors for insightful monitoring of smart critical electrical.
- Safety First through connected MV (medium voltage) and LV (low voltage) switchgear that provides remote switching functionality to establish safe environments that keep employees out of harm's way while also empowering quick response time through remote monitoring and control.

POWER QUALITY

As mentioned, power quality issues can go unnoticed and have a major impact on operations and processes, leading to equipment damage, degradation of equipment longevity and unplanned downtime. These issues are more common than one would expect. It's estimated that 70 percent of power quality disturbances originate within facilities and cause between 30 and 40 percent of resulting downtime incidents.

Here, a power management system has the analytic tools to help manufacturers understand which power quality events could adversely affect operations. Manufacturers can monitor and analyse power quality disturbances to determine specific actions needed to correct issues. This might include the installation of power quality correction equipment, such as Power Factor Correction and Active Harmonic Filters.

ACCELERATING THE BENEFITS

Monitoring and management are great steps forward; however, even more insight can be gained through analysing the collected data in the cloud.

The benefit of Schneider Electric's cloud analytics is that the data is not only evaluate through machine learning tools together with R&D information; but an experienced Schneider Electric Engineer will also evaluate the results and provide specific recommendations to the onsite team on how to proactively prevent an issue from progressing into a safety or downtime event.

A typical basic example of Cloud Analytics services would be for the monitoring a transformer's busbar temperatures in context of the ambient operating conditions and load profile to understand when these contextualised thresholds are exceeded that will require immediate intervention onsite such as tightening of Cable or Busbar connections. Cloud applications will therefore evaluate a holistic data set an its relation to critical assets such as a transformers or UPSs to identify potential issues arising long before a failure occurs.

The time is now to focus on equipment reliability utilising intelligent monitoring and management tools coupled to cloud analytics that predict unplanned downtime events and possible failure.

Africa's economic recovery needs to focus on creating a more resilient continent

By Raymond Obermeyer

Obermeyer is the Managing Director, SEW EURODRIVE, a SEIFSA member company

The COVID-19 pandemic had a devastating impact on many African economies, particularly those dependent on oil exports, tourism and resources. However, the continent's GDP is expected to grow by 3.4% this year – after shrinking by 2.1% in 2020 as a result of the pandemic – supported by a rebound in commodity prices and the resumption of tourism as pandemic related restrictions are eased, according to the African Development Bank's recently released 'African Economic Outlook 2021' report.

The report points out that the pandemic's economic impact varied across countries. Similarly, the continent's prospects for recovery vary across countries and regions. East Africa appears to be the most resilient region as a result of a smaller reliance on commodities and greater diversification. Southern Africa, on the other hand, is less resilient and was hardest hit by the biggest economic contraction as a result of the pandemic.

Africa's anticipated recovery, however, has not removed the growing threat of poverty. The African Development Bank estimates that about 30-million people were pushed into extreme poverty in Africa last year as a result of the pandemic with a further 39-million following in 2021. Growing poverty coupled with increased debt makes it essential that African governments urgently implement initiatives to speed up the continent's economic recovery. Not only are bold measures required to allow for sustainable economic growth, but African countries need to focus on building more robust, competitive and resilient economies.

Technology needs to play a key role in the continent's recovery, both to support local and regional value chains, as well as to enable a more cost-effective delivery of services to consumers. Digital applications will be essential in ensuring Africa is more resilient in the future. The continent, however, remains the least connected continent, lacking sufficient digital infrastructure. Exacerbating the lack of connectivity is the issue of affordable connections with less than a quarter of African countries meeting the affordability standard for internet connections as per the recommendations of the United National Broadband Commission.

One of the consequences of the pandemic was disruptions to supply chains. According to the 2021 first-quarter Absa Manufacturing Survey, global restrictions implemented to curb the spread of COVID-19 had a direct impact on manufacturing supply chains – and these constraints are still evident across many manufacturing subsectors. The report says raw material shortage constraints have negatively impacted the production processes of many South African manufacturers. This is the second consecutive quarter that manufacturers have highlighted raw material shortages as a serious impediment to activities. The survey results indicate that output continues to lag demand with stock levels of finished goods relative to expected demand remaining the lowest on record.

A positive impact of disrupted international supply chains was a number of reports of African countries resorting to home-grown solutions and substituting local manufacturing for imported products. An example includes textile factories pivoting to manufacture face masks. What this indicates is the ability of local companies to quickly respond to urgent needs.

As a continent Africa needs to focus on growing its manufacturing capability and lessen its reliance on imports from other regions. To a large extent, a sustainable African manufacturing sector is a pre-requisite for the success of the African Continental Free Trade Area (AfCFTA) agreement. AfCFTA plans to connect 1.3-billion people in 55 African countries with a combined gross domestic product of around $4-trillion through the creation of a liberalised market for goods and services. It aims to boost intra-continental trade and reduce the continent's reliance on primary goods exports. At the same time, it plans to remove some of the obstacles inhibiting intra-African trade such as weak productive capacities, limited economic diversification and either remove or reduce tariffs related to intra-African trade.

The World Bank predicts that the AfCFTA could boost Africa's income by 7% by 2035. There is no question that AfCFTA is an ambitious plan. To be successful will require that each participating country has the political will to implement the necessary policy reforms, address infrastructure needs and overhaul regulations relating to cross-border trade. Ultimately it will be about making it easier to do business across the continent.

Mining is another sector that has the potential to significantly aid the continent's economic recovery. Africa's mining industry weathered the pandemic relatively well and is now central to the recovery plans of many African countries. However, the continent needs to focus on local beneficiation including refinery facilities and other services that combine to keep more of the resource life cycle in the country of origin.

ABOUT SEW-EURODRIVE

> The African Development Bank estimates that about 30-million people were pushed into extreme poverty in Africa last year as a result of the pandemic with a further 39-million following in 2021

Blow to local steel industry as Mozambican LNG projects falter

A major blow has been dealt to the South African steel fabrication industry following the decision by French oil company Total to declare force majeure on its Mozambique LNG project at the end of April due to an attack by Islamic State-linked militants the previous month.

Total acquired a stake as operator from the Anadarko Petroleum Corporation two years ago, which at the time was the latter's largest foreign direct investment in Africa. Another significant LNG project affected is at Rovuma, with US oil company ExxonMobil delaying its Final Investment Decision (FID) until 2023 due to the worsening security situation.

These two projects in Northern Mozambique were expected to buy huge quantities of South Africa steel, as well as other goods and services. The total in-plant steel structure tonnage was estimated to be about 70 000 tonnes for Rovuma alone.

"We anticipated this tonnage to have been divided between three to five fabricators, of which at least one or two were hoped to be South African," reports Simon Norton from the Africa Desk of the International Zinc Association (IZA). A galvanizing facility had also been on the cards to be built in Mozambique.

The IZA Africa Desk has been monitoring progress closely as a potential opportunity to increase the local uptake of refined zinc, which has plummeted from 86 000 t in 2015 to 47 000 t last year. "We have 20% of the world's zinc deposits, but no longer refine any zinc following the closure of the Zincor refinery in Springs by Exxaro at end 2011," notes Norton. Up to that point, South Africa produced 110 000 t/y of refined zinc worth about R4.3 billion. From 2014 to 2019, it instead imported R15 billion worth of refined zinc.

The LNG projects were also an important focus of the Steel Industry Master Plan 1.0 unveiled by the South African government in October last year. The first draft emphasised the need to improve on investment, expand and create jobs, promote local productive capacity via localisation and boost export-oriented manufacturing or import substitution industrialisation, in line with the National Industrial Policy Framework.

"We need to maximise African content in African projects. The IZA Africa Desk, in promoting the uptake of galvanized steel, has a larger role in getting other stakeholders involved to boost the local steel industry and South African industrial capacity. We must position South Africa as a source of engineering and technical expertise and experience for these projects, including the highest-quality raw materials and professionals," concludes Norton.

Government industrial incentives should be geared towards supporting the right industries and adopting right strategies

In recent years, the South African industrial landscape has been characterised by various challenges. These have included a shrinking domestic market, declining production, low capacity utilisation levels, weak production sales, a declining contribution to the overall economy, declining employment numbers, increasing real per capital income impacting negatively on cost base, increasing levels of imports, a weak global trade balance position, low investment levels and low product price increase in relation to input prices.

Like other emerging economies, South Africa has incentives aimed at supporting local manufacturing, but the industry continues to be eroded, with its share to gross domestic product now about 12%. By contrast, other emerging economies have increased their manufacturing share of production to 50%.

The Government's overall objective in its industrial growth plan was to create 350 000 jobs by 2020, as stated in the New Growth Path (NGP). Instead, jobs continued to be shed, with COVID-19 lockdown measures aggravating the situation as companies closed their operations down.

The picture paints the enormous challenges South African policy makers have to address in order to drive economic growth to levels above 5%, reduce the unemployment rate, which is currently at 32.8%, and reduce the inequality gap.

The Government should be commended for taking a proactive approach to supporting local industries by allocating R33 billion to industrialisation and export development in the 2020/21 fiscal year and a further R110 billion in the next three fiscal years to 2023/24. From these amounts, R17.8 billion has been allocated for economic development and incentives for 2020/21 and a further R54.7 billion in the next three years to 2023/24.

However, which industries will benefit, and are these incentives working for the economy? In 2018, the Department of Trade and Industry reported boldly in the Industrial Policy Action Plan that between December 2011 and January 2018 incentives resulted in the investment of R326 billion and the creation of an estimated 670 994 new jobs. These figures can easily be disputed, given that the situation seems different on the ground as data suggests the manufacturing sector shed jobs over the same period.

An industry that has been hardest hit by the overall manufacturing sector's woes is Metals and Engineering (M&E). If the criteria for supporting a sector are based on parameters, then this sector fits the purpose set for industrial incentives. The challenges highlighted earlier are what the sector is currently facing. However, it will be interesting to observe whether such criteria are what the Department of Trade, Industry and Competition (DTIC) will follow.

Cashflow challenges are one of the key issues facing the M&E sector. Working capital is stuck due to lack of industrial activity. Non-payment by first-tier end users of key products such as steel remains a challenge. The lack of liquidity will, therefore, force a spate of defaults. Not all companies will survive this crisis and this will not be because they are bad businesses, but simply because their cash flow has dried up. Such should be the criteria for qualifying companies for industrial incentives.

The global trading position of the M&E sector, which accounts for 29% of production in the manufacturing sector, has been weak since 1995 through to 2020, with a net average global trading position of -R55 billion. From the regional trading trends perspective, only the African continent has presented a positive net trading position, with recent data showing R412.3 billion for the period 2017-2020. Consequently, any export incentives to foster industrial development for this sector should prioritise and leverage on the expansion of South Africa's manufacturing market footprint in Africa, where economic growth numbers are already positive.

Africa's young population also presents an expanding market in relation to infrastructure needs, which is what any incentive support for the M&E sector should be strategically positioned for.

An industry that has been hardest hit by the overall manufacturing sector's woes is Metals and Engineering (M&E) If the criteria for supporting a sector are based on parameters, then this sector fits the purpose set for industrial incentives

It is a well-known fact that the South African economy has performed below par when compared to other economies. While industrial incentives have been the key component of the economic growth strategy, the challenges of low economic growth have persisted. The Government's own economic growth projection to 2023 is 2.4% on average. This is despite the industrial incentives announced.

The question is whether industrial demand can grow in an already weak economy. Is motivation to invest into an economy driven by the lowering of costs? Historical patterns have shown that investment into an economy has also been driven by demand analysis. Despite costs of doing business being high, for instance, the M&E sector experienced massive investment when there was massive demand stimulated by the 2010 FIFA World Cup-related projects, reaching a peak of R3.2 billion in 2008. Since then, as demand patterns weakened, investment into the sector also declined. In summary, incentives alone can never work.

Therefore, it should be noted that, in themselves, industrial incentives are not necessarily bad. Rather, what is required is a focussed approach to providing incentives that takes into consideration comprehensive criteria. The essence of industrial policy action plans is to increase production, increase investment into local sectors of the economy, increase employment and, to an extent, increase exports. A full picture to 2019, if we may excuse 2020 due to the COVID-19 pandemic, shows that meeting these objectives has been a challenge in recent years.

Key to provision of incentives should prioritisation of locally-owned companies, be they large, medium or small enterprises, especially for the revival of the economy following the COVID-19 meltdown. The second point should be to prioritise local companies with limited opportunity to access funds from established banking channels. The third point, which may deal with operational management, is to guard against abuse of funds application through inflated cash requests.

Indeed, industrial incentives should be geared towards supporting the right industries, while adopting an integrated policy approach to implementation. Industrial incentives alone will not be sustainable.

Chifipa Mhango, SEIFSA Chief Economist

This opinion piece was originally published in Business Day

South Africa's industrialisation requires more infrastructure investment and a growing industrial market footprint

This month, South Africa celebrates 27 years of democracy, during which it has enjoyed a strong democracy that brought along with it political freedom for its people. However, despite structural reforms across all fronts, including in economic policy, the majority of South Africans continue to live in poverty and inequality remains a challenge. Unemployment is at a record 32.5%, writes SEIFSA Chief Economist *Chifipa Mhango*

The ANC-led Government has since 1994 adopted several policy measures to reconstruct the South African economy. Key among those was an export-oriented economic growth strategy, which was critical for industrial development.

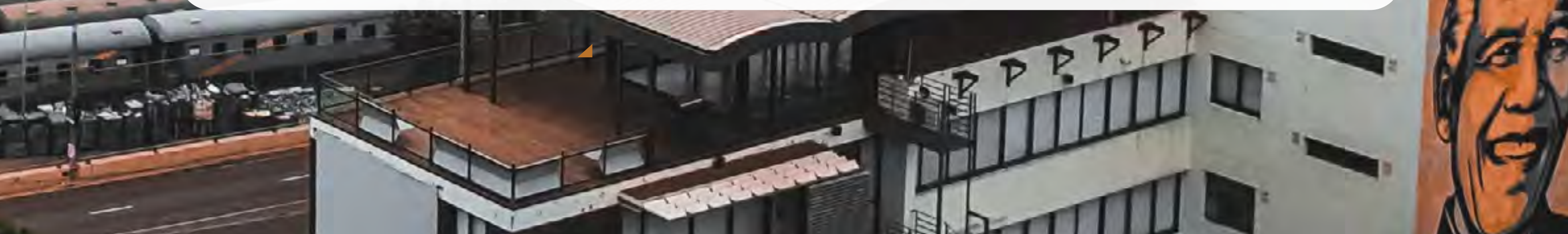
The Metals and Engineering (M&E) sector represents about 29% of the total manufacturing production base in South Africa. To date, the picture across all variables measuring progress on South Africa's industrialisation path in the sector does not look good. Although there was progress from 1994 to 2008, production in the sector has since declined, coupled with low levels of investment. Jobs continue to be lost, with the rising industrial cost base making the sector uncompetitive in terms of trade, and too unsustainable to invest in. This has defeated the purpose of the economic renewal process that was embarked on since 1994. How, then, does the country move forward from here?

Adopting the right policies and speeding up their implementation is key. It is important to state that the challenges facing the South African manufacturing sector, especially the M&E component of it, cannot be ignored. These include rising administered costs in energy, energy supply reliability, rising logistics costs, as well as inefficiencies from key Government entity service suppliers.

SEIFSA has long advocated for infrastructure development as a key parameter to supporting industrialisation in South Africa. This is particularly critical for industries such as the M&E sector since it feeds into infrastructure projects from an input supplier perspective. Regarding fixed investment to Gross Domestic Product, South Africa is far below other emerging economies at around 17%. China, in comparison, is at 42%. South Africa needs to increase this number if the country is to address poverty and inequality.

Credit should be given to the Government as it has continued to set aside funding for public sector infrastructure spending, with R791.2 billion currently earmarked for the next three fiscal years. However, a significant amount of this – 37% – will be implemented through State-owned enterprises that are currently under scrutiny for past mismanagement. Reforming these institutions to ensure that they deliver on their mandate is key. At the same time, following through on the monitoring of adherence to local procurement requirements remains imperative to supporting local industries.

A key milestone in the last 27 years from an economic perspective remains the awarding of a major international tournament for the first time to Africa and to South Africa. This was the 2010 Fifa World Cup. The process leading up to the football competition taught us that in order to be on par with other countries that have hosted such tournaments before, we needed supporting infrastructure and industries that would construct that infrastructure. As a key material supplier, the M&E sector was an integral part of the preparations for the soccer world cup.



During that period, investment into the sector grew and jobs were created. Given the deadlines to prepare for the competition, the spirit to deliver a world-class tournament ensured that not only was the entire nation supportive, but the entire government machinery was aligned. That spirit of urgency and sticking to deadlines in the implementation of projects has since been lost. It was as if our thinking was that foreign visitors had arrived and left and are not expected to return soon, hence we do not have to keep the house clean anymore. This is the context of the state of our delivery machinery today.

South Africa's global trade position, particularly within the M&E sector, is worrying. From 1995 to last year, the country's net trading position in the sector has averaged -R55 billion, reflecting a bias towards being an importer than exporter. This alone sums it up: the ambition to become an export-oriented industry is yet to be realised in the M&E sector. Imports continue to dominate the local market base. South Africa's trade position in the sector is positive only in Africa, with data from 2017 to 2020 indicating that the net trading position for South Africa in the sector was R412.3 billion.

While there has been support in some products to protect local producers, complaints coming from the downstream sector when it comes to pricing are valid to an extent.

Challenges presented by the COVID-19 pandemic on the global economy mean that there have to be creative ways to address the downside effects caused mainly by the implementation of lockdown measures. To this end, South Africa will need to aggressively start repositioning its trading status by leveraging its position geographically to expand its industrial trading footprint in Africa. Although there might be differences on the pace of the implementation of the African Continental Free Trade Area agreement, the gathering of market intelligence on product needs by local producers should be part of a strategy that the Government can support through its various trade missions or consulates on the continent.

South Africa should also consider a broader strategy in driving bilateral trade relations in a more focussed manner to find new markets. The country's position in the BRICS setup remains weak. There is a need to leverage on this relationship at a sector level.

South Africa's industrialisation will require more infrastructure investment and growing of its industrial market footprint on the African continent as well as key identified markets at a bilateral level agreement. In an environment where the local market is diminishing, export-led investment should be a priority for South Africa's industrialisation journey, otherwise in the next 27 years we will still be discussing the same economic challenges and landscapes of 1994.

This opinion piece was originally published in Business Day.

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EXCELLENCE
2021

Entries close
30 April 2021

POSTPONED

Seven Categories

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The importance of **accreditation of Temporary Employment Service Providers**

Ways of working are constantly evolving, particularly in the Metals and Engineering sector, which has experienced skilled shortages and fluctuations in its workforce. Employers in this sector are therefore, increasingly turning to Temporary Employment Service Providers to meet their workplace requirements.

While TES providers provide an important service to the industry, compliance to the relevant legislation and bargaining councils is paramount. The Constructional Engineering Association (CEA's) TES Division was established by TES providers as a self-regulation body that also enables them to keep abreast of the latest legislative developments, as well as assures clients of the highest standards of good governance and compliance to industry requirements.

Since the CEA (TESD) is part of an industry association that promotes compliance, it has introduced an accreditation process, affording members time within which to voluntarily apply to be accredited according to a specific set of criteria.

Going through this accreditation process is not limited to TESD members with employees who fall under the Metal and Engineering Bargaining Council. When the Employment Services Board (ESB) was established in 2015, it was emphasised that there is a need for TES providers to be accredited, either by an employer body, or by the Department of Employment and Labour (DEL). The CEA's TES accreditation process was noted to be the only fully functioning accreditation process that meets the requirements of ESB and DEL. This has been achieved through continuous interaction with the DEL and ESB and promoting this process as the gold standard for accreditation.

The CEA (TESD) process has since become the unofficial recognised system that is accepted by the DEL due to the constant interaction directly through the CEA or via CAPES.

The CEA urges companies to continue ensuring they seek accreditation through the CEA (TESD) process. While many companies might consider abandoning the process due to the current economic environment, they need to weigh this up with the progress that has been made by the CEA (TESD) in influencing decisions at Government level. To abandon the process would be to give up years of successful lobbying to influence policy. This might be to the detriment of the TES industry.

ACCREDITED
TEMPORARY EMPLOYMENT
SERVICE PROVIDERS

Accredited Temporary Employment Service Providers as at 11 May 2021

- Adcorp Blu a division of Adcorp Staffing Solutions (Pty) Ltd
- Adcorp BLU a div of Adcorp Workforce Solutions (Pty) Ltd
- Alos Business Solutions (Pty) Ltd
- AMT Placement Services
- AMT Placement Services
- Bathusi Staffing Services (Pty) Ltd
- CAP Personnel Placements (Pty) Ltd
- CDR Contracts (Pty) Ltd
- Eduardo Construction (Pty) Ltd
- EFS Labour Consultants cc
- ESG Recruitment cc
- Fempower Personnel (Pty) Ltd
- Gee 2 Kay (Pty) Ltd
- Global Isizwe Placements (Pty) Ltd
- Impact Human Resources
- International Task Labour cc
- Ithemba Langemphela
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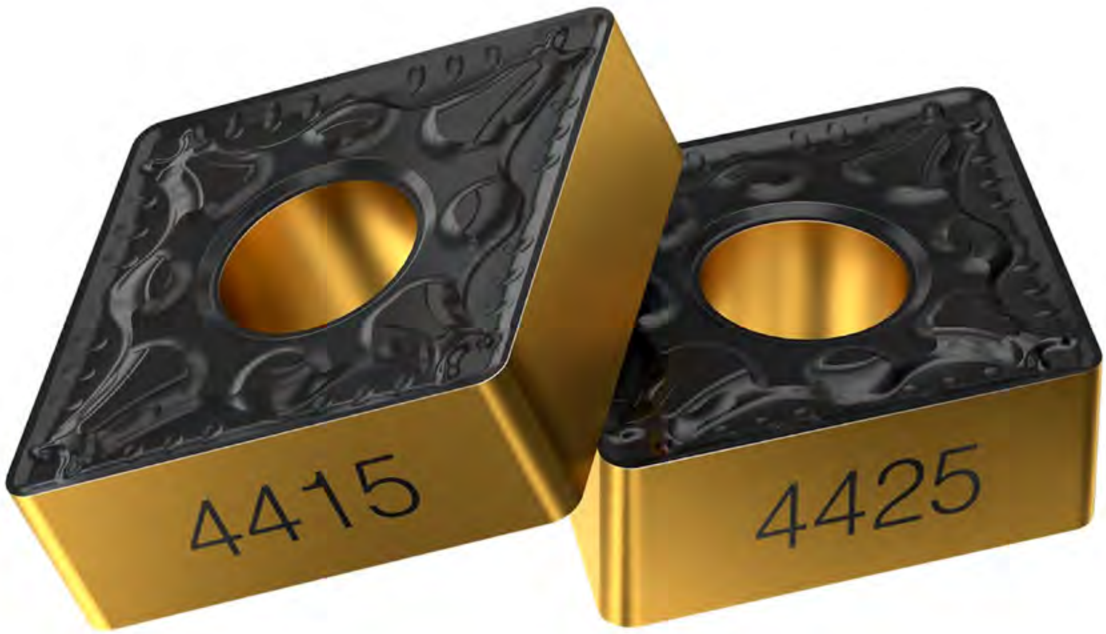
- Workforce Staffing (Pty) Ltd

Fixing what isn't broke

Why manufacturers should embrace a new generation of tooling solutions



SAC194 - ST - The value of upgrading – 1: Sandvik Coromant added two high performing carbide insert grades to its existing range, GC4415 and GC4425.

The father of modern political philosophy, Machiavelli, said that, "Whosoever desires constant success must change his conduct with the times." We are surely living in unprecedented times with the ongoing effects of COVID-19 on industry. *Rolf Olofsson*, Product Manager at metal cutting tools maker Sandvik Coromant, explains why now is the time for machine shops to embrace a new generation tooling solutions to tackle steel ISO P turning challenges and make their production more efficient and productive.

For manufacturers, stepping away from the established way of doing things – whether it's a production process, method of communication, or a trusted machine or tool – invites risk. No wonder it so tempting to fall back on the old adage of "if it ain't broke, don't fix it." Could a new tool or digitalised process create more disruptions than it's worth?

Yet, there is more onus than ever on manufacturers to change with the times – whether they are dealing with mass or batch production scenarios. Research by Pinsent Masons, the German law firm, has identified three main drivers for change.

First, its survey of 100 German manufacturers and German students found that disruptive Industry 4.0 technologies, like artificial intelligence (AI) and intelligent automation, are "sparking a fresh industrial revolution". Second, the green agenda is driving manufacturers more quickly towards low carbon business models. Third, Pinsent Masons found "that macroeconomic pressures such as Brexit, and now COVID-19, will cause global supply chains to fragment."

How can manufacturers overcome this trio of obstacles without losing sight of the two main challenges: increasing output and reducing costs? And, how can they do so while machining one of most common and complex ISO P (steel) work piece materials? The answer lies in next generation tools – even if the last generation of tools ain't broke.

THE RIGHT STUFF

First, let's look at the two ultimate goals for manufacturers to achieve profitable steel turning, increasing output and reducing costs. Manufacturers should drive down the appropriate production costs for their specific situation. The situation will depend on whether they are dealing with mass or batch production, and is more unpredictable in the COVID-19 era where manufacturers are facing changeable high- or low-demand scenarios, and must adapt accordingly.

Manufacturers must always strive towards maximising their machining output that, according to Sandvik Coromant's findings, can reduce the overall cost per component by 15%. To properly maintain a higher machine output, it's also necessary to increase metal removal rates, and reducing scrap and component rejections to manufacture more steel components in a shorter time.

Central to all of this is the manufacturer's choice of tool, specifically their choice of insert. That's why Sandvik Coromant recommends choosing steel turning insert grades that can deliver most predictable and consistent performance.

STAY IN SHAPE

Sandvik Coromant added two high performing carbide insert grades to its existing range, GC4415 and GC4425. The inserts' designations refer to P15 and P25, the demands that different working conditions impose on machining parameters – cutting data, surface finish, depth of cut, machined or rough surfaces, continuous or interrupted cuts.

The two new carbide inserts from Sandvik Coromant can meet these parameters. While GC4425 delivers improved wear resistance, heat resistance and toughness, GC4415 is designed to complement GC4425 where enhanced performance and better heat resistance is needed.

Both contain the second generation Inveio® coating technology. What makes Inveio unique can be examined at the microscopic level: the material's surface has a uni-directional crystal orientation. Each crystal lines-up towards the cutting edge, creating a strong barrier that improves crater and flank wear resistance. Heat is also lead away from the cutting zone more quickly, which keeps the cutting edge in shape for longer time in cut.

So, GC4415 and GC4425 can machine a larger number of pieces within a mass and batch production set-up. Each insert contributes towards extended tool life, eliminating sudden breakages and reducing reworking and scrap.

With the ability to machine more components one set-up, the new insert grades can reduce the production interruptions caused due to frequent insert changes and time spent in finding the right insert for each application or material – both factors are considered to be the biggest time killers in modern production.

Coolant can further improve the insert performance, deliver even better performance in all aspects and play a crucial role in reducing overall production cost. Under coolant controls the heat in the cutting zone, which leads to improved tool life and predictable machining. This makes it possible for operators to increase the cutting speed or feed, which allows for a greater productivity increase and maximised output.

In addition, precision coolant with pre-directed nozzles focused directly at the cutting zone, which is a good way to achieve chip control. That is why, if correctly applied, coolant will maximise output, increase process security and improve cutting tool performance and component quality. These are all important cornerstones in successful machining.

We've examined how factors like choice of tool and the use of coolant can yield tangible machining benefits – but what could manufacturing gain by applying a new methodology to their steel turning operations? Sandvik Coromant's specialists asked themselves this question, and the result was a new ethos that we call PrimeTurningTM, designed as a good choice for mass production or components needing frequent set-ups and tool changes.

In particular, if turning is a bottleneck operation, then companies suffer a restriction on the number of components produced per run. Therefore, manufacturers need to reconsider their turning process in order to get maximum output from their modern machine tools, which are currently being underutilised.

This is where the PrimeTurning can support, offering flexibility to do turning in all-directions. With it, machine shops can realise a multi-fold productivity increase without compromising process security and tool life. This way of turning is found to be much more efficient and productive compared to conventional turning.

POSITIVE CHANGE

GC4415 and GC4425 have already proven advantageous since they were launched to market, earlier this year.

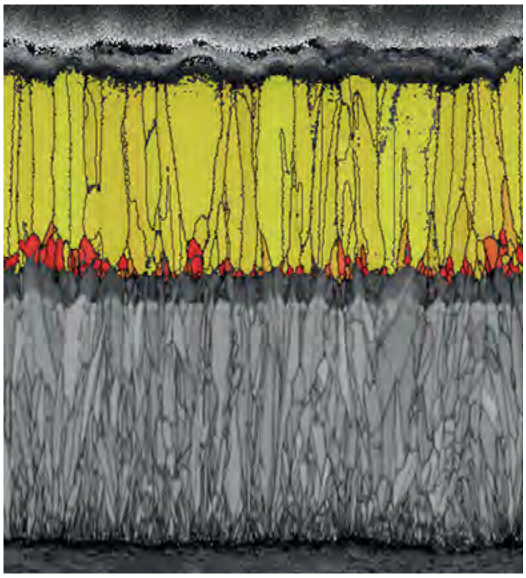
In one case, a manufacturer in general engineering, pitted the GC4415 insert against a competing insert, and put to work in machining an AISI/SAE CMC 02.1 steel workpiece with a Brinell hardness of 220 HB.

As the workpiece was subjected to axial external turning and light roughing, the customer was able to run the GC4415 at a higher cutting speed (vc) of 300 m/min (984 ft/min) and feed rate (fn) of 0.33 mm/rev (0.013 inch/rev) compared with a competitor's insert, which ran at a vc of 250 m/min (820 ft/min) and fn of 0.25 mm/rev (0.009 inch/rev). The competitor's insert machined 200 pieces (pcs) per edge before breaking down, whereas GC4415 machined 256 pcs before only shown signs of risk of breaking down.

By switching to GC4415 and increasing the cutting data, the customer was able to achieve a productivity of 210% and reduce costs by 53%.

As this example shows, manufacturers can indeed prove Machiavelli's assertion that, "whosoever desires constant success must change his conduct with the times."

SAC194 - ST - The value of upgrading – 2: The GC4425 insert delivers GC4425 delivers improved wear resistance, heat resistance and toughness.



SAC194 - ST - The value of upgrading – 3: Inveio® coating technology has a uni-directional crystal orientation at the microscopic level, which enhances its wear-resistant properties.

SANEDI calls on building owners to have their buildings rated for energy efficiency

Building owners have two years to comply with new building energy performance regulations, which require a formal assessment of their building energy consumption. On 8 December 2020, the Department of Mineral Resources and Energy (DMRE) gazetted 'Regulations for the Mandatory Display and Submission of Energy Performance Certificates for Buildings'. As an agency of the Department, the South African National Energy Development Institute (SANEDI) has been tasked with developing, hosting and maintaining a national Building Energy Performance Certificate Register in terms of these regulations.

"SANEDI wants to help ensure compliance with the new regulations, so that building owners are not unnecessarily penalised. Many people may not have heard about the new regulations, so we are determined to inform the public of what they entail," said Barry Bredenkamp, General Manager of Energy Efficiency and Corporate Communications at SANEDI.

"Ultimately, it must be highlighted that the responsibility lies with building owners to ensure that they are compliant with the regulations," he said.

WHAT DO THE NEW REGULATIONS MEAN?

Certain classes of buildings need to have their energy performance assessed by a South African National Accreditation System (SANAS) accredited inspection body, who will then issue an Energy Performance Certificate (EPC), rating the building from A – G for energy efficiency. "To be compliant, the EPC must be displayed at the

building entrance, and a D-rating would typically indicate basic compliance with the Energy Efficiency component of the national building regulations. This first assessment will form the benchmark for the building and give the owner an idea of what needs to be done to improve the rating in the future. Everyone should aim for an A-rating in the longer term," said Bredenkamp. EPCs need to be renewed every five years, giving building owners the opportunity to improve their energy performance.

WHICH BUILDINGS NEED TO COMPLY, BY WHEN?

The current regulations apply to four different classes of buildings defined in the national Building Standard namely; entertainment and public assembly facilities, theatrical and indoor sports facilities, places of instruction and offices with a net floor area of at least 2000 m2 in the private sector, and 1000 m2 for buildings owned, operated or occupied by an organ of the state. These building must be compliant by 8 December 2022.

WHO ISSUES THE EPCS?

Building energy assessments must be done by SANAS accredited inspection bodies. However, there are not many of these currently in existence. "Eligible companies need to undergo the application process to be reviewed by SANAS. If application is successful, an on-site assessment team will be sent to assess the company's compliance with ISO/IEC 17020 and SANS 1544, the two standards that contain the compliance criteria for accreditation. The compliance criteria include, but are not limited to qualifications, experience, training, skills, equipment, and understanding of the EPC standard (SANS 1544) and the accreditation standard (ISO/IEC 17020)," said Bredenkamp. If the assessment is successful, SANAS will accredit such bodies to issue EPCs to building owners.

BENEFITS OF SANAS ACCREDITATION

"While the accreditation process is not simple, it is vital. Having accredited bodies means that building owners can hire reliable, competent companies to perform their assessments and can rest assured that their EPC rating is valid and accurate," said Bredenkamp. "A stringent quality control system is important, if the regulations are going to be successful in minimising South Africa's energy use."

While any company can become SANAS accredited, SANEDI is particularly excited about the potential for SMME development and job creation. "If emerging enterprises can get accredited soon, they will be able to take advantage of being early adopters with a very large potential customer base. We especially hope to see women- and youth-owned businesses take up this opportunity and get involved in the EPC market," concluded Bredenkamp.

Wage negotiations in M&E sector should be about protecting jobs while ensuring decent living wage, says CEA

Last year's historic wage standstill agreement in the wake of the COVID-19 pandemic will see this year's wage talks pose a tough challenge for employers engaged in the steel construction industry, operating in the structural, mechanical, electrical, instrumentation, piping and project management fields, the Constructional Engineering Association (CEA) of South Africa has said.

Anthony Boy

Wage negotiations for the Metals and Engineering sector, of which employers affiliated to the CEA are a part, are set to begin in May and come at a time when companies are trying to operate in a tough economic environment that has been aggravated by the COVID-19 induced lockdowns. Last year's unprecedented stand-still agreement saw the retention of Main Agreement terms and conditions of employment agreed to in 2017, and the freezing of wage rates until 30 June 2021.

This year, said CEA Executive Director Anthony Boy, the challenge will be to ensure that labour and employers conclude a mutually beneficial agreement that would both save jobs and ensure a decent wage for workers even as the cost of living spirals due to higher electricity tariffs, transport and food costs.

Mr Boy said the current environment underpins the importance of consolidated employer support to go to the negotiation table and engage with labour in order to reach a reasonable settlement that works both for employers and workers.

"The CEA believes that going it alone as an employer is not the ideal strategy during wage talks. We are all in the same predicament – we need to keep the wheels turning in our businesses cost-efficiently without cutting jobs – and therefore we need to approach the negotiations as a collective," Mr Boy said.

Mr Boy said the CEA is a well-established employer association affiliated to the Steel and Engineering Industries Federation of Southern Africa (SEIFSA) and as such, is committed to advocating in the interests of employers on not only business platforms such as Business Unity South Africa, Nedlac and the Black Business Council, but also the Metal and Engineering Industry Bargaining Council, where it is recognised as an employer representative. The Association is also recognised by labour unions.

He said the CEA's recognition on these and other industry platforms gives its member employers the assurance that it has a successful track record in effectively representing their interests, particularly during wage negotiations, ensuring that they walk away with a settlement agreement that provides the certainty, stability and industrial peace that is needed to survive in a post COVID-19 business reality.

"With unemployment at record highs, it is crucial that all stakeholders agree on a solution that balances the retention of jobs while ensuring a decent living wage for workers and ensuring the financial sustainability of all employers. Our mandate is to ensure that outcome," Mr Boy said.

Mr Boy is confident that all parties will approach the wage negotiations with the same intent that resulted in last year's standstill agreement "With the M&E industry still under significant strain, employers and labour both understand the importance of ensuring the sustainability of the sector and at the end of the day, any settlement agreement will prioritise that," he concluded.

China

China steel price rally to wane, but prices to stay high

Fitch Ratings expects the rally in China's steel price to slow in coming weeks as summer approaches, as the season tends to see lower downstream demand due to subdued construction activity in the Asian country.

However, a combination of high iron ore prices and new environmental regulations that limit supply are likely to keep the steel price elevated. The ratings agency expects this to benefit larger steel producers that have environmentally compliant facilities and are more resilient to the production cuts.

China's steel price has soared since the beginning of the year, with the rally gaining more steam at the start of May, post China's labour day holiday, as downstream producers started to replenish steel inventory. For example, rebar prices surged to CNY6,000/tonne (t), including value added tax, to be up by more than CNY600/t from end-April. The rally is the result of a combination of factors, including strong demand from the construction industry as well as electronic vehicle production, the implementation of production restriction policies, and higher iron ore prices. Iron ore accounts for close to half of steel's production cost; the price has risen by over 40% in the year to 12 May 2021, against a 20% rise in the cost of steel products during the same period.

Production restrictions in Hebei province are also playing a large role in the rally. Tangshan, a core steel-making region in the province that accounts for close to 15% of China's total crude steel output, has implemented production restriction policies ranging between 30%-50% throughout the year in an effort to reduce carbon emissions. This is likely to see production drop by over 30 million t over the year, according to CRU, and follows the government's requirement to lower year-on-year crude steel production from 2020's all-time high of 1.05 billion t.

Fitch expect HBIS Group (BBB+/Stable), as the region's leading steel producer, to benefit from the production cuts, as the company's plants are largely environmentally compliant and face less production-cut requirements. Meanwhile, China Baowu Steel Group (A/Stable) is likely to generate above-peer cash flow that is higher than we previously expected for 2021, as its diverse production facilities and product offerings make it more resilient to local policies on production cuts.

Source: Fitch Ratings

Global

Steel price records continue to be broken

Steel transaction values are at levels not seen before. The MEPS global averages, for strip mill products, moved to new record highs in May. The most staggering increases have occurred in the US and Canada, where hot rolled coil prices have risen by more than 200%, since the summer of 2020. Values in the European nations recorded significant advances, in the same time period.

The rises reported in the Japanese market have been the least pronounced, in the recent upward steel price trend. A degree of reluctance amongst local buyers, to accept significant increases in transaction values, was noted. Domestic supply chain participants have been accustomed to a prolonged period of low inflation and even deflation. Large hikes in costs, as witnessed elsewhere, are unusual in Japan. COVID-19 restrictions have dented domestic steel consumption. Nevertheless, price increases are now gathering pace, with further significant advances proposed for June.

Substantial price increases were also recorded in China, over the past 12 months. However, recent moves by the Chinese Government, to restrict the rapid growth in commodity costs, caused steel prices to fall in the third week of May. Therefore, almost erasing the gains made earlier in the month. Many global buyers will be watching to see if this latest trend continues. With the low demand season approaching in China, prices have the potential to reduce further in the near term.

Globally, rising steel transaction values have resulted in profit margins moving to unprecedentedly high levels, at both the mills and distributors. However, downstream manufacturers are beginning to feel the impact of the escalation in their input costs. These rises are not restricted to steel prices, but also affect other commodities and components. Manufacturers are expected to pass these increases onto the consumers. Consequently, concern is growing regarding inflationary pressures. Any measures by central banks to control this would limit economic growth and negatively affect many steel-consuming sectors.

Steel transaction values are expected to continue their upward path, in the short term, particularly in Western nations. Nevertheless, many buyers fear a significant downward price correction, later in the year.

Source: MEPS/ Hellenic Shipping News

India

Indian pipe manufacturers seek ban on steel exports

The Indian Pipe Manufacturers Association has sought government intervention to regulate the prices of steel. The industry body, in a 20 May letter to Steel Minister Mr Dharmendra Pradhan, has sought a temporary ban on steel export in an effort to prevent steel players from diverting their produce to the international markets. It said "Pipe manufacturers and MSMEs are struggling for a long time due to increased prices and shortage of steel in the domestic market. We had approached the Steel Ministry, requesting your kind intervention for regulating prices and imposing a temporary ban on steel export."

The IPMA said "Steel prices have increased more than 60% in the past 10 months and are expected to increase further by INR 4,000 per tonne in coming days. This has made existence for down-stream industries impossible who are totally dependent on integrated steel mills for their raw material requirement. As such, several down-stream industries have closed and many more are on the brink of closure."

IPMA added "In some cases like API grades, oil and gas lines, prices have gone up by over 100-125% than what it was a few months ago. Commercial grade itself was has moved from being around INR 37500 per tonne to current levels close to INR 70,000 per tonne and still on the rise. This has severely impacted our project-based business which needs certain validity. The primary steel manufacturers don't give any validity more than a few days as they want to encash on the rising price trends thereby causing huge gaps and the resultant losses on account of steel volatility. This has put most of the pipe laying and construction business on a slow burner thereby negating the government's push for faster infrastructure development." – Strategic Research Institute

Source: wwwsteelguru.com

South African policy makers **are failing the nation when it comes to electricity supply**

April is associated with the world-recognised day of "Fools' Day", and this year, where the South African economy is concerned, the electricity price, which rose by over 15,6%, could be part and parcel of that **"April madness"**, writes SEIFSA Chief Economist *Chifipa Mhango*

The economy is facing challenges such as low growth, declining levels of investment and low production levels, with industrial capacity utilisation below 75% on average. The industrial landscape in South Africa is characterised by several impediments, including rising electricity costs, unreliable electricity supply, rising logistical costs, an influx of cheap imports, insufficient demand and declining producer prices of manufactured goods. These have affected industrial companies by increasing their costs amid dwindling revenues, making the industry unattractive to investment, something which, in turn, has led to job losses.

The manufacturing sector has seen total employment declining from 1.3 million to 1.1 million between the third quarter of 2002 and the fourth quarter of 2020. Of the 200 000 jobs that were lost, 100 000 of those were lost in 2020 alone. During the same period, total employment within the Metals and Engineering sector also fell from 448 532 to 394 651, thus representing a decline of 12%.

With unemployment at 32.5% and the economy having declined by 7%, the higher electricity prices effective from April Fools' Day add irony in a country that wants to grow its economy – especially since that power is provided by Eskom, a utility that cannot supply it sustainably.

South Africa has been negatively affected by the COVID-19 pandemic due to the lockdown measures implemented. It is, therefore, strange that despite communication and opposition by both consumers and industry representatives such as the Steel and Engineering Federation of Southern Africa (SEIFSA), this decision was taken. To make matters worse, the tariff was enforced through the courts, leaving industry and consumers with no option but to comply, with no recourse available to them.

The growth and development of China, one of the largest economies in the world today, was made possible by the availability of energy resources at a relatively cheap price. It is also recognised in economic theory that electricity is a fundamental factor of industrial production. The industrial process consists of work performance and information processing, in terms of which the production factors and the output can be defined and aggregated. The equation of growth relates the growth of output to the growth of the production factors such as capital, labour and energy flow. Any policy direction should, therefore, take the energy factor seriously, and should form part of the industrial policy strategy, especially in relation to its costs and provision.

South African policy makers are failing the nation on this front, given the electricity price hike. It is worrying that such a decision would be taken at a time when manufacturing production's share of the overall economy has declined due to the uncompetitive cost base of the industrial sector.

Electricity plays an essential role in the production capacity of South Africa. It is crucial specifically for the manufacturing sector where electricity is considered an irreplaceable input. In South Africa, the industrial sector is responsible for an average of 47% of the total electricity consumption, which makes it one of the most important from an energy consumption point of view. The manufacturing sector in the country is the only one whose electricity consumption behaviour is sensitive to price fluctuations, and this has been proved by empirical studies.

The basis for increasing electricity prices in a declining economy raises questions on who is fooling whom this April. Price control should never be used as a method to control electricity demand in the short term. However, even if price control causes a decrease in electricity usage, the decrease in electricity demand results in a decrease in economic activity as electricity use plays a key role as one of the input factors. This has affected production in energy-intensive industrial sectors such as the metals, mining and steel industries in South Africa, in some cases leading to company closures.

Instead of trying to drive revenue generation through electricity price increases, South Africa should rather focus on expanding its capacity to supply electricity and grow the volume base of its industrial footprint, from which more revenue can be generated. It remains concerning that despite the country having constructed two additional power plants in Medupi and Kusile, these plants are still operating below capacity, with stories of mismanagement dominating headlines in recent years.

This makes the South African energy crisis a man-made problem which can be resolved through proper reform at Eskom. The Government should take this process seriously, before our industrial base reaches levels of below 5% contribution to overall gross domestic product.

This opinion piece was originally published in Business Day.

Expropriation – protecting property rights

The time period for comments to the Expropriation Bill as published in the Government Gazette No. 43798 of 9 October 2020 expired on 28 February 2021. Comments had to be submitted to the Portfolio Committee on Public Works. It is now anticipated that as soon as the amendment to section 25 of the Constitution has been finalised the Expropriation Act will be passed by Parliament very much along the lines of the Expropriation Bill.

While the Expropriation Act, in the hands of responsible Government, may be utilised in a reasonable manner there is always a possibility that even a responsible Government under political pressures may abuse the provisions of the Act. In the hands of a populist political party, the Expropriation Act could prejudice those owning property. During early April 2021 the media reported that government officials attempted to expropriate the land of small black farmers. There was an outcry and threatened by legal proceedings, the Government withdrew the instruction.

Section 25 of the Constitution of the Republic of South Africa ("the Constitution") endeavours to protect both traditional property rights and the public interest by striking a proportionate balance between these two functions. However, in South Africa there exists great tension between individual property rights, on the one hand, and social responsibilities including redress, on the other.

Private property

The Courts have already emphasised the non-absolute nature of private property rights envisaged by the Constitution to permit "orderly opening up or restoration of secure property rights for those denied access to or deprived of them in the past". The Expropriation Bill is problematic because it does not specifically refer to the expropriation of land or buildings. It broadly refers to the expropriation of "property". Section 25(iv)(b) of the Constitution states unequivocally that property is not limited to land. Thus, property can include all assets. There is no reference currently in the Bill that the value of any property will be the net value.

Similarly, in dealing with the rights of property section 25 of the Constitution provides that property may be expropriated only in terms of law of general application under certain conditions, including for a public purpose or in the public interest. Section 25(iv)(a) further provides that the public interest includes the Nation's commitment to land reform and to reforms to bring about equitable access to all South Africa's natural resources.

Compensation

- The current Expropriation Bill provides, inter alia, for: -
- 6.1. when property may be expropriated without any compensation whatsoever; and
- 6.2.the procedures for the expropriation of property no matter the nature of such property.

If the provisions of the Bill in relation to the timing of expropriation are retained in the Act, then members of the public could discover that the provisions are far reaching and could have negative effects upon rights of property. For example, the Expropriating Authority in a Notice of Intention to Expropriate may determine an effective date of expropriation. The rights of ownership in the property will be deemed to have passed to the Expropriating Authority on that date notwithstanding that any challenges to the right to expropriate or the amount of compensation may not have been finalised either as between the parties or by the Courts following the referral of a dispute.

It is essential that clients as early as possible and in the knowledge that the Expropriation Act will eventually be passed take such steps as are necessary to best protect their property.

Source: Cowan-Harper-Madikizela Attorney.

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Employees have an obligation to report COVID-19 status

In the case of Eskort Limited v Stuurman Mogotsi and Other, the Labour Court was asked to determine whether an employee's failure to report their positive COVID-19 status was a dismissible offence.

Mogotsi was employed as an assistant butcher at Eskort. What brought matters to the fore was that Mogotsi would travel to and from work with a colleague, Mchunu.

Mchunu felt ill on 1 July 2020 and consulted a medical practitioner. He was booked off sick from 1 to 3 July 2020. He was subsequently admitted to a hospital and tested positive for COVID-19 on 20 August 2020.

During this time, Mogotsi was also not feeling well and consulted a traditional healer, who booked him off sick from 6 to 7 July 2020 and 9 to 10 July. After being booked off sick, Mogotsi was informed by management to stay at home. He nonetheless reported for duty after 10 July. He then took a COVID-19 test on 5 August 2020, and the results came back positive on 9 August 2020 via SMS.

Notwithstanding the positive results, Mogotsi reported for work on 7, 9 and 10 August 2020.

Eskort had COVID-19 policies, procedures, rules and protocols in place, and all employees were constantly reminded of the rules. Furthermore, Mogotsi was a member of the in-house Coronavirus Site Committee and was responsible for inter alia, putting up posters throughout the workplace, informing other employees of what to do and what not to do in the event of exposure or even suspected exposure to COVID-19.

Eskort found out that on 10 August 2020, Mogotsi was observed on video footage at the workplace hugging a fellow colleague who had comorbidities. In addition, he was observed walking around the workplace without a mask.

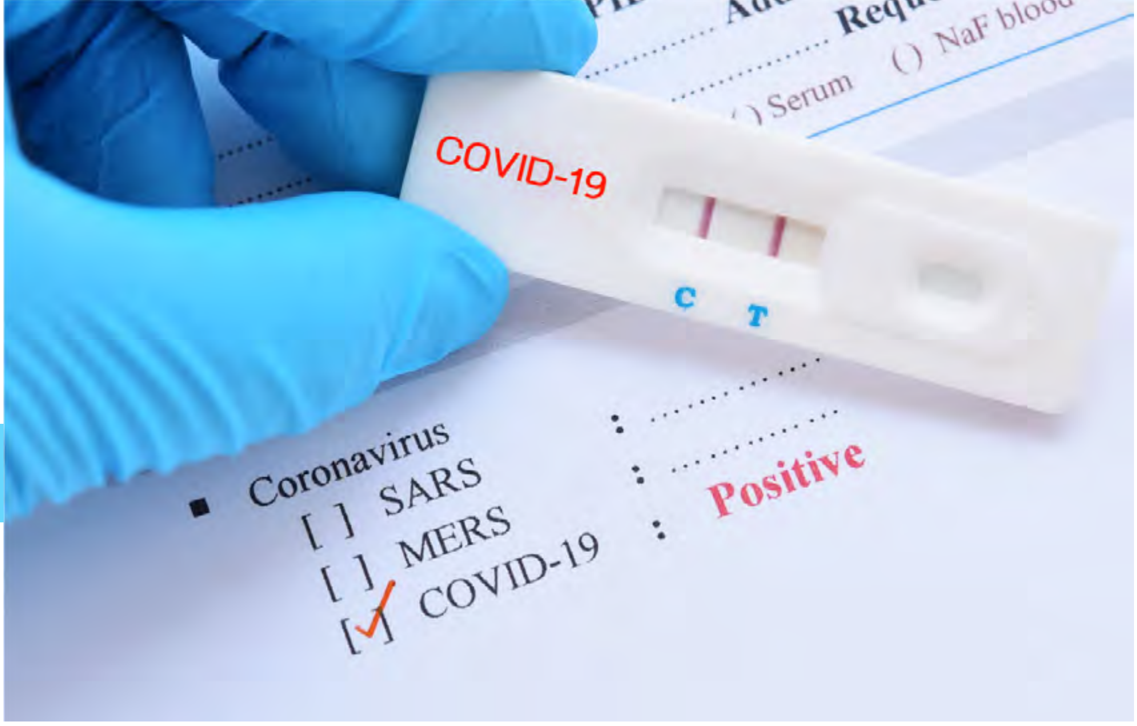
Upon his return to work, Mogotsi was charged with gross misconduct and gross negligence related to his failure to follow COVID-19-related health and safety protocols at work. Mogotsi was subsequently dismissed and referred his dismissal to the CCMA.

At the CCMA, he argued that after reporting on his status at work, he was not given direction on what to do. He further contends that he was being victimised. The CCMA rejected his contentions on victimisation and stated that the employer had protocols in place on what employees are supposed to do when they suspect that they have been exposed to COVID-19, this also implied that employees were also required to inform the employer of COVID-19 positive results.

Furthermore, the conduct of Mogotsi in reporting for work, and walking around the butchery without a mask was extremely irresponsible and in the context of the pandemic, was grossly negligent. On the other hand, the commissioner found that the sanction of dismissal was contrary to the employer's disciplinary code, that called for a final warning. Therefore, the sanction of dismissal was inappropriate and substantially unfair. Mogotsi was to be reinstated retrospectively without any back-pay, and a final written warning to replace the dismissal.

Eskort took the matter under review to the Labour Court on the basis that the commissioner failed to properly apply his mind and that the findings were not those of a reasonable decision maker.

The Court agreed with Eskort and stated that when making determining the appropriateness of



a sanction, the commissioner is obliged to make an assessment of the nature of the misconduct and determine if whether, combined with other factors, and evidence, the misconduct in question can be said to be of so gross a nature as to negatively impact on a sustainable employment relationship.

From at least 20 July 2020, Mogotsi knew that he had been exposed. He had even experienced COVID-19 symptoms, but he continued to report for duty, despite being told by management to stay at home.

The Court found his behaviour reckless and irresponsible and that it had placed everyone in the workplace, their families and the community at risk.

Eskort's operations were affected as a number of employees had to be given time off to quarantine. The only excuse Mogotsi could come up with was that he was being victimised. At no point did he show any contrition for his conduct. Instead, he came across as being grossly negligent, reckless and dishonest. He failed to disclose his status over a period of time and completely disregarded all existing health and safety protocols put in place, not only for his safety but also for his colleagues.

The conduct brings to question the seriousness which Eskort and its own employees attach to the dangers posed by the pandemic in the workplace, and whether the measures in place were adhered to and effective in mitigating the effects of the pandemic.

The next question then is whether merely dismissing Mogotsi for failing to adhere to basic health and safety protocols is sufficient to curb the spread of the pandemic. Further to that, Eskort is allowing staff to walk around mask-less and hug each other. Not only that, for a person knowing that they have co-morbidities and still allowing themselves to be hugged in the middle of a pandemic.

Even though Eskort took measures to discipline staff found to be ignoring protocols and rules in place, the biggest question is whether everyone involved is taking existing health and safety measures and protocols seriously.

Finally, the Court took into account the evidence brought during arbitration, the egregious nature of Mogotsi's conduct, and the impact on Eskort, and found that the Commissioner's award fell outside the bounds of reasonableness. As such, the Court found that the sanction of dismissal was substantively unfair.

Two points highlighted by this case, first, employers are obliged to ensure that employees strictly follow all rules and protocols set in place to minimise the spread of COVID-19. Second, employees themselves need to take personal responsibility to ensure that they are not complicit in the spread of the virus.

Update:POPIA

Note on Information Officers and Deputy Information Officers

1 The Protection of Personal Information Act 4 of 2013 ("POPIA"), although promulgated in 2013, is only to come into full force and effect on 1 July 2021. In this regard the implementation of some of its sections had been delayed for various reasons, including the preparation of the office of the Information Regulator and the determination of the practical implementation of some obligations of POPIA.

2 Some of the sections which have recently come into full effect include, inter alia, section 55 and section 56 which are arguably the most important sections in POPIA. These sections make provision for the responsibilities of Information and Deputy Information Officers respectively.

3 According to the Promotion of Access to Information Act 2 of 2000 ("PAIA"), read with POPIA, an Information Officer is defined as the Chief Executive Officer or an equivalent officer or any other person who is acting as such in respect of a public body and the head of the organisation, the equivalent or a person who is acting or duly authorised in respect of a private body.

4 Section 55(1) of POPIA provides that the responsibilities of an Information Officer include, inter alia, encouraging compliance with the conditions of lawful processing, ensuring compliance with POPIA and working with the Information Regulator in relation to investigations conducted pursuant to Chapter 6 of POPIA. Section 55 (2) provides that Information Officers must take up their responsibilities in terms of POPIA after they have been registered with the Information Regulator.

GUIDANCE NOTE

5 On 1 April 2021, the Information Regulator published the "Guidance Note on Information Officers and Deputy Information Officers" which sets out the obligations and liabilities of Information and Deputy Information Officers; the registration of Information Officers with the Information Regulator; the updating the details of Information Officers; the designation of Deputy Information Officers and the delegation of duties and responsibilities of the Information Officers to the Deputy Information Officers. The purpose of this Guidance Note is to ensure that organisations understand the legislative requirements of POPIA as well as the implications of failing to comply therewith. It is accordingly crucial for both Information and Deputy Information Officers to understand their respective roles and obligations as outlined in POPIA, the Regulations to POPIA and the Guidance Note.

6 In addition to appointing Deputy Information Officers, the Guidance Note provides that the Chief Executive Officer or Managing Director of an organisation may appoint any person as an Information Officer provided, that person holds an executive or equivalent management position. It is important to note however that the Chief Executive Officer or Managing Director will retain accountability and responsibility for all the functions and duties of an Information Officer.

7 The Guidance Note clarifies that the Information Officer of a multinational entity based outside South Africa must authorise a local person, who holds a management position, to be an Information Officer. Each subsidiary of a group of companies must also register its Information and Deputy Information Officer(s) with the Regulator.

8 From the wording of the Guidance Note, it is clear that the Information Regulator recognises the need for the training of Information and Deputy Information Officers. However, very little emphasis is placed on the training as the Guidance Note states that the training is only "recommended" and that the Information Regulator is not empowered to provide any training. This is in our view a concern as the consequences for non-compliance are far reaching. Information Officers are ultimately responsible for the organisations they operate in and they bear the risk that comes with non-compliance with the provisions of POPIA. The implications of non-compliance, whether wilful or negligent, may result in fines or imprisonment. It is thus advisable that companies to provide training and support to their Information Officers in order to mitigate any risk.

9 In this regard employees' accountability for the organisation's compliance with POPIA should not be finite and should ideally be distributed to many employees across the organisation. It would also be useful to form POPIA committees.

REGISTRATION

10 The first and most important step to mitigating risk is to ensure that Information and Deputy Information Officers are registered with the Information Regulator. The Guidance Note sets out the procedure for the registration of Information Officers and the manner in which the registration forms must be sent to the Information Regulator. Organisations are encouraged to familiarize themselves with the Guidance Note prior to completing and submitting the registration forms for those Officers which are available on the Information Regulator's website.

11 Organisations and other responsible parties are required to register Information Officers with the Information Regulator as of 1 May 2021. The registration forms for Information Officers may be sent by way of email to the email address appearing in clause 13 of the Guidance Note, being registration.IR@justice.gov.za. The Guidance Note further provides a physical address for those who wish to submit the registration forms in person.

12 Employers and other responsible parties are urged to regularly visit the Information Regulator's website for further developments, particularly as 1 May 2021 is fast approaching.

13 In view of the above, our POPIA Unit is available to assist clients and advise on the necessary measures and procedures which must be put in place in order to ensure compliance.

Source: Cowan-Harper-Madikizela Attorneys

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A legal perspective on dealing with employees who refuse to mask up

More than a year after the start of the COVID-19 lockdown, many citizens have adopted a lax approach to mask wearing, social distancing and sanitisation. However, a recent Labour Court judgment in South Africa indicates that employers may, within reason, be able to fairly dismiss employees for not adhering to COVID-19 safety protocols.

In terms of the Disaster Management Act, 2002, regulation 70(2) of the current adjusted alert level 1 regulations provides that wearing a face mask is mandatory for every person when in a public place, excluding children under six.

Despite this, a number of employers have condoned lawlessness, or rather masklessness, where employees are alone in their private offices, on the basis that private offices are not "public places".

However, regulation 70(5) states that an employer may not allow any employee to perform any duties or enter the employment premises, if the employee is not wearing a face mask while performing his or her duties. This regulation seems to suggest that employees ought to wear masks at all times when performing their duties, irrespective of where the duties are performed. On a strict interpretation of the regulation, this would include where an employee is working remotely from home. This is unlikely what the drafters of the regulation intended.

A failure to adhere to these regulations would result in a person who commits this offence being liable, on conviction, to a fine or of imprisonment not exceeding six months, or to both a fine and imprisonment.

From a compliance perspective, and to avoid any possible adverse finding if an inspection is conducted, the safest approach for employers would be to have a policy in the workplace that complies with regulation 70(5) and to have mask wearing mandatory in all spaces, closed or open, private or public, at the employer's premises.

In the recent judgment of Eskort Limited v Stuurman Mogotsi & Others LC, the Labour Court found the dismissal of an employee to be fair, based on:

- gross misconduct related to his failure to disclose to the employer that he took a COVID-19 test; and
- gross negligence in that even after receiving his positive COVID-19 test results, he failed to self-isolate and continued reporting for work, putting the lives of his colleagues and their families in danger.
- In this case, the Labour Court sought to consider all surrounding circumstances in totality prior to reaching a decision that the dismissal of the employee was fair. The following factors were considered:
- the employee's role in being part of the COVID-19 awareness committee in the workplace;
- the employee's negligence in failing to disclose his COVID-19 positive test results, placing the lives of colleagues and customers in danger;
- the employee's conduct in walking around without a mask and hugging fellow employees after having tested positive; and
- the employee's nonchalant attitude.

In some instances, the sanction of dismissal might not be appropriate for mask-related transgressions (even if not wearing a mask is in contravention of the national laws). For example, in circumstances where an employee hastily leaves their office to fetch printing and forgets to wear their mask and is seen and confronted by another employee 3m down the corridor, but when confronted, the employee quickly apologises and fetches their mask and puts it on. Dismissal in this instance would likely be overly harsh and a verbal warning might be more suitable or a mere reminder to be more vigilant.

Employers whose disciplinary code prescribes the appropriate sanctions for misconduct should be careful not to follow it blindly. Dismissal does not automatically follow where the transgression amounts to a breach of the law. As in any other assessment of the appropriate sanction, factors such as the severity and impact of the transgression, as well as any remorse shown, should be taken into consideration. The seriousness of the transgression and the surrounding circumstances in the Eskort case, however, most certainly warranted dismissal.

Employers and employees should be mindful of not becoming blasé about COVID-19 compliance in the workplace. Employees need to understand that their non-compliance could have serious ramifications. However, in taking heed of the court's warning to take COVID-19 compliance seriously, employers should equally be mindful of the manner in which they enforce compliance and mete out discipline for non-compliance. Employers should not hastily jump to terminate transgressors' employment, and should ensure that the facts of the case support a sanction of dismissal.

Source: ENS Africa

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SABS updates national standard on crucial fire detection and alarm systems

The Standards Division of the South African Bureau of Standards (SABS) maintains and develops several national standards aimed at ensuring the protection of life and property from fire and fire-related damage.

As part of this legislated mandate, the SABS recently published a revised version of SANS 10139, Code of practice for design, installation, commissioning and maintenance of fire detection and alarm systems in non-domestic premises which brings South Africa in line with fire safety standards similar to those in the UK and Europe.

SCOPE OF SANS 10139

The standard provides recommendations for the planning, design, installation, commissioning and maintenance of fire detection and fire alarm systems in and around buildings, other than dwellings.

RELEVANCE AND IMPORTANCE OF THE NATIONAL STANDARD

SANS 10139 is based on the British Standards BS5839-1, Fire detection and fire alarm systems for buildings. Code of practice for design, installation, commissioning and maintenance of systems in non-domestic premises. The British Standard (BS5839-1) was updated several years ago after fatalities occurred at an old age home in Lancashire that killed 14 elderly people.

This revised South African National Standards (SANS) comes at a time when the country witnessed two devastating fires.

The wildfire that swept the slopes of Cape Town's Table Mountain and spread to the University of Cape Town, burning the historic campus library, and forcing the evacuation of students and the incident where 700 patients were evacuated from Johannesburg's Charlotte Maxeke Hospital, after a fire blazed through parts of the medical facility in South Africa's largest city.

The seriousness of fire is often overlooked, and their impact is often underestimated. It is crucial that a national set of guidelines and rules for the designers and installers of fire protection systems is provided for them to follow and uphold. The costs of fire within this country runs into the billions of Rands and needs to be prevented.

WHAT HAS BEEN REVISED IN THE NATIONAL STANDARD?

- Updated recommendations about the need for a fire detection system, variations from the standard, system components, detection zones,

> This revised South African National Standards (SANS) comes at a time when the country witnessed two devastating fires

communication with the fire services, staged fire alarms, and manual call points.

- Updated requirements for smoke detectors.
- Updated requirements for spacing and placing of automatic fire detectors.
- A commentary has been added with regards to a control and references the appropriate equipment.
- Updated measures to limit false alarm.
- A commentary on inspection and servicing has been added.

BENEFITS OF THE REVISION

Ms. Laura Swart, Chairperson and Member of the SABS Technical Committee said: "The revision of SANS 10139 will benefit the fire protection industry as it clarifies all requirements and will ultimately eliminate the confusion experienced by the protection industry. This in turn, will result in a more effective use of the national standard, thus improving firefighting and improving the job of saving lives and preventing the loss of property. The standard also aims to mitigate the risk of failure of fire detection and fire alarm systems in and around buildings."

Ms. Swart added that the revision of the national standards was made possible by valuable collaboration with the Fire System Inspection Bureau (FSIB), the Fire Detection Installers Association (FDIA) and the South African insurance industry.

SEIFSA Training Centre partners with Sulzer Pumps to empower youth through vocational training

Sulzer Pumps has partnered with the SEIFSA Training Centre (STC) to develop fitters and turners, welders, non-destructive testers, engineering technicians and SHEQ practitioners to meet Eskom's demand for local recruitment as part of the supplier development and localisation on the contracts.

The recruitment process was undertaken by the senior team of STC over four months in Mpumalanga, Gauteng, Limpopo and Kwazulu-Natal. More than 2000 applications were received and screened, with 250 learners being selected for interviews. Following the initial interview, successful candidates were invited for a series of psychometric assessments.

The first group of 41 successful candidates were enrolled at the STC on 3 May in the following categories:

- Fitter and Turner - 26
- Welder – 8
- SHEQ Practitioners – 5

The second group of candidates commenced on 1 June in the following categories:

- Engineering Technician – 28
- Non-Destructive Tester – 4

Learners have already been issued with their personal protective equipment and tools, and will soon be given laptops loaded with e-learning material to enhance their learning experience.

This initiative forms part of the commitment by the Steel and Engineering Industries Federation, in partnership with Thuthukisa, to help address the skills shortage in the Metals and Engineering sector.

Sumaya Hoosen, SEIFSA's Human Capital and Skills Development Executive, said programmes such as the Sulzer Pumps programmes demonstrate the power of partnerships in building a skilled workforce to drive the economy.

She noted that the artisan, technician and engineering trades being taught part of the programme are among those included in the Critical Skills List published earlier this year by the Department of Home Affairs. That list, she said, is indicative of South Africa's failure to close the gaps in artisan and engineering training in the country. "With this programme, however, we are demonstrating that it is possible, through partnerships, to build local capacity in these skills," Ms Hoosen said, adding that there is a need for more initiatives such as these to help meet the National Development Plan's target of training 30 000 artisans a year by 2030.

The learners outside the SEIFSA Training Centre.

We wish them a successful period of study and believe that this venture sends out a very positive message to the industry at large.

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