SEIFSA NEWS

STEEL MASTER PLAN poised to reignite the Metals and Engineering sector

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Lucio Trentini
SEIFSA Chief Executive Officer

SEIFSA APPOINTS LUCIO TRENTINI CEO: THREE DECADES OF WALKING THE SEIFSA TALK

Industry veteran Lucio Trentini has been appointed Chief Executive Officer of the Steel and Engineering Industries Federation of Southern Africa (SEIFSA).

SEIFSA is pleased to announce that industry veteran Lucio Trentini has been appointed CEO following the departure of Kaizer Nyatsumba.

Mr Trentini has has walked with SEIFSA, which turns 79 this year, for more than a third of its journey, having been an employee of SEIFSA for 32 years. There is no better candidate for this role – his institutional memory and commitment to the organisation is arguably unparalleled in the industry.

Over the years, Mr Trentini has been part of a group of industry players who have shaped collective bargaining in the Metals and Engineering industries. He has been

at the forefront of SEIFSA's engagements with labour, helping to direct the new rules of engagement that would see greater co-operation between labour and business. Today, thanks in part to Mr Trentini's visible role as one of the main negotiators of industry wage talks over the years, SEIFSA is a respected voice of authority on the wage negotiations.

Commenting on his appointment, Mr Trentini said it would be remiss of him not to thank those who made it possible for him to make this contribution to SEIFSA, saying that his success is due to the loyalty of member companies, who continue to support SEIFSA and ensure that it remains relevant in the industry. He also thanks the Associations affiliated to SEIFSA, as well as captains of industry and labour unions, who have trusted his ability to sit at the table and represent SEIFSA.

SEIFSA Board Chair, Elias Monage commenting on Mr Trentini's appointment acknowledged the challenges currently confronting the South African economy in general and the metals and engineering sector in particular and stressed that "it is crucial for all SEIFSA member Associations and other stakeholders to work together."

Mr Monage stressed that "there are enormous challenges that lie ahead, challenges across the broader business agenda and not just in the collective bargaining space." "What is needed" Mr Monage stressed "is a focused strategy, a single powerful voice representing the views and concerns of all Associations which, in turn, talk for and on behalf of their respective members."

> Lucio Trentini, who celebrates 31 years as a SEIFSA employee this year, is the sort of individual any organisation would seek to hold on to. The sort whose institutional memory and commitment to the organisation is arguably unparalleled in the industry, especially if one considers that many of his peers have changed jobs a number of times.

Mr Monage stressed that "there are enormous challenges that lie ahead, challenges across the broader business agenda and not just in the collective bargaining space." "What is needed," Mr Monage stressed, "is a focused strategy, a single powerful voice representing the views and concerns of all Associations which, in turn, talk for and on behalf of their respective members."

"A powerful SEIFSA" Mr Monage emphasised "is best placed to debate and /or negotiate these issues on behalf of the industry and thereby elevating the discourse into a new era of constructive engagement with all industry stakeholders."

Mr Monage stressed "whilst these difficult conditions are likely to prevail for some time, the SEIFSA Board and Executive team have extensive and vast experience and under the leadership of Mr Trentini, will be able to successfully steer the Metals and Engineering sector through the current challenges."

Before his appointment, Mr Trentini was Operations Director and over the last two decades has been involved at management and executive level at SEIFSA. Over the years, he has developed sound working relationships with all industry stakeholders.

Mr Trentini holds a BA degree in Economics and Industrial Psychology and a Post-Graduate Diploma in Management from the University of the Witwatersrand and the WITS Business School respectively. He also holds an Expert Negotiator Certificate from the University of Pretoria's Gordon Institute of Business Science.

Mr Trentini represents SEIFSA member companies on the boards of various institutions and statutory bodies. He is also a member of the Management Committee of the MEIBC, a SEIFSA Executive Director, a Director on the Board of MIBFA and an employer representative on the Labour Market Chamber of Nedlac and the Social and Transformation Committee of Busa.

Mr Trentini has expressed his gratitude to the SEIFSA Board, SEIFSA Council and Executive Team for entrusting him the stewardship of the Federation over what by all accounts will be a difficult and challenging forward period. He said that he is confident that with the support of the Board, and the SEIFSA Associations, he and the SEIFSA Executive will be able to provide the necessary guidance and use its considerable leadership experience to instill confidence and continue to deliver good, efficient, effective and reliable service and support to all of SEIFSA's member Associations and their member companies."

Steel Master Plan poised to reignite the Metals and Engineering sector

SEIFSA is proud to have been part of efforts to shepherd the long-awaited Steel Master Plan (SMP), which was finally launched in June.

SEIFSA, represented by SEIFSA President and Chairman Elias Monage, joined industry stakeholders at a signing ceremony on 11 June at the Hall Longmore facility in Germiston, east of Johannesburg, led by Minister of Trade, Industry and Competition Ebrahim Patel.

According to the Department of Trade and Industry (DTIC), the steel industry plays an important role in South Africa's industrial capacity, both as a direct driver of growth, investment and jobs, and as indirect facilitator of South Africa's construction, automotive and mining sectors. South Africa is one of the largest steel producers on the African continent. According to the World Steel Association, South African steel manufacturers produced 5.7-million metric tons of crude steel in 2019, second only to Egypt on the continent, and the sector employs around 200 000 workers. Top steel consuming (mining, construction, autos) industries contribute R600-billion to South Africa's GDP (about 15% of GDP) and employs 8-million workers.

"The challenges along the way will be complex, but this is the time for all stakeholders, including Government, Business and Labour to come together in agreeing on measures to preserve South Africa's steel-producing capacity, while protecting downstream users

For SEIFSA, the SMP represents a big leap forward towards addressing the challenges facing the industry. The plan focuses on short to medium-term interventions that build on the ongoing measures being implemented to ensure the longer term growth, protection and survival of the primary and secondary steel industries. It comes at a time when the challenges facing the steel industry require urgent intervention, particularly now when the COVID-19 pandemic has aggravated the strain caused by these challenges.

The plan outlines six priority areas namely:

- Demand-side measures;
- Supply-side measures;
- The African Continental Free Trade Area Agreement,
- Transformation,
- Human resources and a shared vision and;
- Resource mobilisation and the steel fund.

SEIFSA Operations Director Lucio Trentini affirmed that "the challenges along the way will be complex, but this is the time for all stakeholders, including Government, Business and Labour to come together in agreeing on measures to preserve South Africa's stee producing capacity, whilst protecting downstream users."

He emphasised that "while SEIFSA stands ready to take the lead and play its part, there will be no easy or quick fix." He stressed that "the industry has to work together and balance downstream and upstream needs."

Mr Trentini indicated all stakeholders are unanimous in the belief that the country needs a primary steel industry. With rampant unemployment, poverty and inequality, it is vital that plans to reindustrialise the sector inclusive of the primary steel and downstream industries do not fail. "The M&E Sector is a strategic industry for South Africa. The National Development Plan is largely dependent on steel and South Africa needs steel – thus the viability, sustainability and competitiveness of the sector is in all our interests," he said.

For Trentini, allowing local companies across the value chain and communities that depend on steel to suffer closure is unthinkable. He stressed historical trends in the M&E Sector show that "if some parts of our local industry close, there will be no way to revive them. It is therefore vital to support efforts to revive them."

The SMP, the biggest and most ambitious intervention in the sector to date, offers an opportunity for all stakeholders to play their part in designing and implementing well positioned policy interventions focusing on how to grow demand. The SMP recognises the need for trade and support measures for the upstream and downstream industries necessary to help the M&E Sector to survive in the short, mid and long term.

Mr Trentini stressed that for the SMP to meet its objectives, it must be supported and driven by industry, working collaboratively with leaders from organised labour, business and senior government officials. In the final analysis, the success of the SMP will therefore rest with the industry. SEIFSA, which represents a wide range of firms both big and small in the M&E Sector with a collective employee headcount in excess of 168 000, is ideally positioned to take the lead in representing the views of business across the industry, upstream and downstream.

To drive implementation of the SMP, a Steel Oversight Council has been established, with thirty-five members drawn from all parts of the industry, including up- and downstream industry players, organised labour and public sector officials. Meetings of the Steel Oversight Council commenced in February 2021, following the adoption of the master plan by the industry.

Speaking at the signing ceremony, Mr Patel highlighted the role which the SMP can play in energising the steel industry.

"The signing of the master plan sets the foundation and commitment for the development and growth of this important sector. The ceremony offers an opportunity for us to reaffirm the commitment to the steel industry's social compact and the agreed implementation agenda.

"Learning from the other masterplans that are in implementation phases, there is a long and steep road ahead of us. Building consensus on the steel masterplan and agreeing on the actions to anchor the implementation was a much easier process. The hard-work has started in the implementation and will get even harder as we began to collectively tackle actions that are very difficult but necessary for the long-term development of this industry," he said.

From L to R, Fabchem Mining CEO: Freddy Mugeri, Numsa General Secretary: Irvin Jim, Minister of the dtic: Ebrahim Patel, AMSA CEO:Kobus Verster and Solidarity Deputy General Secretary: Marius Croukamp during the signing of the Steel Master Plan.

Picture from http://www.thedtic.gov.za/

REMARKS BY SEIFSA PRESIDENT ELIAS MONAGE AT THE SIGNING CEREMONY OF THE STEEL MASTER PLAN ON 11 JUNE 2021

Minister of Trade, Industry and Competition
Deputy Minister of Trade, Industry and Competition
The Team from the DTIC
Business Leaders from the Metals & Engineering Sector
Labour Union Representatives
Ladies and Gentlemen
Good Morning

The Steel and Engineering Industries Federation of Southern Africa (SEIFSA) welcomes the launch of the Steel Master Plan (SMP) which sets the foundation for the development and growth of the metals and engineering (M&E) sector.

Notwithstanding a plethora of challenges confronting the steel industry, the SMP focusing on short-to-medium term interventions that build on the ongoing measures being implemented to ensure the longer term growth, protection and survival of the primary and secondary steel industries.

Whilst we acknowledge that the challenges along the way will be complex, this is the time for all stakeholders, including Government, Business and Labour to come together in agreeing on measures to preserve South Africa's steel producing capacity, whilst protecting downstream users.

SEIFSA stands ready to take the lead and play its part and we acknowledge that there will be no easy or quick fix.

Now is the time for the industry to work together and balance downstream and upstream needs. We know that on balance all stakeholders are unanimous that the country needs a primary steel industry.

With rampant unemployment, poverty and inequality, it is vital that plans to reindustrialise the sector inclusive of the primary steel and downstream industries employing in excess of 200 000 employees cannot fail.

The M&E Sector is a strategic industry for South Africa.

South Africa's National Development Plan is largely dependent on steel and South Africa needs steel – thus the viability, sustainability and competitiveness of the sector is in all our interests.

Allowing local companies across the value chain and communities that depend on steel to suffer closure is unthinkable.

Historical trends in the M&E Sector show that if some parts of our local industry close, it will be permanent.

The SMP the biggest and most ambitious intervention in the sector to date and offers an opportunity to all stakeholders to play their part in designing and implementing well-positioned policy interventions focusing on how to grow demand.

The SMP recognises the need for trade and support measures for the upstream and downstream industries necessary to help the M&E Sector to survive in the short, mid to long term.

For the SMP to meet its objectives it must be supported and driven by industry, working collaboratively with leaders from organized labour, business and senior government officials.

In the final analysis the success of the SMP will therefore rest with the industry.

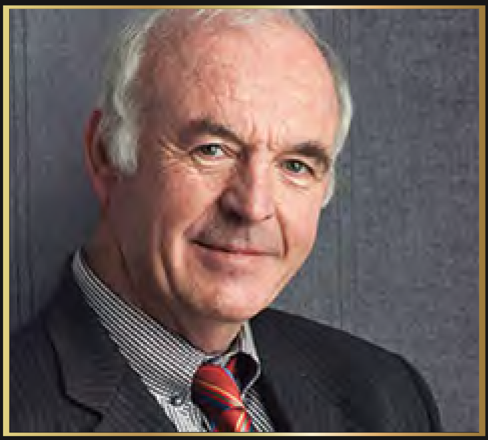
SEIFSA representing a wide range of firms in the M&E Sector, with an employee headcount in excess of 168 000 employees employed in large, medium and small companies is ideally positioned to take the lead in representing the views of business across the industry.

Thank you

SEIFSA Annual General Meeting

Clem Sunter

to speak at the SEIFSA Annual General Meeting



Author of books such as "The Mind of a Fox", and "Thinking the Future", Clem Sunter will be the key note speaker at the 2021 SEIFSA Annual General Meeting.

For a link please email sales@seifsa.co.za

Date: **8 October 2021**

Time: **9:30 am**

SEIFSA

Steel and Engineering Industries Federation of Southern Africa

OUR PASSION, YOUR SUCCESS

Mining and metals companies accelerate focus on sustainability

Schneider Electric, a leader in the digital transformation of energy management and automation, and AVEVA, a global leader in industrial software, driving digital transformation and sustainability, announced this month that their combined technology offerings are supporting the sustainability initiatives of mining companies in four key pillars: energy efficiency, yield improvement, low greenhouse emission technology adoption, and new green processes.

Global decarbonisation is heavily reliant on the sustainable production of minerals and commodities. A thriving and healthy mining and metals sector is crucial for the global economy and to support the innovation of new technologies and materials needed for climate change reduction, environment protection, and the circular economy.

Schneider Electric and AVEVA are providing the tools required by organisations to make informed decisions that will empower people across the mining, minerals, and metals value chains to be more strategic in their choices based on sound advice with sustainability in mind. They are assisting operators and managers in these choices leaving these organisations well positioned to tackle some of the challenges associated with adopting sustainable practices, potentially resulting in reduced operating costs and thus providing the rare ability of appeasing all stakeholders.

According to an IDC (International Data Corporation) Technology Spotlight, sponsored by AVEVA and Schneider Electric, Transitioning to Sustainable Mining, Minerals and Metals Practices, the top three market pressures driving the sustainability agendas of mining and metals organisations are :

- Need to improve brand equity;
- Reduce the risk of an adverse event; and
- Ensure compliance with current and future regulations.

"Technology has a critical role to play in supporting mining companies," said Ben Kirkwood, Senior Research Manager for IDC Energy Insights, Worldwide Mining. "Efforts to hit sustainability targets and gain greater visibility and control over operations will enable corporate insight and action relating to energy, water usage, and management of the operational environment. IDC's global analysis of the revenue growth and profitability of industrial companies shows that those with a committed and ongoing sustainability-based strategy combined with a long-term, funded, digital transformation agenda considerably outperform their competitors."

DIGITALISATION UNDERPINS MINING AND METALS SUSTAINABILITY

The IDC Technology Spotlight also reinforces the fact that as the industry continues to experience backlash from its perceived stagnant position on sustainability, platforms with added analytics are enabling improved operational efficiencies while enhancing the visibility of the changes being made.

"Digitally integrated operations can address key areas of an organization's sustainability agenda by combining power and process intelligence and controls," said David Willick, Vice-President of the Mining, Minerals and Metals Segment at Schneider Electric North America.

"Digitalisation is a critical evolution for the resources industry, and Schneider Electric and AVEVA are uniquely qualified to help. We are experts at marshalling the power of connected systems and human insight to bring operational performance to its highest level. Together, we have won the trust of the world's leading companies with thousands of implementations onsite and in the cloud. Today our joint customers can benefit from our shared customer-centric innovation culture, unmatched research and development capabilities, and extensive sector-specific expertise," he said.

"Although the benefits of digital transformation are crystal clear, the mining industry has thus far been limited by legacy infrastructure, data inadequacies, and piecemeal optimisation programmes," said Martin Provencher, Industry Principal of Mining, Metals and Materials at AVEVA.

"Increasingly virulent cyberattacks and a growing mandate for decarbonized minerals have further emphasised the importance of having high data availability and embracing a secure, cloud-first approach to visualise and contextualise enterprise-wide processes across global operations. The combination of Schneider Electric's energy management solutions, automation systems and services, and AVEVA's Digital Mining Transformation solutions enable our customers to transform conventional mining operations into intelligent, resilient and sustainable undertakings," he said.

Schneider Electric is a member of EEAIA, an association federated to SEIFSA

Papenfus breaches acceptable boundaries of civilised discourse

By Lucio Trentini, SEIFSA CEO

Neasa's recent newsletters, 'SEIFSA the supervillain now wants to be the hero' and Beware SEIFSA's latest scam, have breached acceptable boundaries of civilised discourse.

Neasa CEO Gerhard Papenfus is entitled to his views on collective bargaining no matter how prejudiced, tendentious and selective they may be. He is further entitled to disagree, as strongly as he wishes, with those who do not share his opinions. In his latest diatribe, however, Mr Papenfus has breached all acceptable boundaries of civil and civilised discourse. Not content with demonising and defaming SEIFSA, he has vilified and crassly impugned the integrity of the negotiating parties and processes currently underway at industry level.

In making sundry sneering references to aspects of what is currently before the negotiating parties, he is further guilty of propagating a particular obnoxious form collective bargaining bigotry. In taking issue with what SEIFSA is attempting to pursue, Mr Papenfus shamelessly plays the man rather than the ball. In common with his fellow anti-collective bargaining protagonists, it is not enough for him to portray those that refuse to support his views as being merely wrong. Instead, he depicts them as being so morally twisted as to make anything they might have to say entirely unworthy of notice. This is a classic totalitarian tactic that anyone genuinely committed to the values of freedom of thought and debate will as a matter of course regard with abhorrence.

Centralised collective bargaining elicits strong opinions on all sides, and the Metals and Engineering industries deserves a fair, honest debate on the facts of this very volatile and emotional issue. If Mr Papenfus wishes to debate those facts, that is perfectly legitimate. Instead as is his custom, he has resorted to vilifying SEIFSA. Indeed, this approach is one that many enemies of centralised collective bargaining routinely adopt, thereby ensuring that their views, and only theirs, are heard.

Negotiations between the industry trade unions and the employers' associations federated to SEIFSA continue on 5 and 12 July 2021. As per the mandate given to SEIFSA by its affiliated member associations, SEIFSA remain steadfast in its quest to secure a deal with as little disruption to the industry as possible and SEIFSA will continue to communicate the contents of that deal, not just to our membership, but more importantly to the sector as a whole. We invite Neasa, led by Mr Papenfus, to do likewise.

Transformation failing as South African workplaces remain unequal, CEE report finds

It will take at least 50 years to see real transformation in workplaces if the current pace of employment equity implementation in the top echelons is allowed to persist, according to the Commission for Employment Equity (CEE).

Speaking at the launch of the Commission for Employment Equity (CEE) report in June, Employment and Labour Minister Thulas Nxesi said this situation was not acceptable and that South Africa's workplace still remains unequal especially, in the upper echelons.

"The CEE report calls for urgent strategies. It cannot be business as usual. The time has come to re-strategise. Employment equity legislation to date has failed to achieve its intended purpose and objective.

"The CEE report is a wake-up call to government that self-regulation by employers to achieve the objectives of employment equity (EE) legislation has not worked. We now need a more aggressive strategy including a review of legislation. The EE Bill currently in Parliament is a catalyst to expedite transformation in the workplace. We have heard the cries of the vulnerable groups – women and the people living with disability," he said.

With little or largely insignificant progress at top level, Minister Nxesi wondered whether government was doing enough or there is resistance by employers. He appealed to Parliament to expedite the process of EE Act amendments so as to fast-track the building of an inclusive South Africa.

The report and the Public Register of all designated employers on the status of workplace transformation was launched under the theme: "Transformation makes business sense".

CEE Chairperson Tabea Kabinde said plans at ensuring equitable demographic representation continues at snail's pace. Ms Kabinde said White population groups continue to dominate the top echelons of the workplace despite their minority representation in terms of the Economically Active Population (EAP).

In terms of the National Economically Active by Population Group and Gender, the report shows that males accounted for 55,4% – with African males accounting for 43,7%, Coloured males 4,8%, Indian males 1,8% and White males 5,1%. While women accounted for 44,6% of EAP – with African females accounting for 35,6%, Coloured females 4,1%, Indian females 1% and White females 3,9%.

Ms Kabinde presented the CEE report that covers the period from 1 April 2020 to 31 March 2021. The report analysis covers the six occupational levels of the workforce profile and movements according to population groups, gender and disability for the years 2018, 2019 and 2020. In addition, it provides the status of employment equity in the various economic sectors and business types reported in 2020. Furthermore, an analysis is provided of the workplace barriers and affirmative action measures reported by designated employers for the 2020 reporting period.

The CEE launches the report on the back of EE Amendment Bill currently underway in Parliament.

The primary objectives of amendments are: to provide the Minister with the power, in consultation with the sector stakeholders and on the advice of the CEE to:

- Regulate employment equity sector through specific EE numerical targets for designated groups (i.e., Black people, women and persons with disabilities);

- Reduce the regulatory burden on small employers, i.e., those employing between 0-49 employees; and

- Regulate criteria for assessment of compliance to complement the promulgation of Section 53 of the EE Act in order to be able to issue Employment Equity Certificate of Compliance as a precondition for designated employers to access state contracts and do business with any organ of the state or public entity.

According to Ms Kabinde, at top management level, the White population group representation is (64,7%). Although slowly declining, it continues to dominate at this occupational level – with the African group accounting for 15,8%, Indian group 10,6% and Coloured group 5,7%. She said the Commission had observed a 1% percent drop annually in the representation of the White group.

She said proportionally in terms of the respective EAPs, Indians benefitted the most from this decline, taking their representation even further above their EAP. Female representation has remained below 25% throughout all the reporting periods, with White and Indian female representation remaining much higher than their EAP at the top management level.

The Commission has observed the high representation of foreign nationals, particularly in the private sector at top management level. It said it is evident that the expected skills transfer by foreign nationals to designated groups is not taking place.

The White group also dominates at senior level, with a representation of 54,5%. African group representation is at 24,7%, Coloured group representation at 8,7% and Indian group representation at 11,6%. There is also an increasing trend of African and Indian population groups, with the White group gradually decreasing. A significant proportion of senior management positions are also held by foreign nationals.

Ms Kabinde said it is at professional level that there is a critical mass of Africans, however, they are still unable to break through the glass ceiling. At this level, Africans account for 46,7% representation, while the White group has a 32,1% representation. The Coloured group has a 9,7% representation and the Indian group 9,1%.

The skilled, semi-skilled and unskilled levels are exclusively dominated by Africans. The CEE said in its report that it is concerned about the trend of employing a large number of foreign nationals, even at the lower occupational levels, which may be contrary to employment legislation seeking to govern migrant labour and employment regulations, such as skills transfer programmes.

The report says in terms of the trend analysis of the representation of persons with disabilities, employers have over last three years been slow to create workplaces that are inclusive of persons with disabilities. The analysis over the three years shows that the representation of persons with disabilities in the total workforce reported on has insignificantly increased from 1% in 2018 to 1,3% in 2020. Ms Kabinde said this is disturbing.

The COVID-19 effect on the economy also affected equity, which is reflected in the 1,8% drop in the number of reports received and a 3,8% drop in the number of employees covered.

In 2020, a total of 26 635 reports were submitted by designated employers.

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TEMPORARY EMPLOYMENT
SERVICE PROVIDERS

Accredited Temporary Employment Service Providers as at 6 July 2021

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- 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
- CSG Resourcing (PTY) Ltd
- CSS Labour (Pty) Ltd
- Eduardo Construction (Pty) Ltd
- 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
- JLH Group (Pty) Ltd
- Lavoro Matkri (Pty) Ltd
- Lekang Projects & Security Services cc
- Mabhele and Associates cc
- Madobra (Pty) Ltd
- MECS Growth (Pty) Ltd
- Molapo Quyn Outsourcing
- Nelso Africa (Pty) Ltd
- On Time Boiler And Engineering Support Services cc
- Phakisa Holdings (Pty) Ltd
- Phakisa MSP (PTY) Ltd
- Primeserv Denverdraft (Pty) Ltd
- Primeserv Staff Dynamix (Pty) Ltd
- Quyn International Outsourcing (Pty) Ltd
- Scribante Labour Consultants (Pty) Ltd
- Sindawonye Services
- Sivulamtfuba Construction and Projects
- Southey Personnel Services
- STAFFATACLICK (PTY) LTD
- The Workforce Group (Pty) Ltd
- Themba Njalo Camden
- Tributum Emawi (Pty) Ltd
- Vusithemba Mpumalanga
- Workforce Staffing (Pty) Ltd

SEIFSA celebrates Board appointments of IR and LS management team

SEIFSA congratulates Industrial Relations and Legal Services Executive Louwresse Specht, Human Capital and Skills Development Executive Sumaya Hoosen, and Industrial and Legal Services Manager Vuyiswa Miya, who have both been appointed to the Boards of several state entities.

Louwresse Specht
Industrial Relations and Legal Services Executive

Vuyiswa Miya
Industrial Relations and Legal Services Manager

Sumaya Hoosen
Human Capital and Human Capital Executive

Ms Specht and Ms Miya have been appointed to the Board of the Unemployment Insurance Fund, while Ms Hoosen has been appointed to the Board of Merseta. Ms Miya has, in addition to this, also been appointed to the Board of the National Nuclear Regulator. They will serve on these Boards for a three-year period ending in 2024.

As members of these Boards, Ms Specht, Ms Miya and Ms Hoosen will play a fundamental role in providing oversight to ensure the entities instill and maintain a culture of good corporate governance and ensuring the leadership of those organisations remain accountable to their stakeholders.

The appointments demonstrate the confidence SEIFSA stakeholders have in our expertise and knowledge, as well as our relevance as an employer federation that lobbies and represents our members' interest of business and government platforms.

Operations Director Lucio Trentini congratulated Ms Specht, Ms Miya and Ms Hoosen, saying that since joining the organisation, they have become the go-to experts for employers seeking advice on various legal, industrial relations and human capital and transformation advice. "Together with Industrial Manager Michael Lavender, the IR and LS team has been committed to supporting our members in various legal matters. Ms Hoosen has become a recognised voice in the Human Capital space and is often approached by the Government for industry input," Mr Trentini said.

"I am pleased to see their expertise being recognised and wish them luck in their roles as Board members," he concluded.

SEIFSA and RMA join hands to support and mentor black-owned SMMEs

The Steel and Engineering Industries Federation of Southern Africa (SEIFSA) has a proud 77-year history and has contributed immensely in creating a stable industry that operates in a fair and competitive environment.

Employees are an integral part of the industry and SEIFSA, in collaboration with Government, employer representatives and organised labour, has negotiated and introduced social security benefit fund arrangements and terms and conditions of employment that promote equality and sustainable living standards.

Companies require on-going support to ensure their sustainability and SEIFSA over the years has played a key role in assisting companies in lobbying, advocating and providing the necessary professional services and support for them to be able to continue operating optimally.

SEIFSA recognises that partnerships are critical if it is to fulfil its mandate. As such, it has over the years collaborated with the both Government and business in its efforts to support and promote the Metals and Engineering industry.

One such collaboration has been enabling SEIFSA to support black-owned SMMEs. Earlier this year, Rand Mutual Assurance (RMA) and SEIFSA formed a partnership to launch an enterprise supplier development (ESD) programme aimed at supporting and mentoring black-owned SMMEs to enable them to scale up and become job creators.

Following a call for companies operating within the Metals and Engineering sector to nominate SMMEs within their value chain to participate in the programme, SEIFSA selected seven companies to participate in the programme. Three of the selected companies are wholly owned by women, while two are 50% owned – a fitting celebration of Women's Month.

Following engagements with the seven companies, SEIFSA was able to identify the needs of the companies, ranging from financial support to training and mentoring. This ensures that each company will receive customised support, drawing from SEIFSA's own expertise as well as that of its alliance partners.

In late June, the owners of the seven companies visited SEIFSA offices for Contract Price Adjustment (CPA) training. SEIFSA News caught up with them to chat about their businesses and what they hope to accomplish through the SEIFSA/RMA project.

DANCHI PROJECTS

Danchi Projects, wholly owned by Rachel Gaffane, was founded in 2016. Gaffane said she established the Pretoria-based company out of a need to have an entity where steel solutions can be offered from design to manufacturing. The company offers precision engineered steel, refurbishment of steel products, structural steel and custom steel fabrication.

Ms Gaffane is excited to be part of the ESD programme and is looking forward to the networking and mentoring opportunities. She is also delighted that through the programme, she has been able to acquire a milling machine – which will result in significant savings as she now won't have to outsource parts of her production.

TUMHLA CATERING

Owned by Itumeleng Masum, Tumhla Catering was founded in 2019. But the genesis of the company dates further back. Ms Masum first entered the catering industry in 2007 at Nampak, where she gained extensive experience in the food industry. She left Nampak in 2013 to join Rebree Catering Services, under the leadership of Mr Brian. It was there that she excelled and in 2019, when Mr Brian decided to exit the business, he left it to her. She renamed the business and now provides healthy food to workers at Mitek and surrounding companies operating in the Halfway House, Midrand area.

She says she has always wanted to see her business grow so that she can help create jobs. She says the SEIFSA/RMA ESD project came at the opportune time, given the challenges she has already faced due to the COVID-19 pandemic. Apart from HR and IR-related training, the support she has received includes baking classes as well as catering equipment so that she can extend her current menu.

MMJP LOGISTICS AND TRADING

MMJP, owned by husband-and wife-team John and Evon Manyathi. The company produces steel pallets and steel edges, as well as providing transport.

The company was established back in 2008 when Mr Manyathi identified a gap while working for BSI Steel. He saw an opportunity to help BSI save costs by retrieving and recycling pallets on behalf of the company for R30 a pallet. As BSI's confidence in the new business grew, Mr Manyathi was soon in a position to not only recycle the pallets, but to also manufacture them. While BSI remains his biggest client, he has been hoping to scale up so that he can take on more clients. And thanks to the RMA/SEIFSA ESD programme, he will be able to do so as he has been able to buy machinery and equipment with the financial support extended to the business.

The Manyathis are grateful for the opportunity, saying the training, mentoring and financial support will help them achieve their dreams of growing their business.

EMPIRE ECLIPSE

Empire Eclipse Services, owned by Sipho Dlamini, offers equipment training within the timber and steel roof manufacturing industry. Dlamini trains businesses and individuals on the machinery used by timber truss manufacturers such as Mitek in the cutting of timber members which are used in the manufacture of nail plated trusses.

Dlamini, however, says his long-term goal is to offer more than equipment training – he is hopes to extend his service offerings to light steel roofing assembly and erecting as well as roof inspections services. In addition to this, he wants to also include software (roof design/estimator) training.

Thanks to the RMA/SEIFSA ESD programme, he is well on his way to achieving his ambitions. Through the programme, he has been able to buy much-needed computer equipment as well as a vehicle to be used for business operations. He will also receive training offered by SEIFSA, as well as roof inspection training.

BWI GROUP

BWI Group Technologies is a 100% black female owned company that provides a range of IT and telecommunications solutions from Wi-Fi installations to phonelines, copiers and CCTV installations.

Established by Caution Nkuna, the company was established last year, just at the right time to take advantage of the sudden move to remote working, thanks to the COVID-19 pandemic. Her leap of faith has served her well and she has even bigger ambitions for her company – which is precisely why she decided to name the company BWI Group, rather than just BWI Telecoms.

"I see my business growing and with time, I want to diversify my offerings to include hygiene and security services," she says.

To prepare for this growth, she has set her sights on a digital strategy to enable her to market her services. SEIFSA assisted her towards this by sourcing and engaging a service provider to assist with this. In addition to this, she will also attend some of SEIFSA's training courses to help her become a compliant and responsible employer.

MAJONGOZI CARRIERS

Like MMJP, Majongozi Carriers is also family owned, and is run by Duzi Buthelezi and his wife Mirriam. The company transports steel from Gauteng to KwaZulu-Natal and other provinces.

In only two years of existence, the company already provides full-time employment to seven people. The company was also able to purchase two trucks and two trailers – in cash, and now have four trucks and trailers. They also grew their customer base from just one, to five, with regular return loads from Durban. But for the Buthelezis, the sky is the limit and they want to see their business scale up even further.

Through the ESD programme, they have been able to purchase a trailer, which will help them increase their transportation capacity. In addition to this, they have also attended several SEIFSA training courses.

Mr Buthelezi said he appreciates the support the company has received from SEIFSA and is looking forward to the networking opportunities that the programme will give them.

ALCUTECH

Alcutech Foundry was founded in 1999 as a non-ferrous sandcasting foundry. In 2015 the company became 90% black owned, with three of the owners black women.

The company specialises in the casting of a variety of specified aluminium alloys and also produces high-quality sand and gravity-die castings. Its clients include companies in the automotive, mining, marine and energy sectors.

Alcutech General Manager Dalefate Mbewe said the company is pleased to be part to the SEIFSA/RMA project. The company is especially grateful that through the initiative, it has been able to purchase a sand reclaimer. This will help the company reuse sand, which will reduce the cost of dumping sand as well as save on the costs of new sand.

Mr Mbewe said the company's participation in the ESD programme has also benefited him in terms of self-development. He said the CPA training was particularly useful as he had never used PIPS tables before and now that he understands them, he will be able to do costings more effectively.

Open rail industry can turbo-charge artisan training in South Africa

Opening South Africa's rail network to third-party operators will provide further impetus to the country's ongoing efforts to develop scarce artisan skills and meet the National Development Plan's target of training 30 000 artisans a year by 2030.

To achieve this, though, it is critical that government moves ahead rapidly with its plans to grant third-party access to the core rail network within the next 12 months, as President Cyril Ramaphosa highlighted in his Economic Recovery Plan last October, says James Holley, the CEO of independent rail operator Traxtion.

Under this policy, private freight rail operators will be allowed to operate on the state-owned rail infrastructure alongside Transnet.

Mr Holley says that opening the rail network to third-party operators will potentially create thousands of jobs and training opportunities as rail operators rapidly scale up their investments in rolling stock and infrastructure to meet pent-up demand.

"Right now, Traxtion's own Training Centre in Rosslyn is producing around 20 fully qualified artisans every three/five years, with the capacity to expand this to 200 given the necessary demand. This is in addition to the train drivers that we also train, we have trained more than 500 drivers. If you look at the number of specialised skills that an open rail environment would create, this will provide a major stimulus for skills and employment creation in the industry and beyond," said Mr Holley.

It is estimated that South Africa currently produces about 12 000 qualified artisans a year, which is well short of government's target of 30 000 a year by 2030.

Projections by the Africa Rail Industry Association (ARIA) suggest that additional parties using the rail network will create numerous upstream jobs by enabling industry (like smelters, steel mills, manufacturing and agri processing) and mining (like new coal, manganese and iron ore mines) to become internationally competitive.

"When we invest in a train set to service a mine, for example, we will employ 40-50 people to run that service. That mine could employ 5,000 people. That's the potential that open rail brings to our employment numbers and skills development efforts," said Mr Holley.

Traxtion's Skills Development and the Trade Test Centre offers fully-accredited specialised training in both technical and operational disciplines. The Technical division provides training for Diesel Electric Fitter apprentices and artisans, boilermakers, spray painters, mechanical fitters and electricians. Many of these occupations are in short supply in South Africa, according to the National List of Occupations in High Demand (PDF), recently released by the Department of Higher Education and Training.

The latest Quarterly Labour Force Survey, released last month by Statistics South Africa, showed the number of unemployed persons in the country remained almost unchanged, at 7,2 million, compared to the fourth quarter of 2020.

"One of South Africa's biggest priorities is to develop qualified artisans to support our economy. To successfully deliver on our country's Strategic Infrastructure Projects (SIPs), we need artisans. To do this, we need government, business and our training sector to work together to create a pipeline of skilled people," said Mr Holley.

The new 100 MW threshold: The best megawatt remains the megawatt not used

As the country focuses on improved energy generation capacity, energy savings must not be forgotten! The South African energy industry – and indeed the wider business community – is celebrating the recent very positive announcement by President Cyril Ramaphosa on the increased threshold for embedded electricity generation for private companies, up from just 1MW to 100MW. However, while companies start investigating their self-generation options, it is vital that we do not forget our impact on "the other (demand) side of the meter".

The International Energy Agency still regards energy efficiency as the "first fuel", and we should strive to save every possible kWh before adding new generating capacity, whether it be from renewable sources or not. Companies must prioritise energy savings, not just self-generation.

While I agree that the new 100MW threshold is great news for the stability of supply and our economic potential, I would like to see every installation targeting a baseline load of 110MW. You might wonder why I would suggest this when the new threshold is 100MW. My take is that there is at least 10% energy savings potential on the demand side of the meter at virtually all proposed installations that should be investigated and optimised, before adding additional supply-side capacity. The more energy (consumption) we can avoid or save, the smaller the size of the load required to operate those end-use technologies. Therefore, we urge project developers not to lose focus on first exploring the energy efficiency potential, by setting an "internal" target to save 10MW of electricity for every 100MW of renewable power generation capacity installed in this new and exciting journey in the South African energy landscape.

Businesses are now empowered to generate their own electricity with limited administrative bureaucracy. If companies can install and operate their own energy infrastructure to cater for their own needs, without having to apply for licences from the National Energy Regulator of South Africa, why worry about energy savings? Well, aside from the substantial financial investment required for self-generation installations, all new build projects come with an environmental cost. Even renewable and "clean" energy projects come with a carbon footprint. If you consider the manufacture and transport of every piece of equipment and component required for a solar farm, you can see how this might add up when companies across the country adopt their own generation plants.

Added to that, at the most basic, it is cheaper to save energy than to generate it. Building new generation capacity is a big investment, regardless of the energy source. While it will be exciting to see the small-scale embedded generation projects popping up in the coming months and years, there are additional cost and environmental savings to be gained by including energy efficiency in the overall mix. Regardless of how and where power is generated, someone still pays for the megawatt consumed, whereas the avoided megawatt is 'free'. In my opinion, the best megawatt is still definitely the megawatt not used.

Alternative energy solutions are understandably a priority in South Africa, with our ageing electrical infrastructure and threatened energy security. Giving companies the opportunity to generate their own power is sure to assist with our country's economic recovery plan. However, I implore these companies to not forget about the other side of the 'green' coin. Energy efficiency should still be the first step towards energy security!

Bredenkamp is the general manager of energy efficiency and corporate communications at SANEDI

Defy opens a world class Warehousing and Distribution Centre in Danskraal, Ladysmith

Consumer goods manufacturer Defy has opened a new warehouse in Danskraal, Ladysmith in KwaZulu-Natal. This R170-million investment is set to create more than 130 jobs.

Defy said the new Danskraal warehouse and national distribution centre represents its dedication to the people of South Africa and the community of Ladysmith to see another century of prosperous growth, the home

Defy strives to raise the bar on innovation, quality and processes that result in an output, to better serve its entire ecosystem, guided by the purpose of "Pioneering Our Future Together", it said.

Distribution and warehousing are key competencies in the Defy supply chain, forming part of the customer centric ethos of the company. Defy has been looking into ways to further improve distribution efficiencies by investing in local communities in which the company currently operates. Ladysmith became a prime location to achieve a win win result due to its strategic location, with the Defy Ezakheni manufacturing facility already operating out of the region.

Since 2012, Defy has invested about R642-million in the Ladysmith economy. Danskraal, located in the Ladysmith area and only 17km from the Defy Ezakheni manufacturing facility, has been designated as a logistics development zone and is strategically located in terms of Defy's planned network. The new warehouse has brought an additional R170-million investment to the Ladysmith area, supporting over 130 new jobs and further contributing to the economic stability of the Ladysmith community.

The Defy Danskraal warehouse can load/unload more than 200 trucks per day and has a storage capacity of 100,000 cbm of product. The strategic location of the distribution centre creates the opportunity to move product by rail from the Ezakheni manufacturing facility to the Durban port 250km away. This significantly improves the export supply of Defy, and sister brand Beko appliances into Africa, supporting the company's vision of being in the top three appliance brands in all sub-Saharan markets, by 2025.

"With the commencement of the African Continental Free Trade Area (AfCFTA) as of January this year, the move to enhance our capabilities to service the African continent was prioritised, and with the opening our new warehouse and distribution centre, this could not have positioned us on a better footing. We look to pioneer the landscape of the African continent with superior local products, under our Defy and Beko brands to ensure a sustainable growth for the future", said Defy CEO Evren Albas.

Defy is a proudly South African brand and for 115 years has been deeply entrenched and committed to investing and developing local communities in South Africa, through mutually beneficial projects such as Danskraal. It has made a meaningful impact to the lives of its employees, business partners, consumers and the communities in which it operates.

Another TERS extension with payments made directly to employees

In light of the recent adjusted alert level 4 restrictions, the TERS has officially been extended once again for certain affected employees. The new claim period is from 16 March 2021 to 25 July 2021. Applications for the extended TERS benefit opened on 19 July 2021 and payments are due to commence from 26 July 2021.

Importantly, the latest directive provides that employers are still expected to apply for the TERS on behalf of qualifying employees in respect of the TERS extension. However, the TERS benefit payments will be made directly to employees' bank accounts rather than to their employers. In light of this, it is vital that employers provide their employees' correct details, including ID numbers and valid bank accounts. The directive states that on good cause shown and at the discretion of the UI Commissioner or a delegated official, the Unemployment Insurance Fund (UIF) can permit payment of the TERS directly to employers who, for instance, paid their employees in advance.

Qualifying sectors for the extended TERS are identified in annexure A of the directive, which includes venues that host auctions, professional sports, social events and live performances. Annexure B contains all the other sectors affected by level 4 lockdown restrictions. These include restaurants, the liquor industry, hospitality, tourism as well as industries and business establishments that form part of these value chains.

The following categories of employees qualify for the TERS benefit in terms of the latest TERS extension:

- Employees whose employers fall within the sector specified in annexure A to the directive who were not permitted to commence operations (either partially or in full) from 16 March 2021 to 25 July 2021 due to Level 1, 2 and 3 restrictions preventing gatherings of a certain number of people;
- Employees who were and or are still impacted by level 4 restrictions which commenced on 28 June 2021 (and fall within the sectors outlined in annexure B to the directive); and
- Vulnerable employees who have not been able to be accommodated or work during the question (irrespective of whether their employers operate in a sector specified in annexure A or B);
- Employees whose employers operate in a sector specified in annexure A or B who were unable to make use of their services fully or partially due to operational requirements caused by compliance with the Disaster Management Regulations; and
- Employees who have had to isolate or go into quarantine, irrespective of whether their employers fall within sectors in annexure A or B.

The employee declaration returns by the employer will confirm loss of income and inability to make alternative arrangements for the affected employees. To prove that an employer is unable to make alternative arrangements for vulnerable employees to work from home or take alternative measures, and to prove that an employee is in quarantine or isolation and is entitled to benefits, employers are required to submit the following categories of data to the National Institute for Occupational Health in the manner set out in the National Department of Health Guidelines:

- Each employee's vulnerability status for serious outcomes of a COVID-19 infection;
- Details of the COVID-19 screening of employees who are symptomatic;
- Details of employees identified as high-risk contacts within the workplace if a worker has been confirmed as being COVID-19 positive; and
- Details on the post-infection outcomes of those individuals testing COVID-19 positive, including the return-to-work assessment outcome.

Several employers and employees are of the view that the TERS is there for the taking. Employers who apply for the TERS must be careful to check that they (and their employees) fall within the qualifying criteria. All is not lost for those employees who do not qualify for this round of TERS. Employers who do not operate in the sectors set out in annexure A or B and who are unable to make use of their employees' services partially or fully due to compliance with the Disaster Management Regulations may still be entitled to apply for the UIF's reduced work time benefit on behalf of their employees.

Source: ENS

Do you need assistance with your TERS payment?

SEIFSA Alliance Partner Niche is on hand to assist both member and non-member companies. It will only charge employers upon successful resolution of the claims.

Contact Paul West at paul@nicheservices.co.za for a no-obligation consultation.

Business concerned about implementation of Ters claims

Business for South Africa (B4SA) has, in a note to employers, raised concerned about the payment of Ters claims, saying the separated process for claims will likely cause confusion.

According to the organisation, the Unemployment Insurance Fund (UIF) will stagger the opening of claims. Those who are covered under what is termed Annexure B of the new Directive will be eligible to claim for the adjusted level 4 lockdown period, i.e., 28 June – 25 July 2021. Claim windows are expected to open on the Ters portal on Monday 19 July 2021. Employers who applied for, and were granted approval, via Sector Appeals, will automatically be eligible to claim.

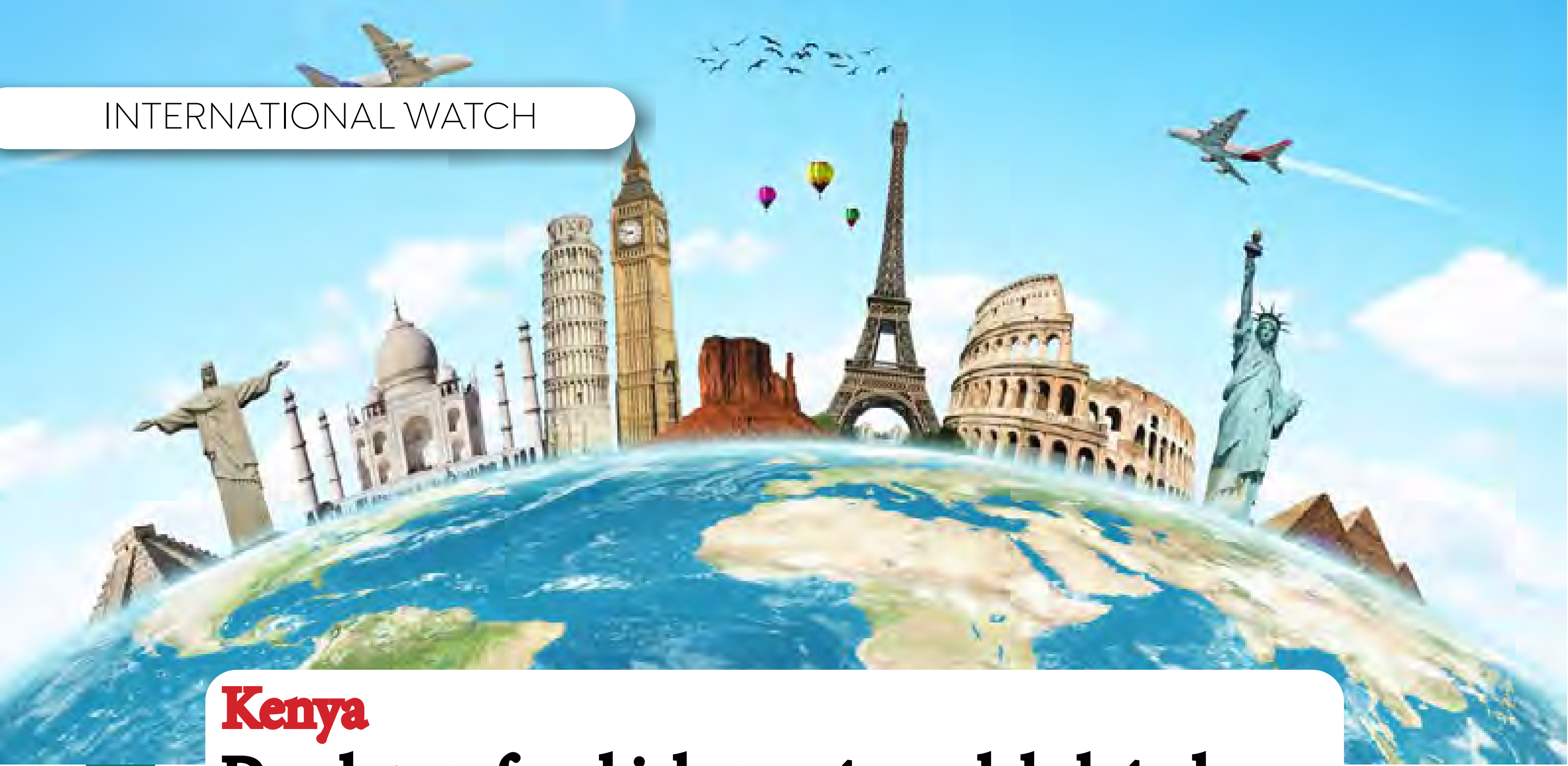
Those who are now categorised under Annexure A (primarily venues where large gatherings are held) will be eligible to claim from 16 March – 25 July 2021, or any period in between. However, these organisations will be required to re-submit their Ters Sector Appeal (if not already classified under the correct SIC codes) for consideration by the UIF. Applications for this category is intended only to open at a later, thus far uncommunicated date.

B4SA has raised its concerns about the separated process, saying it likely to confuse both employers and employees. This is especially for entities that could potentially fall under either Annexure A or B lists. For example, hotels, B&B and restaurants which also offer venues for hire which have been prohibited/affected due to gatherings restrictions. So far, the UIF has merely indicated that employees affected in this way should preferably be claimed under Annexure A so that there are no difficulties with cross-over claims as IDs will only be accepted ONCE across these two payment periods. Further, the requirement to re-submit Sector Appeals will undoubtedly further delay application, processing, and payment of Ters, which is untenable given the strain many affected employees are under after weeks of low, or no earnings.

It also said concerns relating to both this new period and intended implementation models, as well as the continued challenges relating to previous periods – particularly bank verification, technical issues with failed CSVs, and payment of foreign nationals, initially raised via the UIF Ops Task Team have been escalated to the acting UI commissioner and the director-general of employment and labour. To date, no response has been received.

"B4SA remains committed to addressing the current, and historical, challenges experienced by employers regarding C19 Ters. Throughout the past 18 months B4SA representatives have continuously offered assistance, advice, and support to the UIF to improve the management and administration of C19 Ters. And whilst some wins have been achieved, it remains disappointing that many of the proposed solutions and offers of expertise, including practical solutions such as query management software, have gone unheeded by the department.

"It is disheartening that nearly 18 months after the implementation of the C19 Ters processes, many employees remain unpaid, including for the first period Mar-April 2020. Inefficiencies within the UIF have been highlighted through this scheme, and the daily reports of individuals trying to access normal unemployment benefits, and it highlights the need for urgent attention being given to the modernisation of state departments," it said.



Kenya

Developers face higher costs as global steel prices up 50pc

Real estate project owners are staring at higher costs following a 50% increase in global steel prices, driven by rising demand amid supply chain disruptions in India and China due to COVID-19.

Data from the London Metal Exchange, the centre for industrial metals trading, shows that a tonne of steel bars rose from Sh40,000 in April 2020 to Sh81,000 by mid July.

In its 2021 January-June status of the built environment report, the Architectural Association of Kenya (AAK) said a kilogramme of construction metal had risen to Sh125 from Sh85 in December 2020.

This will translate to higher costs for builders, some of whom have already inked contracts that factor in lower prices of the material.

"Contractors are receiving change of price every two or three months...some steel companies are also not giving price validity beyond one week," said AAK quantity surveyors chapter chairperson Mary Odhiambo.

"The person who would end paying in the end consumer. Another effect of the rise in cost could be developers reducing the number of their developments, which in the end may reduce housing supply, ultimately raising the price of housing and other infrastructure."

Steel is a vital component in the construction industry, used to make roofing sheets, reinforcement bars, steel beams and columns, windows and doors, among other products.

Any upward change in the price of steel, therefore, means a higher cost of projects.

Ms Odhiambo expects the cost of construction to rise even further since supplies from Japan, South Africa and Turkey are unreliable in light of Covid-19 restrictions.

MAIN SUPPLIERS

"A number of millers in India have also shut down because of the Covid-19 situation, which has also escalated the problem. China and India are the main suppliers," she said.

This rise in steel costs also comes when there is reduced activity in the infrastructure and real estate sectors due to tough economic conditions, labour shortages, and low demand for office spaces as companies adopt remote working to fight the spread of Covid-19 pandemic.

Source: Business Daily Africa

United Kingdom

Ministers planning 'steel deal' to help industry go green and slash emissions

Ministers are ready to back an overhaul of the steel industry to make it more environmentally-friendly, MPs were told in late July.

Business Secretary Kwasi Kwarteng said the Government wanted to support the sector as it battles to slash emissions.

"The kind of principle behind any long-term future for the industry, which I passionately believe in, means some deal around decarbonisation – Government support for the industry," he told the Commons Business Select Committee.

"We are definitely looking at a potential steel consultation – steel deal, if you like.

"It's definitely something that's being considered."

The Steel Council – a forum of ministers, company bosses and union leaders – were to meet on 21 July to thrash out plans.

Mr Kwarteng also insisted ministers wanted to avoid the industry lurching from one crisis to another.

Steel firms have faced repeated threats of closures, redundancies and plant sales over the past six years – creating uncertainty for workers and communities.

The chaos has also hampered attempts to switch to greener methods of production while competing with foreign rivals' cheaper metal.

Mr Kwarteng said: "In the next few months we should have more clarity about what we will be coming out with, but I definitely hear the arguments that we have to think of steel on a longer-term basis because I and a number of my predecessors have dealt with steel crises over the last five or six years now on an ad-hoc basis.

"We had the Tata Steel crisis in 2016, we've had an ongoing issue with British Steel and Greybull and selling it onto (Chinese firm) Jingye after a period where it was being looked after by the Official Receiver (and) we've got issues now.

"I want to have a much more sustainable approach."

Community steelworkers' union operations director Alasdair McDiarmid said: "Safeguarding the long-term future of our strategic industry means we have to decarbonise, which can only be achieved with government leadership and the full engagement of all stakeholders.

"Steelworkers must be at the centre of decision-making and a fair transition will require extensive investment that protects jobs and steel communities.

"There's no doubt a strong British steel industry is essential for delivering our climate objectives.

"It should be a no-brainer because either we make the steels here, supporting tens of thousands of good jobs, or we give up those jobs and rely on high-carbon imports from countries playing by different rules."

Labour MP Stephen Kinnock, who chairs the All-Party Parliamentary Group on Steel and Metal-Related Industries, said: "When he was asked about whether the steel industry would be granted the type of sector deal awarded to industries such as automotive, aerospace and construction – all of which are underpinned by UK steel – the Business Secretary replied, almost satirically, "We are definitely looking at a potential steel consultation."

"It is this type of vague non-commitment that has led UK steelmakers to wonder if the UK Government is really committed to the industry, and if it has any concept at all of how important UK steel is to our defence, our infrastructure, our national resilience, our industrial communities and to greening our economy.

"The Government must commit to a sector deal for steel, with decarbonisation and a just transition for workers at its heart, along with action on sky-high industrial electricity prices, and a commitment from UK Government agencies to buy British."

The Mirror has been campaigning to Save Our Steel since 2015 when the industry was hammered by plant closures and thousands of redundancies.

By Ben Glaze
Source: The Mirror

Iran
Steel exports rise 128% in three months yr/yr

Iran's major steel producers exported over 2.78-million tons of steel during the first three months of the current Iranian calendar year (March 21-June 21), which was 128% more than the figure of the same period of time in the past year.

The mentioned producers exported over 916,236 tons of steel in the third month of this year, which was 104% higher than the figure of the third month of the previous year, IRNA reported.

Meanwhile, the highest amount of steel exports was made by Khuzestan Steel Company with 523,321 tons, followed by Esfahan Steel Company with 315,844 tons and Mobarakeh Steel Company with 267,861 tons in the second and third places.

Iran's export of steel during the previous Iranian calendar year 1399 (ended on March 20) declined 13.1% compared to the figure for the preceding year, data released by the Iranian Steel Producers Association (ISPA) showed.

Based on the mentioned data, the country exported nine million tons of steel in the previous year while the exports in the Iranian calendar year 1398 stood at 10.362 million tons.

According to ISPA, over 2.839 million tons of steel products were also exported in the mentioned year, registering an 18% decline year on year. As ISPA data indicated, the exports of steel products, intermediate steel and sponge iron all declined last year, and despite significant output growth and the demand decline in domestic construction sector, the exports of the mentioned products did not increase due to the pandemic.

Iran is planning to produce 32-million tons of steel in the current Iranian calendar year (ends on March 2022) to register a 27.7% rise compared to the figure for the previous year.

Based on the Industry, Mining, and Trade Ministry data, Iranian steel companies managed to produce 28.374-million tons of steel in the previous Iranian calendar year.

According to the ministry's programmes for the current year, the production of 23-million tons of steel products has been also put on the agenda, while last year 25-million tons of such products were manufactured.

Sponge iron production is expected to reach 33-million tons in the current year to register a 2.5-million tons rise compared to the previous year's 30.5-million tons.Based on the Industry Ministry data, major Iranian steel producers managed to produce over 22.54-million tons of steel ingots in the previous calendar year, registering an 8% rise year on year.

Mobarakeh Steel Company had the best performance with a production of 9.8-million tons of the mentioned product while the highest production growth was registered by Sirjan Steel World Company with 141% growth. Iran is currently the 10th-largest steelmaker in the world and is estimated to climb to seventh place by the Iranian calendar year 1404 (March 2025).

The country produced 7.5-million tons of crude steel in the first quarter of 2021, to maintain its place as the 10th biggest steel producer in the first three months of 2021, Iranian Mines and Mining Industries Development and Renovation Organisation announced referring to the data released by the World Steel Association.

Source : https://www.hellenicshippingnews.com
Metal Junction

India

India ferrous scrap prices comparatively weak to iron ore, as India scrap futures launch

Global ferrous scrap prices, including in India, remain comparatively weak to iron ore, as the London Metal Exchange launches India scrap futures, allowing increased risk management with iron ore, scrap, coking coal and steel futures available through multiple exchanges.

Scrap to iron ore ratios have remained weak, following sustained high iron ore demand in China throughout the coronavirus pandemic and record high prices in May.

While scrap import demand in India has recovered from last year, prices of Platts TSI Shredded Scrap CFR Nhava Sheva and 58% Fe iron ore fines see ratios remaining close to the all-time low in October 2020 of 1.82 scrap to iron ore, according to S&P Global Platts analysis July 19.

The ratio moved higher alongside a recovery in scrap prices since the fourth quarter and averaged at 2.05 scrap to iron ore in June. Platts TSI Shredded Scrap CFR Nhava Sheva averaged $517.50/mt in June, and moved up to $530/mt CFR July 16.

The ratio last peaked in February 2020, at 2.9 scrap to iron ore. The ratio uses 58% Fe fines China CFR prices netback to West India, and scrap and iron ore is adjusted to a 100%-Fe basis.

Major scrap importer India relies more on domestic iron ore resources, which help the nation to minimize iron ore imports. India competes for scrap imports with regional buyers such as Pakistan, buying from the Persian Gulf, the US and other markets.

Platts assessment is based on containerized shredded ferrous scrap at the port of Nhava Sheva, near Mumbai, complying with ISRI 211 classification or equivalent, specifying homogeneous and magnetically separated iron and steel scrap originating from automobiles, No.1 and No.2 steel, and miscellaneous baling and sheet scrap, with an average density of 70 lb/square foot.

Shredded and HMS scrap prices in Turkey, India and the US have tracked long steel and billet prices, which have been weaker than flat steel prices, as collection rates and industrial activity improved after the initial pandemic hit global markets in early 2020.

The comparative low prices for scrap to iron ore -- at high outright prices for both -- compares to a six-to-eight price multiple for shredded scrap CFR Nhava Sheva over 58%-Fe iron ore fines during 2017, when iron ore was depressed.

While Turkey typically imports deep sea scrap cargoes, India's scrap prices have become a reference, along with those traded in China, Taiwan, South Korea and Japan. The LME's Steel Scrap CFR India cash-settled futures contract, which started trading July 17, settles on Platts TSI Shredded Scrap CFR Nhava Sheva, and is traded on 10 mt lots.

Source: https://www.spglobal.com/platts/en/market-insights

Metal Junction

Current overview of the Metals and Engineering sector

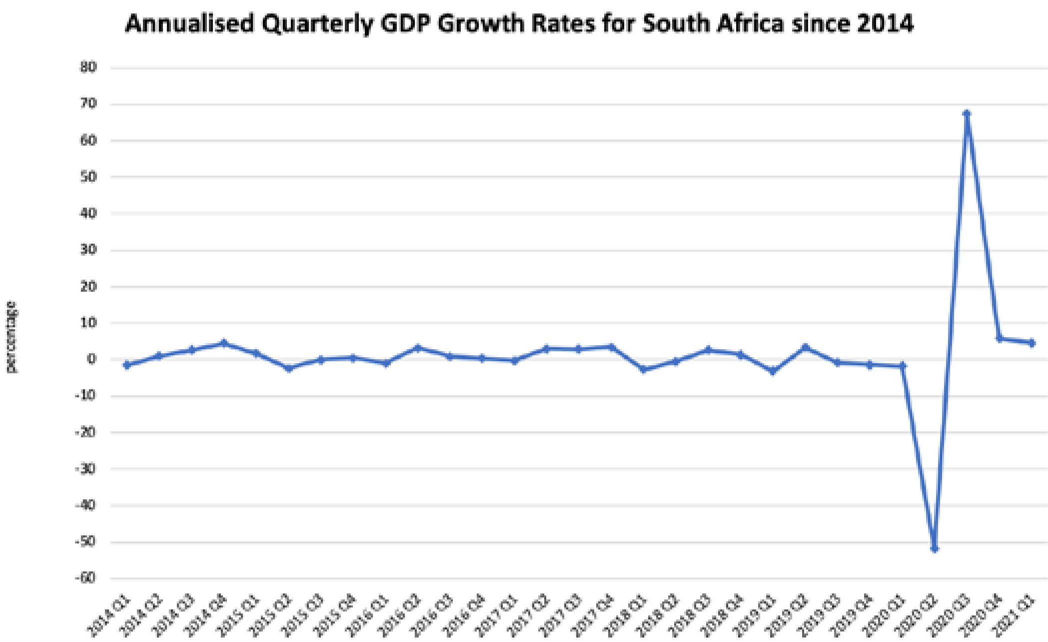
The Metals and Engineering (M&E) sector is a crucial supplier of inputs into major sectors such as construction and other manufacturing sub-industries, and remains an integral part of economic and industrial development in South Africa. In 2020, the M&E sector faced enormous challenges globally, with supply chain disruptions, declining market demand and disruptions in trade. The South African industrial landscape was not spared from this challenge.

In recent years, even before the COVID-19 pandemic, the South African industrial economic landscape has continued to be dominated by shrinking domestic market size, declining production, low-capacity utilisation levels, weak production sales, declining contribution to the overall total economy, declining employment numbers, increasing real per capita income impacting negatively on cost base, increasing levels of imports, weak global trade balance position, low investment levels and low product price increase in relation to input prices.

GDP TRENDS

Gross Domestic Product (GDP) data released by Statistics South Africa (Stats SA) for the first quarter affirmed an uptick in economic growth in the first quarter of 2021. According to Statistics SA, real gross domestic product (measured by production) increased at an annualised rate of 4.6% in the first quarter, though this was lower than the fourth quarter of 2020's revised growth rate of 5.8%. First-quarter growth was mainly attributed to eight sectors recording positive growth between the fourth quarter of 2020 and the first quarter of 2021. The largest positive contributors to growth in the first quarter were the finance industry at 7.4%, the mining industry at 18.1% and trade industries at 6.2%.

Graph 1: Trends in South African GDP growth rate



Source: StatsSA

The uptick in GDP is a welcome development, especially given the current economic environment against the backdrop of rising unemployment levels, rising input costs, increasing energy costs and the COVID-19 pandemic. Signs of recovery were evident, with increasing production levels for key sectors such as manufacturing and mining, as well as Purchasing Managers' Index (PMI) numbers being in expansionary territory in recent months.

Encouragingly, the broader manufacturing sector, including M&E, was among the positive contributors in the secondary sector, rising by 1.6% in the first quarter. Manufacturing growth was largely driven by the automotive sector as well as manufacturers in wood, paper and publishing. Five of the 10 manufacturing sub-sectors reported positive growth rates.

A disappointing element was a decline in net exports of 0.9 % in the first quarter, followed by a rise in imports of 26.5% in the same period. The decline in exports of goods and services was largely influenced by decreased trade in minerals and vehicles and other transport equipment, while the rise in imports was largely driven by increase in mineral products, machinery and equipment, and vehicles and transport equipment.

PMI TRENDS

From the industrial activity point, the South Africa Business Confidence Index improved to 50 index level in the second quarter of 2021 from 35 in first quarter of 2020. PMI returned to growth for the first time in 18 months in the fourth quarter of 2020, hitting an over two-and-a-half-year high amid improved demand dynamics.

PMI for June was 57.4, a marginal decline from 57.8 in May due to a slight slowdown in new sales orders and business activity following the move to level 3 lockdown restrictions, as depicted in graph 2.

Graph 2: Manufacturing PMI trends in South Africa

Source: Source: BER

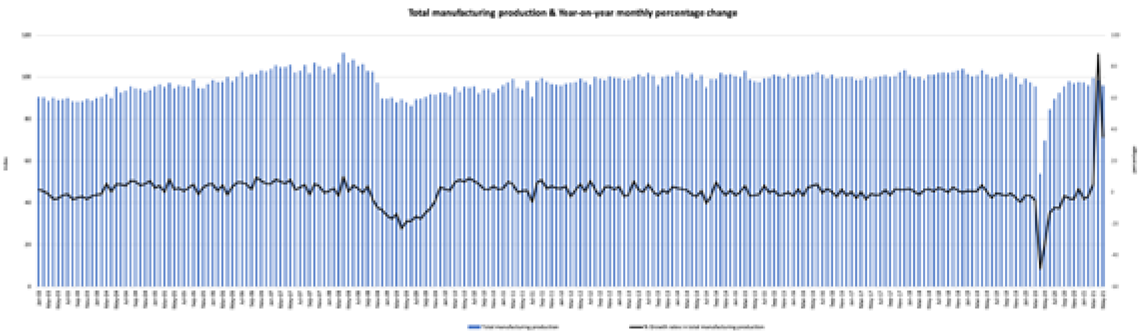
MANUFACTURING PRODUCTION AND SALES

The M&E sector accounts for 29% of total manufacturing production in South Africa. Its overall performance has significant implications for the economy. Production in the M&E sector was weak in 2020 due to the impact of COVID-19 lockdown regulations, with a year-on-year decline in total production of 13.7%. Production sales were also affected by lockdown restrictions as demand from key market segments also declined. Total sales in 2020 were R727-billion, which was lower by 12.3% year on year.

Improvement in M&E sector production and sales, according to Stats SA data, shows that there are some signs of recovery in the manufacturing sector.

According to Stats SA, total manufacturing production improved to 35.3% year on year in May, despite a monthly decline of 2.6%. Total manufacturing sales increased by 53.3% year on year, while declining by 0.1% from April. Year to date, manufacturing production increased by 17%, while sales improved by 29%.

Graph 3: Manufacturing production trends in South Africa



Source: SARB

Within the M&E sector, total production across its 13 sub-categories increased by an average of 69.8% in May year on year, with total sales increasing by a significant 74.4% to reach R69.8-billion in May.

Table 1: M&E Production growth rates in South Africa

13 Metals and Engineering (M&E) Sub-components	Year-on-year percentage change in production of M&E products																
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	2020	Jan-21	Feb-21	Mar-21	Apr-21	May-21
Rubber products	-6,6	13.7	-8.4	-78.6	-48.0	-8.6	-15,3	-6.1	-1.2	-2.7	8.8	-20.2	14.4	11,5	-9,6	12,9	275,7	57,7
Plastic products	-2.0	1.5	-1.9	-37.2	-22.7	-8.9	-7	-5.9	-2.3	5.1	3.2	1.4	-6,4	-3,4	-3,5	-1,3	48	11,2
Basic iron and steel products	7.4	-5.5	-7.0	-81.8	-59.4	-32.1	-16.7	-10.3	-22.6	-21.6	-23.7	-7.7	-23,4	-16,4	-24,5	-9,2	337,9	71,2
Non-ferrous metal products	-12.9	-7.9	-11.6	-27.7	-20.8	6.6	-0.6	-2.7	0.9	-0.1	13.8	8.8	-7.9	1.1	0,8	5,6	22,5	8,2
Structural metal products	-3.2	4.2	-0.9	-84.4	-40.5	-9.5	-11.6	-15	-10.2	-7.6	3.8	10.1	-14,4	1,9	7,7	2,1	499,2	56,4
Other fabricated metal products	-4.7	-8.2	-15.6	-76.4	-23.8	-9.9	3,2	-3.2	9.1	8.4	4.7	19.7	-8.1	13,7	0	17,5	291,7	33,7
General purpose machinery	7.6	-0.3	-3.0	-64.8	-30.6	-11.1	9.6	-7.2	5	-4.4	-2.3	1.8	-8,7	-4,4	-0,1	-0,2	188,5	49,7
Special purpose machinery	-3.6	-6.0	-9.5	-54.5	-17.2	-16.6	-10.3	-19	-8	-7.2	-2.3	2.7	-12,4	4.8	10.8	3.2	102.5	35.3
Household Appliances	12.8	-6.9	12.6	-67.8	-56.1	-23.6	-32.1	-23.9	-16.5	3.5	7,4	-7.6	-17,4	6,9	-7,4	-6,7	217.2	135,1
Electrical machinery and apparatus	-5.0	-11.6	-17.4	-66.6	-31.8	-38	-15.3	-14.5	-3	-0.7	-1.4	9.5	-16,3	10,1	2,2	0,3	198	19,4
Bodies for motor vehicles, trailers and semi-trailers	-2.4	-14.1	-17.9	90.1	-43.6	3.2	8.4	-3.2	27.5	-2.7	22.6	24.5	-7,3	9,9	30,5	25,9	850,4	82,9
Parts and accessories (Motor Vehicle)	-5.9	-0.8	3.1	99.5	-53.3	-40.9	-33.5	-30.9	-4.9	-2.1	9.6	37.2	-19,3	40,7	23,9	44,3	8805,	9 777
Other transport equipment	-0.5	2.6	2.4	89.7	-31.7	-45.6	-14.3	-23.4	-25.7	-11.3	-11.3	16.4	-22.1	-8,5	-12,7	-7,5	915	69,2
AVERAGE	**-1.47**	**-3.02**	**-5.47**	**-70.70**	**-37.65**	**-19.86**	**-10.41**	**-12.41**	**-4.38**	**3.32**	**0.18**	**4.9**	**-13.69**	**3.69**	**0.22**	**6.76**	**965.58**	**69.77**

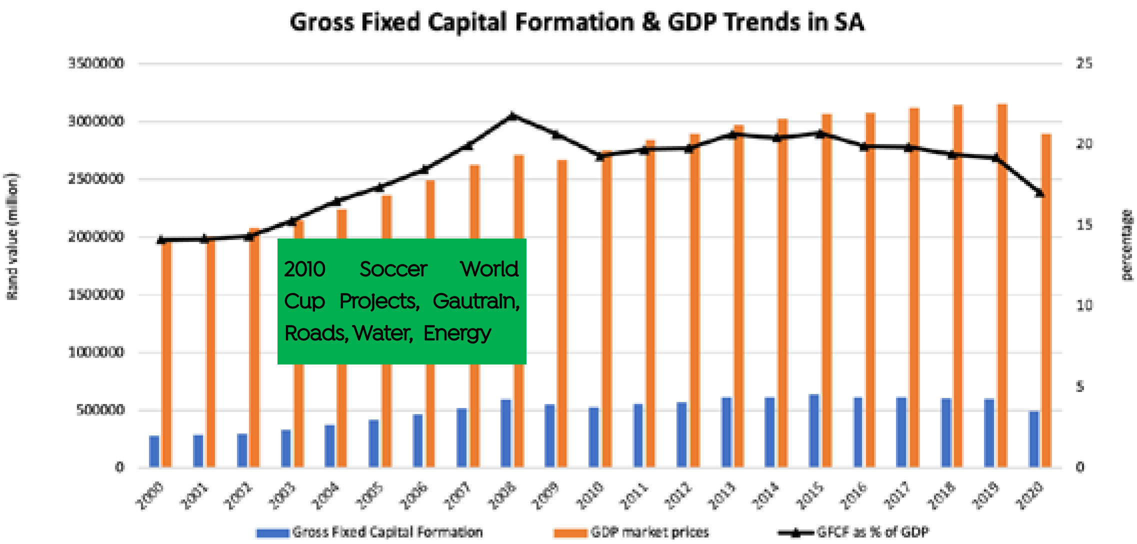
Source: Source: Stats SA

TOTAL GROSS FIXED CAPITAL FORMATION

South Africa needs to increase its share of fixed investment to GDP from current levels if the country is to deal with the challenges of poverty and inequality as identified in 1994. South Africa's share of Gross Fixed Capital Formation (GFCF) increased as a percentage share of GDP since 2000, from 14% to reach a peak of 22% in 2008.

In 2020, GFCF share to GDP dropped to an estimated 17% and this is below other emerging economies such as China (42.6%). Infrastructure spending into the economy is key in driving the increase in fixed investment ratio to GDP, as depicted in graph 4.

Graph 4: Gross Fixed Capital Formation trends in South Africa



Source: Quantec

The latest GFCF data released along-side GDP figures was not supportive of the positive trends seen in GDP and production figures as GFCF decreased by 2.6% in the first quarter of 2021 from 12.1% in the fourth quarter of 2021. This decline in GFCF was driven by a decrease in residential buildings, transport equipment and machinery and other equipment, demonstrating the strain being felt by the construction sector.

Table 2: Public Sector Infrastructure spending in South Africa

Public Sector Infreastructure spending in South Africa

R billion	2020/21	2022/23	2023/24	MTEF
	Medium-term estimates			Total
Energy	44.2	50.3	55.4	149.9
Water and sanitation	36.0	40.8	43.2	120.0
Transport and logistics	92.7	96.1	98.3	287.0
Other economic services	20.7	20.9	19.9	61.5
Health	12.4	12.2	12.8	37.4
Education	18.7	19.5	19.3	57.5
Human settlements	13.4	13.9	14.5	41.7
Other social services	1.6	1.8	1.9	5.3
Administration services	9.9	10.4	10.5	30.8
Total	**249.6**	**265.8**	**275.7**	**791.2**
National departments	14.7	15.1	15.3	45.1
Provincial departments	59.2	60.6	62.1	181.9
Local government	60.8	63.6	66.4	190.8
Public entities	19.3	20.9	21.5	61.7
Public-private partnerships	6.1	5.5	6.3	17.9
State-owned companies	89.5	100.0	104.2	293.7
Total	**249.6**	**265.8**	**275.7**	**791.2**

Source: National Treasury SA

CONSTRUCTION AND BUILDING MATERIAL SALES

The positive trend in sales of construction and building material is an indication of some positivity in the economy amid the challenging environment.

Wholesale trade sales data released by Statistics South Africa (StatsSA) today showed an increase in sales of 31.3% in May 2021 compared to May 2020, to reach R158-billion in constant terms. Month on month, sales increased 6.3% from April. Year to date, wholesale trade sales have increased by 14.5%.

Sales of construction and building materials increased to R13-billion from R11-billion in April 2021, with expansionary year-on-year growth of 115.9% in May 2021.

Within the M&E sector, the increase in the sale of construction and building material was driven mainly by the increase in the demand for building supplies across all segments including non-ferrous metal products, basic iron and steel products, as well as other fabricated metal products, totalling R37.2-billion in May.

Graph 5: Construction and building material trends in South Africa

Source: StatsSA

This massive year on year increase in the sale of construction and building material was positive news for the M&E sector given that it indicates demand for its products. The increase in M&E production sales to R78.7-billion in May from R75.5-billion in April is an indication of this demand. However, the recent unrest in the country, which disrupted supply chains, transport and logistics, threatens to derail the economic improvement the country has seen thus far.

TOTAL EMPLOYMENT IN MANUFACTURING AND THE M&E SECTOR

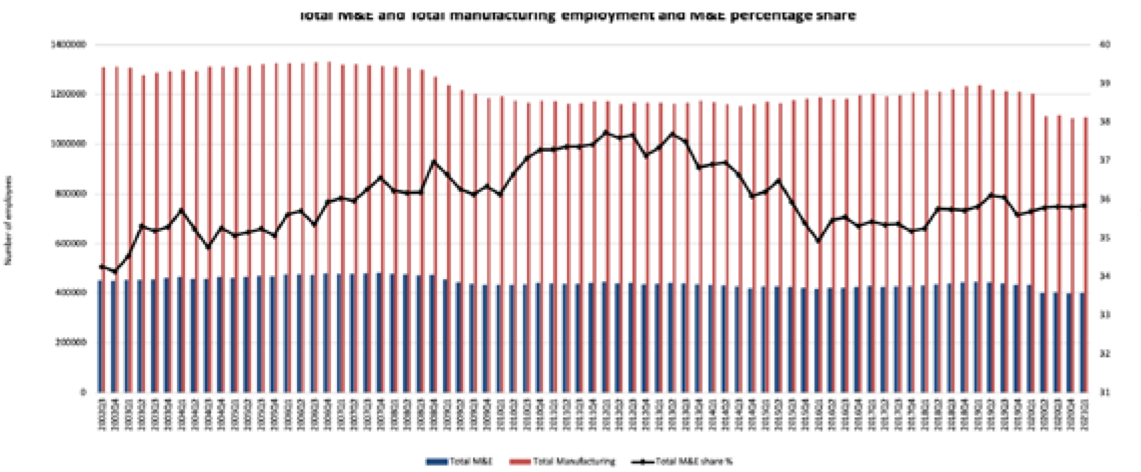
The latest Quarterly Employment Statistics (QES) data released by Stats SA reflects the turbulent path to economic recovery amid the deepening negative impact of lockdown restricts on employment and the overall economy.

According to Stats SA, total employment decreased by -0.1% quarter on quarter, from 9 653 000 in the fourth quarter of 2020 to 9 644 000 in first quarter 2021. Year on year, total employment decreased by 552 000, a 5.4% decline when comparing the first quarter of 2021 to that of 2020.

Within the M&E sector, total employment increased by 2031 jobs between fourth quarter of 2020 and first quarter of 2021, representing a 0.5% increase. This reflects improved economic conditions, with production patterns also having improved amid the easing of lockdown measures.

However, year on year, total employment in the M&E sector declined by 8%, from 429 617 in the first quarter of 2020 to 397 586 in the first quarter of 2021. The sector currently represents 35.8% of total manufacturing jobs in SA, dropping from a peak of 37.7% in the second quarter of 2013, with the total manufacturing sector at a lowest level of 11.5% share of total employment in South Africa.

Graph 6: Employment trends in manufacturing and M&E sector



Source: Quantec

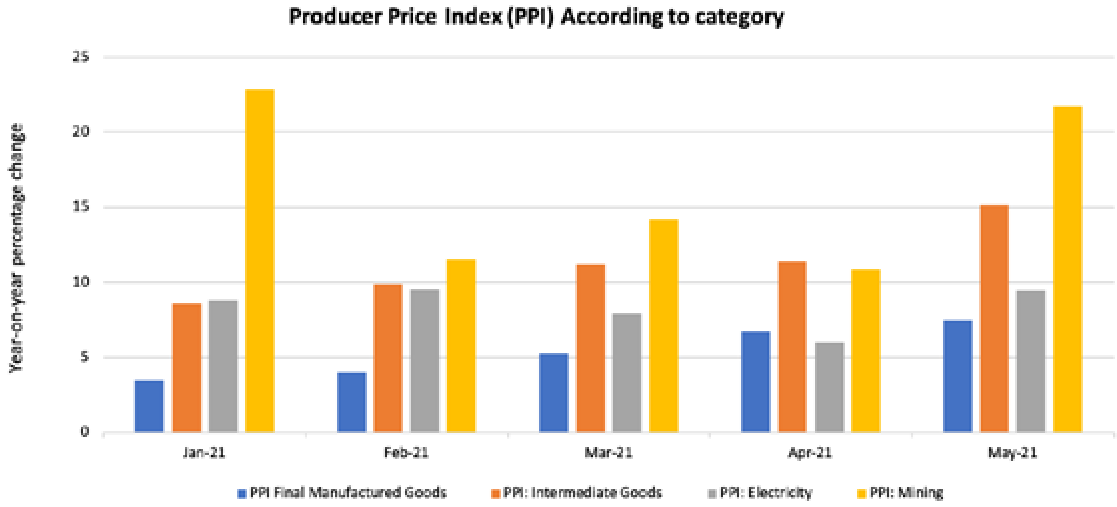
PRODUCER PRICE INDEX

There is a prevailing discouraging trend of decreasing price patterns of intermediate manufactured goods purchasing price index (PPI) since 2016. High electricity prices have compounded the existing gap between the selling prices for M&E intermediate goods and production. The massive surge in prices of mining input products to 32.5% in 2020, which is above price increases of intermediate manufactured goods, is a concern for the M&E sector.

Consumer inflation remains within the monetary policy target range of 3% to 6%, despite it rising to 5.2% in May 2021 from 4.4% in the previous month, mainly due to increasing transport and food prices. However, the latest producer price inflation data from Stats SA, shows a continued rise from 3.5% in January to 7.4% in May for final manufactured goods.

"The massive surge in prices of mining input products to 32.5% in 2020, which is above price increases of intermediate manufactured goods, is a concern for the M&E sector

Graph 7: Trends PPI in South Africa



Source: StatsSA

It is important to note that rising producer prices affect consumer prices as manufacturers often pass on price increases of electricity, transport and mining costs to customers. Prices of intermediate manufactured goods have increased from 8.6% in January to 15.2% in May. Although this is positive news for M&E producers of intermediate goods in terms of revenue generation, in a depressed market, price increases may impact on affordability, affecting sales volumes.

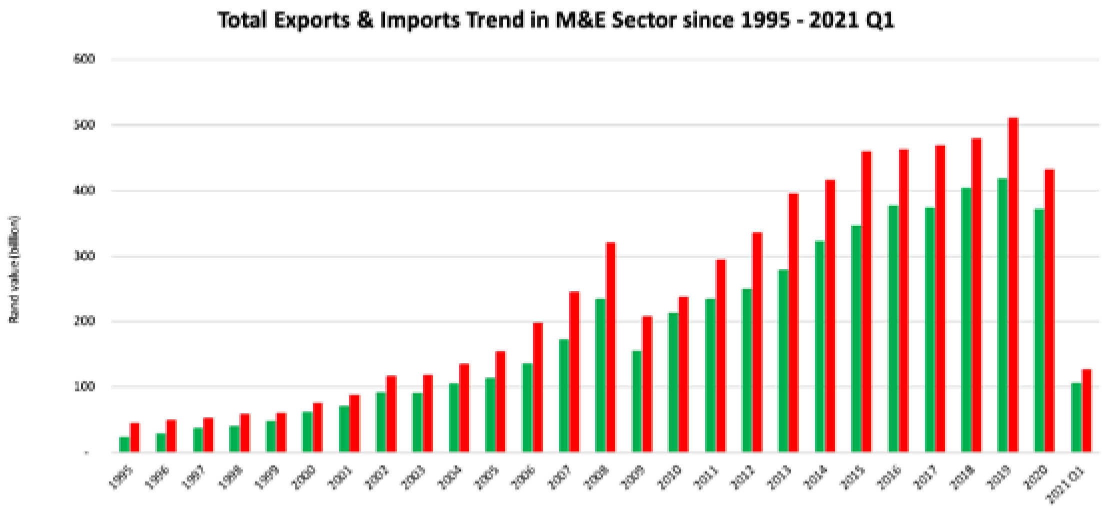
The mining sector is a key raw material supplier of the M&E sector. Data shows that producer inflation in the mining sector rose from 10.8% in April to 21.7% in May. Mining producer inflation has averaged 16% in the first five months of 2021, putting pressure on the financial position of M&E producing companies with regards to cost of production.

As global economy slowly starts to pick up amid more relaxed COVID-19 lockdown restrictions, with confidence building due to the roll-out of vaccines in advanced economies, global producer price inflation is also picking up, with latest data showing PPI of 7.6%, 9% and 6.6% in the eurozone, China and the US, respectively. This is a concern on the global inflation outlook, as interest rates may start to pick up.

TOTAL TRADE IN THE M&E SECTOR

South Africa's global trade position, particularly within the M&E sector is worrying. Since 1995 to the first quarter of 2021, SA's net trading position in the sector has averaged -R53-billion, reflecting a bias towards being an importer rather than exporter. The policy position adopted in the 1990s for an export-oriented industrial investment journey is yet to be realised in the sector. Imports continue to dominate the local market base across all product categories as demonstrated in graph 8.

Graph 8: M&E export and import trends in South Africa



Source: StatsSA

South Africa's trade position in the M&E sector is positive only in Africa. In the first quarter of 2021, South Africa's net M&E trade position on the continent was R24.4-billion as presented in table 3.

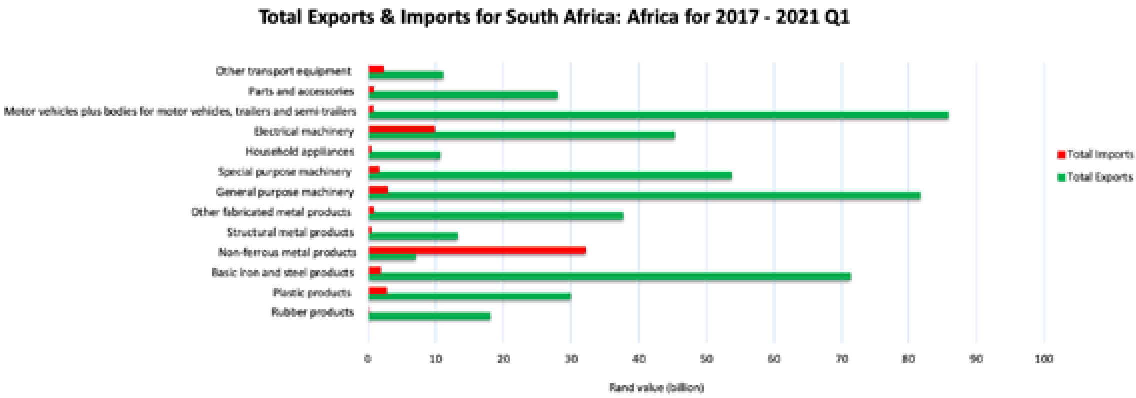
TABLE 3: Total trade with the rest of Africa in the M&E sector from South Africa

TOTAL TRADE OF M&E SECTOR FOR SOUTH AFRICA IN AFRICA: 2021 Q1 (RAND VALUE)			
Product	**Total Exports**	**Total Imports**	**Exports-Imports**
Rubber products	923 270 659	10 122 800	913 147 859
Plastic products	1 745 220 056	168 484 272	1 576 735 784
Basic iron and steel products	3 390 887 381	133 826 395	2 257 060 986
Non-ferrous metal products	336 962 124	2 134 479 141	-1 797 517 017
Structural metal products	434 250 538	21 593 726	412 656 812
Other fabricated metal products	2 221 436 577	49 803 578	2 171 632 999
General purpose machinery	4 725 201 643	137 109 722	4 588 091 921
Special purpose machinery	3 307 304 200	59 192 201	3 248 111 999
Household Appliances	619 908 859	38 663 284	581 245 575
Electrical machinery	2 647 743 487	600 807 079	2 046 936 408
Motor vehicles plus bodies for motor vihecles, trailers and semi trailers	5 616 739 557	40 755 951	5 575 983 606
Parts and accessories (Motor Vehicle)	1 653 938 953	66 968 013	1 586 970 940
Other transport equipment	571 069 050	291 611 955	279 457 095
TOTAL	**28 193 933084**	**3 753 418 117**	**24 440 514 967**

Source: Quantec

From the period 2017 to the first quarter of 2021, the M&E sector has had a favourable trading position in Africa across all product categories, with the largest exports being the motor vehicle plus bodies for motor vehicles, trailers and semi-trailers product category at total value of R85.8-billion, with non-ferrous metal products being the sector's largest import at R32.1 -billion as presented in graph 9.

Graph 9: South Africa's M&E sector trade by product



Source: Quantec

The challenges presented by the COVID-19 pandemic on the global economy means that there has to be creative ways of addressing the downside effects mainly caused by implementation of lockdown measures. To this end, South Africa will need to aggressively start repositioning its trading position by leveraging its position geographically to expand its industrial trading footprint in Africa.

As the Government rolls out its incentive programmes, locally owned companies should be prioritised. The recently finalised Steel and Metals Fabrication Master Plan provides the hope that South African Government is dealing with the challenges faced by the industry.

The current overall landscape in the M&E sector is outlined below:

Strengths

- Projected improvement in over GDP growth into 2021.
- Business confidence picking up recently.
- Manufacturing PMI in expansionary territory.
- Low inflation and interest rate environment to stimulate consumer spending for durable goods and economic activites.

Weakness

- Rising cheap imports from Asia (china)
- Rising energy costs.
- Rising logistical costs.
- Disruption in electricity supply.
- Insufficient demand.
- Limited skilled labour pipeline.
- High cost of SABS product classification for small players

Threats

- Low capacity utilisation.
- Raw material availability from supporting industries (export of scrap metal and minerals).
- A second wave of Covid-19 infections accompanied by new business activity restrictions in South Africa.
- Low economic activity in export destination due to Covid-19 restrictions.

Opportunities

- Government infrastructure stimulants package.
- Steel Master Plan finalised to address challenges in the industry.
- Rising demand of construction and building material in SA since May 2020
- Rising sales value of basic metal products
- Local procurement policy.

Can employers dismiss their off-duty employees **for taking part in looting?**

With several parts of South Africa having recently experienced looting and violence, and with the reams of video footage depicting the brazenness of the looters, the question on many employers' minds is whether they dismiss employees spotted looting while off duty.

The kneejerk reaction of many employers would be, "Of course! They are committing a crime." However, it is not that simple. Ordinarily, what an employee does outside of working hours is of no consequence to the employment relationship and dismissing an employee for committing a criminal act while off duty is unlikely to pass the test for substantive fairness.

Having said that, in a variety of cases, South African courts have held that off-duty misconduct can, in certain circumstances, constitute a valid reason for dismissal. This is even more pertinent where the employee's misconduct constituted a criminal offence, where the employee's behaviour involved gross dishonesty and corruption, and where the nature of such resulted in the destruction of the relationship of trust between the employee and the employer.

This approach is in line with Item 7(a) of Schedule 8 of the Code of Good Practice: Dismissal, which provides that the contravention of a rule regulating conduct in the workplace, or of relevance to the workplace, as being capable of being the subject of disciplinary action. The test for determining "relevance" to the workplace is that:

- **There must be a link or nexus between the conduct complained of and the employee's duties, the employer's business or the workplace; and**

- **The employer must have a sufficient and legitimate interest in the conduct or activities of the employee outside working hours or outside the workplace.**

Accordingly, if a nexus and interest exist, an employer will be entitled to take disciplinary action against an employee for their off-duty misconduct.

But what does this nexus look like? South African courts have identified that a nexus between the employee's off-duty misconduct and the employer's business exists where the employee's conduct has a detrimental or intolerable effect on the efficiency, profitability, continuity or good name and reputation of the employer's business.

There are many conceivable instances where there could be a connection between looting employees and their employer's business. These include where:

- The employee is wearing their work uniform while looting and is therefore identifiable as an employee of the employer;
- The employee, absent of their uniform, is identifiable as being associated with the business. This might be particularly true for employees who are considered "the face" of the business – including management, sales staff and staff used in marketing campaigns; and/or
- The nature of the offence impacts on the employee's duties or on the operation of the business. For example, the identified employee works in a retail store and as such, is entrusted with the employer's stock.

What this means for employers is that the mere fact that an employer has identified employees in the looting footage does not mean that they automatically have a right to discipline or dismiss employees. In these emotionally charged times, employers should evaluate each of these situations with a level head, ensuring that a nexus exists between the looting and the employer's business in every instance that the employer elects to take action. This, of course, presumes that there is a business to which employees could return.

Source: ENSAfrica

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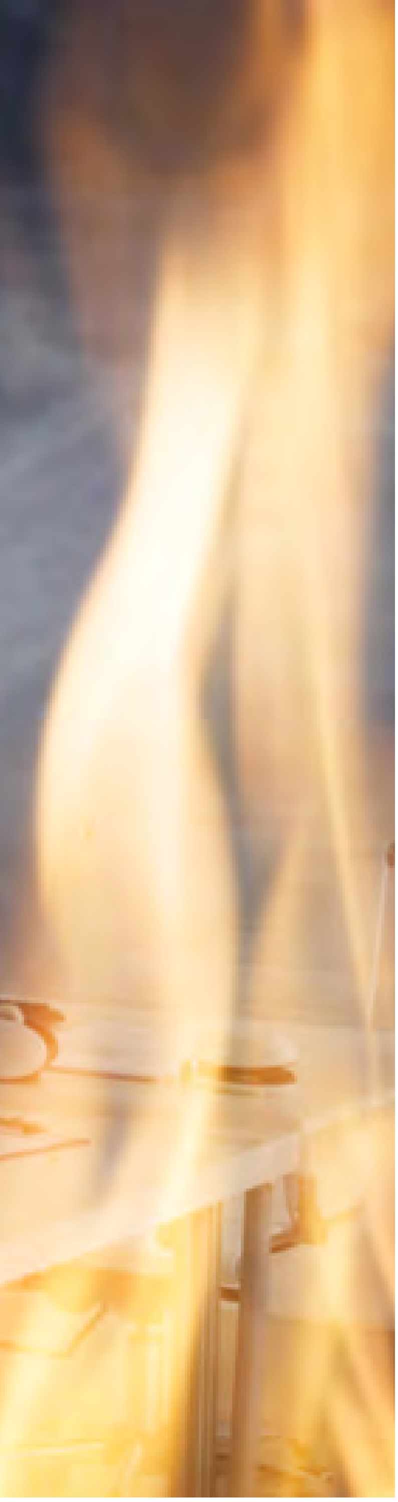
A "workplace" on fire: What to do with your employees

In response to the current civil unrest taking place in South Africa, many businesses have had to close operations out of fear of attacks and to ensure the safety of their employees. Some employees have also been unable to reach their places of work as protestors disrupt entries and exits from communities.

This article examines the impact of this on employees and explore what recourse is available to an employer who is forced to unexpectedly close its doors.

Under the Basic Conditions of Employment Act 75 of 1997, for as long as an employee tenders their services, even without actual performance, they will have a valid claim for their agreed wages or salary.

An employment contract is a reciprocal contract with an agreement that an employee will perform work for their employer and the employer will in return remunerate the employee at an agreed rate. If the employee is available and legally tenders their services, their employer has a duty to pay them.



An employee may justifiably refuse to attend an unsafe workplace until it is safe to go to work again. That would be a valid tendering of services. Sections 8(1) and 8(2)(h) of the Occupational Health and Safety Act 85 of 1993 "places a duty" on employers to provide and maintain, as far as reasonably practicable, a safe working environment and to enforce such measures as may be necessary in the interest of health and safety. This would include not subjecting employees to workplaces where the risk of being attacked during civil unrest is imminent. Where possible, the parties may, as an alternative, agree to a remote working arrangement while the unrest persists.

South African courts have ruled on instances where an employer ceases to trade because of economic hardship, and where it does so as a result of a force majeure event. Economic hardship is not a valid basis to excuse an employer from paying salaries. In relation to a supervening impossibility, or force majeure, our courts have held that a temporary impossibility neither terminates an obligation nor gives rise to a right to terminate an obligation.

It merely temporarily suspends the duty to perform the obligation while the impossibility continues.

In Mhlonipheni v Mezepoli Melrose Arch and Other (2020/10556) [2020] ZAGPJHC 136 the court stated that the question to be answered was whether it is objectively impossible for a party to perform its obligations arising from a concluded employment agreement.

In Unlocked Properties 4 (Pty) Limited v A Commercial Properties CC, the court stated that the test for impossibility is as follows:

"The impossibility must be absolute, or objective as opposed to relative or subjective. Subjective impossibility to receive or to make performance does not terminate the contract or extinguish the obligation. A contract is terminated only by objective impossibility (which always or normally has to be total) subjective impossibility to receive or make performance at most justifies the other party in exercising an election to cancel the contract. "

CONCLUSION

To circumvent the financial strain of a company having to pay its employees full pay for work not done, at no fault of the employer or the employee, employers and employees may need to conclude a temporary lay-off period in a scenario where the company is struggling to pay its employees due to an unexpected event.

The agreement can stipulate that the period of this agreement can continue until such a time that the employer is able to pay its employees. Where possible, employers should enter into an agreement regarding shorter working hours and less pay. The Basic Conditions of Employment Act prohibits deductions without mutual consent but allows for less pay for fewer hours worked. In addition, employers should invoke annual leave until it is able to resume operations.

To the extent that an employee's services will not be needed for the foreseeable future, the employer could initiate a retrenchment process, basing it on operational requirements, in terms of the Labour Relations Act 66 of 1995.

Cliffe Dekker Hofmeyr Employment Law Department

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Representation at a disciplinary hearing –internal or external?

You may have experienced occasions where there is a request and sometimes a demand from an employee who has been accused of misconduct for external representation, whether it be an outside union official, labour consultant or his mother-in-law (he knows she can carry a good argument).

How would you handle such a request or demand? In most cases you would decline it and stick to the company's disciplinary and policy and code, which should state clearly that representation for the accused would need to be internal, namely, someone from the company. The request may involve a shop steward who is being disciplined and you will hear that as a shop steward they are entitled to representation from an external union official.

Some may even say that the Code of Good Practice, Schedule 8 of the Labour Relations Act (LRA) allows for this. If one takes a look at section 4.2 of the Code, it states, "Discipline against a trade union representative, or an official who is an office-bearer, or official of a trade union, should not be instituted, without first informing and consulting the trade union." It is important to note that this refers to consultations before instituting discipline. There are, however, no references to an outside union official representing the shop steward at the disciplinary hearing. It must be noted that section 4.2 falls into the part of the Code that deals with procedures for disciplinary hearings that could lead to dismissal, not for issuing warnings.

You may also get a message from a union, insisting that they represent their member or shop steward, and they may refer to, section 200 of LRA. However, this section, is not meant for internal disciplinary or grievance processes. It refers to disputes that may arise and the dispute resolution mechanisms as per the LRA. This is not intended to mean that an employer organisation such as SEIFSA can represent a company, or a union, can represent an employee in disciplinary (which could include issuing a warning) or grievance processes. This can lead to rather absurd, impractical and unintentional consequences.

Of interest, section 200 of the LRA says the following:

"(1) A registered trade union or registered employers' organisation may act in any one or more of the following capacities in any dispute to which any of its members is a party:

(a) In its own interest;
(b) On behalf of any of its members;
(c) In the interest of any of its members.

(2) A registered trade union or a registered employers' organisation is entitled to be a party to any proceedings in terms of this act if one or more of its members is a party to those proceedings."

However, there have been occasions where it has been ruled that it is appropriate to have outside representation, namely:

- Where it is a very senior employee, such as an Executive or Director;
- Where the matter contains very complex legalities;
- Where the matter may have a devastating impact upon the employee and render the employee unemployable, due to the severity of the charges; and
- Where the employee is at a disadvantage in that he and his internal representative are unskilled and unexperienced in matter at hand including the handling of disciplinary hearings and fairness thereof. This would be aggravated if the company complainant / initiator is highly skilled in these matters.

In the case of MEC: Department of Finance, Economic Affairs and Tourism: Northern Province vs Schoon Godwilly Mahumani (Case number 478/03 SCA. Report by Dr Elize Strydom distributed 30 January 2005) the Supreme Court of Appeal decided that an employee in the case of MEC: Department of Finance, Economic Affairs and Tourism: Northern Province vs Schoon Godwilly Mahumani (Case number 478/03 SCA.

Report by Dr Elize Strydom distributed 30 January 2005) the Supreme Court of Appeal decided that the chairperson of a disciplinary enquiry, could, under certain circumstances, be entitled to be represented by a legal representative at a disciplinary hearing.

In this case, the employee could, under certain circumstances, be entitled to be represented by a legal representative at a disciplinary hearing.

In this case, the employee requested that he be allowed to bring a legal representative. This request was denied on the grounds that such representation was prohibited by clause 7.3 of the disciplinary code and procedures for the public service. The presiding officer said that this code did not give him discretion to grant legal representation.

The employee went to the High Court to dispute this ruling. The court found that the ruling of the presiding officer of the disciplinary was wrong and ordered that the employee be allowed to have legal representation at the disciplinary hearing.

The employer appealed against this judgment to the Supreme Court of Appeal. This court found that clause 2.8 of the employer's disciplinary code, labelled the code as a guideline, that may be departed from under appropriate circumstances. This gave presiding officers the right to use their discretion in deciding whether to depart from the prohibition on legal representation.

The court found that, for example, legal representation should, be considered in situations where, among others:

- The complexity level of the case is high;
- The consequences of an adverse finding could be serious;
- There would be no significant prejudice to the employer if legal representation would be allowed; or
- The employee's ability to deal with the case is low in comparison to that of the employer.
- Employers and chairpersons of disciplinary hearings, would need to consider that:
- An employee's request for legal representation can no longer be dismissed out of hand. While such requests must not always be granted, they must be given careful consideration.
- This in turn means that employers will need to ensure that their presiding officers are highly skilled in chairing disciplinary hearings. This is so as to be able to make the right judgment on whether to allow legal representation and to also be able to deal with the legal challenges posed by attorneys and advocates at disciplinary hearings.
- Managers must be thoroughly trained in disciplinary process and the employer must use experts to chair and/or prosecute hearings; and
- Ensure that your disciplinary policy and code supports your stance and practice.

Running ou

In the court case, National Lotteries Commission vs Ndoyane, the Labour Court was tasked with determining whether an employee who refuses alternative offers to retrenchment may be dismissed.

The National Lotteries Commission (NLC), embarked on a restructuring process, where several employees would be placed in a new structure. The process was to take place in three phases. First, volunteers who were a direct match would be placed in their preferred choices and appointment letters would be issued. Thereafter, where more than one person volunteered for a position, interviews would be conducted. Unsuccessful candidates would be given the opportunity for consideration of their mapping and selection. Finally, unplaced employees would be placed as per the available posts and redeployed.

The respondent, Ndoyane, volunteered to be redeployed to Gauteng, Limpopo and Free State, respectively. As there were more volunteers for Gauteng, Ndoyane triggered phase two, where she was interviewed for available positions. She was unsuccessful in her interview.

She was eventually redeployed to Limpopo and told to relocate within four months. Ndoyane wrote to the company, complaining that she had not received a formal letter of deployment and that she required further information regarding the post. In response, the NLC formally advised her of the redeployment.

Ndoyane accepted the position, but declined to relocate to Limpopo as she said she had personal circumstances that required her to be in Gauteng. Another letter was sent to her advising her to relocate to Limpopo. She, instead, formally appealed her deployment on the basis of technical irregularities and medical reasons. The appeal was unsuccessful, and she was directed to report for duty in Limpopo.

Notwithstanding the appointment, Ndoyane unsuccessfully applied for other positions in Gauteng. Another letter was sent to Ndoyane instructing her to relocate to Limpopo, failing which her actions would be taken as repudiation of the contract, which would be accepted and the provisions of the Labour Relations Act invoked. No action was taken by Ndoyane. The NLC then revoked her access to the Gauteng offices, and activated access to the Limpopo offices. She refused to relocate.

Ndoyane was issued with a notice to attend a disciplinary enquiry on charges of gross insubordination and continued absenteeism. She was found guilty of the charges and dismissed. Unhappy with the outcome, Ndoyane referred the matter to the Commission for Conciliation, Mediation and Arbitration (CCMA).

At the CCMA, the commissioner found that the NLC should have treated her as an unplaced employee and offered her an option of "Separation with Support" as it had done with other employees who refused redeployment. The employer should not have disciplined her for her failure to report for duty in Limpopo.

The NLC took the matter on review in the Labour Court. The court found that the NLC had been patient with Ndoyane and had gone out of its way to reasonably accommodate her pursuant to the restructuring. Her deployment was concluded when she was successfully placed and directed to

t of options

the Limpopo office, as this was her second preferred province. Instead, Ndoyane dug in her heels and even went through the disciplinary process instead of opting for the separation with support.

Ndoyane was a member of a trade union that had entered into a collective agreement with the NLC, and therefore the terms of reference were applicable to her. Further to that, the NLC did not envisage forced retrenchments, and instead endeavoured to place all affected employees. Ndoyane insisted on staying in the Gauteng office, even though her position had become redundant and she had accepted the Limpopo position. She had expected the NLC to continue engaging on a process that had already been concluded, while she remained on the payroll without providing her services. The court found the commissioner's finding untenable.

With regards to her continued absenteeism, the court found that since her redeployment, she had never reported to the Limpopo offices despite many instructions to do so. Even after her access to the Gauteng office was revoked, she continued loitering outside the offices. Her actions ignored the instructions to report to the Limpopo offices.

The court concurred that she was guilty as charged, and considered her flagrant disdain for the NLC's attempts to provide her with job security regarding her sanction. In the circumstances, the sanction of dismissal was appropriate.

This case should serve as a precautionary tale for employees who blatantly ignore efforts by the employer to avoid retrenchment, and offer alternative employment. There are only so many options that an employer may offer, until dismissal becomes the only tenable solution.

Employment and Labour Department laments 'woefully low' health and safety compliance levels amid third wave of COVID infections

The Department of Employment and Labour has lamented the woefully low levels of compliance with health and safety measures in South Africa's workplaces, even as the country is under level 4 of the lockdown amid the third wave of COVID-19 infections.

The Department said both private and public sector workplaces are not complying with measures, and this failure is partly evident in the rising claims being received by the Compensation Fund.

Some of those failures include:

- Proper screening of employees for COVID-19 symptoms when they present for duty;
- Providing COVID -19 risk assessments. (Regulations for Hazardous Biological Agents - HBA6(1) read with COVID -19 Direction 2021, CL3(1): - HBA10 read with Covid-19 Direction 2021, CL6(1a);
- Providing paper towels for drying of hands after washing; and
- Providing general health and safety risk assessment.

This is according to Department of Employment and Labour Inspector-General Aggy Moiloa, who released a report that deals with inspections that were conducted from July 5 to 7. These inspections were targeting "high-risk areas and hot spots" during alert level 4.

"Under the leadership of Minister Thulas Nxesi, the Inspection and Enforcement Services put together a programme to target high-risk areas and hot spots for inspection. These were conducted across the country, with the exception of Limpopo which has a cluster of COVID cases affecting the inspectorate.

"In general, we found 50% compliance in the private sector. This is a breakdown of 149 compliant against 151 non-compliant workplaces. The public sector did not cover itself in glory at all, with compliance as low as 25% with the caveat that inspections were only conducted in KwaZulu-Natal and Northern Cape," Moiloa said, adding that anything below 80% is a concern.

In terms of the inspections, the most inspections (105) and follow-up inspections (14) were conducted in KwaZulu-Natal, followed by w has the most inspections at 105,

KwaZulu-Natal had the most follow-up inspections at 14, followed by NC with 13,

There were no inspections conducted in Limpopo due to COVID cases in several labour

centres, affecting the inspectors there, while in the Free State and North West, the department conducted two inspections in each province. The Northern Cape had the lowest levels of compliance at 23%.

A total of 312 inspections were conducted in this period and of those, 12 were public sector provincial inspections. The highest number of inspections were directed at the health department, which showed 80% non-compliance.

A total of 128 notices were served. These comprised seven prohibition notices (closure), 109 contravention notices and 12 improvement notices served nationally. The majority of these notices were issued in KwaZulu-Natal and the Northern Cape.

With regard to the pandemic, inspectors found that employers have not taken up some of the guidelines as issued in the Consolidated Direction on Occupational Health and Safety Measures.

Meanwhile, the Compensation Fund (CF) has seen a steady rise in claims which now total 25 010, with R78 400 518 already spent on support including medical aid claims, total temporary disablement, dependent benefits and funeral costs.

“There is a direct correlation between what happens or does not happen in the workplace and the claims we get served with. Thankfully, we have the inspectors holding employers accountable. Without their service, this picture would likely be a lot worse. Unfortunately, 76 of those claims received are for workplace fatalities which could have been avoided if guidelines were followed as they should be,” said CF Commissioner Vuyo Mafata

Violence and harassment: The employer's duty to act

By Derrick Thalaivirsan

Currently in circulation is the Government's draft Code of Good Practice on the Prevention and elimination of Violence and Harassment in the World of Work. It is expected to be gazetted with very little alteration to the original draft that was published towards the end of 2020.

The Minister of Employment and Labour issues codes on authority derived from section 54 of the Employment Equity Act (EEA) of 1998, and on the advice of the Commission for Employment Equity.

The code states:

- That the employer must takes steps to prevent violence and harassment (sexual; racial/ ethnic; bullying; protected disclosures);
- That the employer may be held liable for damages should it fail to take the necessary steps; and
- That the employer will not be held liable if it can show that it took reasonable steps to prevent violence and harassment.
The code is NOT radical.

  - The constitution (sections 9 (2); 9 (3) and 9 (4) makes the case for equal enjoyment and protections of rights.

  - ILO Convention 190 (South Africa is part of the International Labour Organisation) invokes the Universal Declaration of Human rights in supporting the prevention of violence and harassment.

  - Ditto numerous sections of the EEA.

The duty on the employer is not an onerous one.

South Africa is one of the most dangerous places on earth for women. It is patriarchal and, some would say, downright misogynistic. Statistics on gender-based violence and employment of women (only 24% female top management), per the 20th CEE report , paints a dismal picture. Patriarchy is endemic and systemic – and it manifests not only in relation to women, but also the LGBTQI community and within corporate hierarchical structures – sex and gender harassment and bullying.

Many of us are either advertently and/or inadvertently part of the oppressive system; it is possible that even good intention has been infected by this most insidious disease. The point of this narrative is not to beat everyone up about unconscious bias, but rather to enjoin one and all to become conscious of its existence.

Easier said than done?

The duty on the employer is not onerous because:

One does not battle the harsh elements from within strong walls; in the case of organisations these walls are policies and procedures.

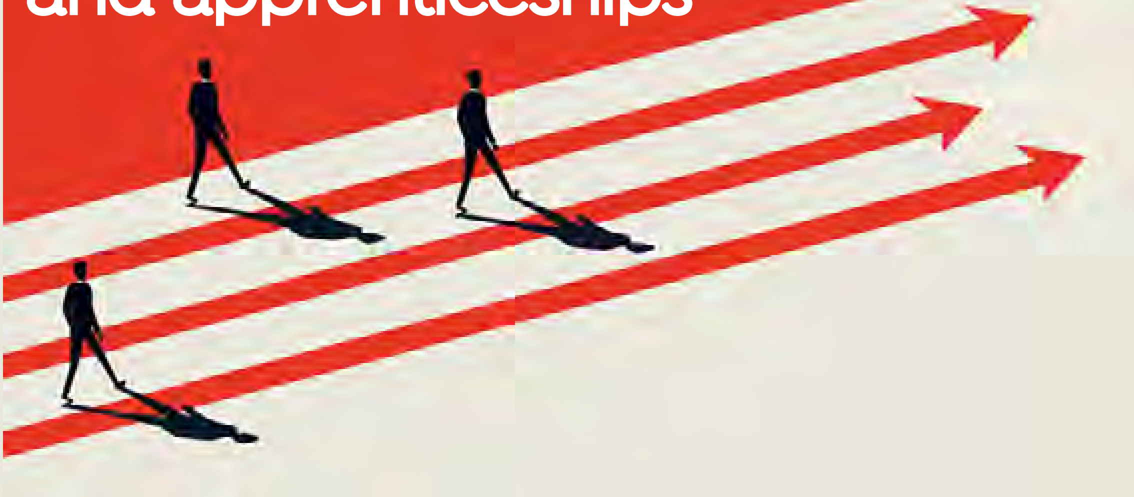
- Employers should issue a policy that embraces and protects a violence and harassment free workplace.
- Employers must establish procedures for dealing with violence and harassment.
- Employers must unequivocally and consistently apply the policy and procedure.

Embracing the Code is will ultimately prove to be good business sense; the alternative could be rather expensive bad business sense.

HR Support Services (HRSS) provides comprehensive HR support to small and medium enterprises, including Industrial Relations, Discipline, Performance Management, and Tailored Culture Diversity Interventions.

TIME TO STOP VIOLENCE AND HARASSMENT

Investing in our future means investing in skills development and apprenticeships



The provision of experiential learning opportunities and skills development programmes is vital for South Africa's social and economic development. Unfortunately, it is widely understood that current efforts towards capacitating our people for the workplace are under-resourced, and undermine efforts to match the large number of unemployed South Africans to vacant positions. However, there are various entities striving to change this reality, affirmed by the prospect of a brighter future where skills supply meets skills demand. The Chemical Industries Education and Training Authority (CHIETA) is one such entity leveraging their resources to equip South Africans for the workforce.

CHIETA, established by the Skills Development Act of 1998, is mandated to facilitate skills development in the chemical industries sector and to ensure that skills needs are identified and addressed through a number of initiatives. The authority collects levies from industry partners across various sub-sectors of industry, and uses these funds for mandatory and discretionary grants for training initiatives.

Yershen Pillay, CHIETA CEO, explains: "Mandatory grants are those paid to companies that submit workplace skills development plans and require funds for the training and development of their people. Discretionary grants, on the other hand, are funds that the CHIETA chooses to allocate towards initiatives which respond to the need for priority and pivotal skills. Through this, we are able to assist organisations and training providers to create structured programmes which address skills supply and demand." Discretionary grants can also be awarded for enterprise development, career guidance and school-level initiatives.

> One such skills "demand" being seen is that of trained artisans. "The apprenticeship system in South Africa has deteriorated, and the country is not producing sufficient artisans to meet demand

One such skills "demand" being seen is that of trained artisans. "The apprenticeship system in South Africa has deteriorated, and the country is not producing sufficient artisans to meet demand. The National Development Plan sets a target to produce 30,000 artisans a year by 2030. Achieving this will require the collaboration of TVET colleges, organisations, and SETAs," comments Pillay.

In line with this, the CHIETA has committed to developing 740 new artisans in their 2022/23 plan, while continuing to support already ongoing apprenticeships. Further, the authority is supporting the 13 priority trades established by the Department of Higher Education and Training, and 30 candidacy learners that are registered with the Engineering Council of South Africa (ECSA).

Regarding Centres of Specialisation, which aim to addresses the demand for priority trades needed to implement the NDP, the CHIETA supports five existing centres while also preparing to help launch a new TVET collage – the Gandhi Mandela Centre of Specialisation, which is currently delayed due to COVID-19 restrictions.

A holistic approach to skills development

Yershen Pillay CHIETA CEO

Pillay believes that while apprenticeships can go a long way in creating much-needed skills, this can be supported by a more holistic approach to offering training opportunities. "Offering innovative skills solutions to young people will equip them to take advantage of our ever-changing job market and technological landscape. Innovative skills solutions focusing on digital skills and STEM (science, technology, engineering and maths) education must become a priority. These skills are increasingly becoming a requirement across all industries, not just the science and technology sectors."

The CHIETA has many initiatives in 2021 which work towards a brighter future. These initiatives not only impact the lives of those directly involved, but will see wider socioeconomic benefits rippling out to wider families and communities.

For high-schoolers, CHIETA has invested over R9 million in career guidance projects. "By partnering with key stakeholders for these projects, we are providing learners with invaluable skills aligned with the jobs and businesses of the Fourth Industrial Revolution. We have also undertaken to support and invest in 4IR technologies that will enhance our ability to aptly deliver on our skills development and training mandate today, and in the foreseeable future. These investments will assist us to start closing the high-tech skills gap in our country and ensure a steady supply of work-ready talent in the job market indefinitely," says Pillay.

He adds that educational initiatives, bursaries, learnerships, sponsorships and mentorship all play a role in readying the workforce of the future. Aligned with this, the CHIETA has invested heavily in improving access to technology by sponsoring 1,000 matric learners with mobile devices loaded with the iWhiz App – a handy teaching tool for teachers and learners alike. "The app provides matric learners with innovative lesson delivery and top-quality content, while eliminating data costs typically absorbed by learners."

For tertiary education institutes, the Authority has funded two South African universities with over R1.6-million this year to support research and innovation.

- The Sefako Makgatho Health Sciences University was granted R387,500 for its work integrated learning programmes. The university will partner with pharmaceutical companies to offer work integrated learning for undergraduate students in pharmaceutical related qualifications.
- The Vaal University of Technology (VUT) received R510,000 from the CHIETA to produce nanotechnology from waste glass.
- VUT has been allocated a further R750,000 for an electric car project that involves the design and fabrication of fuel stack with sulfonated chitosan membrane.

To address the issue of student debt, which can be crippling, CHIETA has launched the Lesedi Youth Fund to support higher learning institutions with R32.4-million to settle student debt. In addition, the youth will benefit from work-integrated learning programmes worth R4.2-million, and R3.4-million for work-based learning in collaboration with TVET colleges.

"Our population is severely under-skilled which leaves them underqualified for the many positions which remain vacant, especially those in the more technical industries. What hope does the South African economy have for success if we continue with a large population of unemployed and unskilled individuals? The solution is clear. Providing skills development opportunities and apprenticeships gives us hope for a future where our workforce is capable and equipped to fill positions we are yet to imagine," concludes Pillay.

"

By partnering with key stakeholders for these projects, we are providing learners with invaluable skills aligned with the jobs and businesses of the Fourth Industrial Revolution. We have also undertaken to support and invest in 4IR technologies that will enhance our ability to aptly deliver on our skills development and training mandate today, and in the foreseeable future. These investments will assist us to start closing the high-tech skills gap in our country and ensure a steady supply of work-ready talent in the job market indefinitely

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